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FCH INTERNATIONAL PROGRAM

BACKGROUND INFORMATION FOR

AID REVIEW MEETING

JANUARY 3, 1979

FCH INTERNATIONAL, INC.
A SUBSIDIARY OF THE FOUNDATION FOR COOPERATIVE HOUSING
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I. Introduction

This material is intended to provide background information for the January 3rd AID review meeting of FCH International Programs. Much of the material was extracted from existing FCH reports and papers to provide the information requested in the December 28th AID memorandum and was not retyped due to the limited time available.

We appreciate the opportunity that this meeting provides to exchange ideas with AID and to discuss issues and new approaches to cooperative development. Section VI of this report gives our views on the AID/FCH relationship and presents some new ideas for the future.

II. a)

FCH CURRENT AID CONTRACTS/GRANTS
January 1979

Contract/ Grant & Location	Level of Funding	Duration of Contract	Description of Activity
AID/otr-C-1296 Worldwide	$2,316,663 LE90,222 (Egyptian pounds)	3/1/74 to 2/28/79	Provides FCH technical services in the development and implementation of the HOusing Guaranty Program, predominantly in those parts of the program involving cooperative or non-profit housing or community organization features, such as homeowners' associations and in projects which are to serve low-income families
AID/otr-C-1529 Worldwide	$ 220,000	11/1/76 to 2/28/79	Provides FCH technical assistance to the Office of Housing and the International Cooperative Housing Development Association in worldwide development of squatter settlement improvement programs in developing countries.
AID/la-C-1255 Peru	$ 68,115	2/1/78 to 4/30/79	Provides FCH technical assistance by a resident housing specialist to the USAID Mission in managing an existing concessional urban reconstruction loan, a moderate income housing guaranty loan, and a low-income housing guaranty loan
AID/otr-C-1621 Lebanon	$ 165,604	11/28/77 to 11/27/79	Provides the assistance of an FCH resident advisor in Lebanon to the Ministry of Housing and Cooperatives in the implementation and evaluation of U.S. shelter assistance programs, developing cooperative housing techniques, assessment of long-range housing policy needs, and the implementation of a home improvement program.
AID/otr-G-1447 Development Program Grant	$ 600,000	2/1/76 to 6/30/79	This Development Program Grant from AID allows FCH to program, plan, and design demonstration shelter projects for very-low-income families and to develop new techniques in housing finance, self-help construction, and community organization. FCH has developed through its DPG innovative approaches to self-help construction activities that are being tested in its Operational Program Grant projects.

Contract/Grant & Location	Level of Funding	Duration of Contract	Description of Activity
AID/otr-G-1583 Worlawide Operational Program Grant	$1,300,000	9/1/77 to 8/14/81	This worldwide Operational Program Grant provides funding for several demonstration projects identified under the Development Program Grant. FCH resident technicians and short-term advisors are currently assisting local housing institutions in Honduras, Peru, Jamaica, Panama and Paraguay in developing shelter and related programs for low-income urban families
690-0092 Botswana	$ 266,000	9/30/77 to 3/31/80	This grant provides FCH resident and short-term technical assistance to the local housing institution, Self-Help Housing Agency, in Gaborone in the implementation of squatter upgrading and sites and services programs for some 5,000 families. The grant also includes $10,000 community development seed capital
690-0089 Lesotho	$ 325,000	9/30/77 to 3/31/80	This grant provides FCH resident and short-term technical assistance to Production Systems, a division of LEHCO-OP, a housing institution in Maseru, Lesotho. Assistance includes systems and procedures for labor-intensive building materials production, training for upgrading production and managerial skills, new product development, and financial and advisory services to the parent institution. The grant also includes $75,000 capital for equipment purchase

II. b)

FCH NON-AID INTERNATIONAL ACTIVITY
January 1979

Project/ Location	Financed by	Level of Funding	Description of Activity
Haiti Rehabilitation and urban upgrading	UNCDF UNDP	$715,000	Provides technical assistance in the installation of infrastructure and the construction of housing through self-help techniques; strengthening of existing institutions having responsibility for planning and development of urban projects; establishment of cooperatives and community organizations in St. Martin and Les Drouillards; study of new techniques of construction and improvement of urban services developed in these pilot projects for replicability.
Yemen Feasibility Study	UNCDF	$ 13,860	Feasibility study of slum and squatter settlement upgrading program proposed for UNCDF funding by the Yemen Arab Republic; study covered institutional, technical, design, financial, and social aspects.
Kenya Feasibility Study	African-American Labor Center	$ 14,340	Feasibility study of cooperative housing for low-income workers for the Ministry of Cooperative Development and the Central Organization of Trade Unions; study findings include recommendations on new institutional framework, local and external sources of capital, cooperative organization, land and technical issues, proposed housing program and action plan.
Ghana Cooperative Housing Program	U.N. Habitat & Human Settlements Foundation (UNHHSF)	$ 10,000	Provides FCH backstopping for resident and short-term technical assistance to Ghana Government in establishing a national cooperative housing technical service organization and program and development of cooperative housing curriculum at Ghana Cooperative College.

Project/ Location	Financed by	Level of Funding	Description of Activity
Sudan Feasibility Study	UNCDF	$17,121	Feasibility study of the UNCDF project, "Workers' Cooperative for Low-Cost Housing" in the Sudan. Includes the review and appraisal of the project proposal in the light of the government's priorities, UNCDF objectives, implementation capacity of the government agencies and institutions, and the integration and coordination of UNCDF assistance with that of other agencies involved.
Argentina Yacyreta Hydro-Electric Project	World Bank	$12,000	Provided an FCH technician as a member of a project appraisal mission to review the planning for a project that would relocate 80,000 people, considering the physical design, implementation plans, project phasing, etc.
Ivory Coast Financial Review/ Supervision	World Bank	$ 3,500	Provided an FCH technician as a member of a project appraisal mission to evaluate the progress made by one of the local housing finance institutions toward a reorganization encouraged by the Bank.
Burundi Feasibility Study	UNDP	$15,000	Feasibility study of slum upgrading in the capital city and design of a project proposal for submission to UNCDF

C. Projects in Planning/Discussion Stage with AID

1. Improving the Delivery System for Small-Scale Shelter and Community Upgrading Programs through Cooperative and Private Non-Profit Organizations, submitted August 18, 1978.

2. Shelter Improvement and Community Upgrading Programs through Cooperative and Private Non-Profit Organizations in Latin America and the Caribbean, submitted October 20, 1978.

3. Latin American Regional Rural Shelter and Health Demonstration Project, submitted November 10, 1978.

4. Shelter and Community Upgrading Project in Egypt, proposal to to be submitted March, 1979 (estimated).

5. OPG for the Establishment of a National Housing Cooperative Agency in Kenya, to be submitted January, 1979.

6. Cooperative Housing and Women in Development in Latin America, submitted December, 1978.

7. OPG for Self-Help Housing and Institution Building in Shelter Sector for Botswana, to be submitted April, 1979 (estimated).

8. OPG for Cooperative Housing Development in Morocco, to be submitted March, 1979 (estimated).

II. d) The following staff members are funded entirely or in part by AID contracts/grants.

Kraig Baier	Housing Technical Specialist	Panama 1/
Mahlon Barash	Housing Development Specialist	Peru 1/
Henry Boldrick	Housing Development Specialist	Washington 2/
Lucy Conger	Information & Training Specialist	Washington 2/
Charles Dean	Director, International Programs	Washington 7/
John Edmondson	Program Director	Washington 3/
Lindsay Elmendorf	Housing Management Specialist	Honduras 1/
Jesse Jones	Housing Development Specialist	Jamaica 1/
Phillip Jones	Housing Development Specialist	Peru 4/
Earl Kessler	Housing Technical Specialist	Washington 2/
David Leibson	Housing Technical Specialist	Korea 5/
Lawrence Marchese	Business Management Specialist	Lesotho 1/
Craig Noren	Housing Technical Specialist	Washington 5/
Richard Owens	Program Director	Washington 2/
Eric Peterson	Housing Technical Specialist	Lebanon 6/
Ted Priftis	Program Director	Washington 5/
Jaime Rodriguez	Housing Development Specialist	Panama 1/
Lawrence Salmen	Program Director	Washington 5/
James Upchurch	Housing Development Specialist	Botswana 1/
Charles Van Fossen	Housing Technical Specialist	Paraguay 1/
Beverly Barth	Secretary	Washington 3/
Antonio Carasa	Senior Accountant	Washington 7/
Cristina Cassidy	Bi-lingual Secretary	Washington 5/
Linda Janosik	Secretary	Washington 2/
Ana Martinez	Accountant	Washington 7/
Stephanie Waldman	Secretary	Washington 7/
Bea Woolaver	Administrative Officer	Washington 7/

1/ Funded by OPG's running for an average of two years from date of signing of country agreement.

2/ Funded in part by DPG, which was programmed to expire February 1, 1979, but which has been extended to June 30, 1979 to use up remaining funds.

3/ Funded in part by contract 1529 which expires February 28, 1979.

4/ Funded by contract 1255 which expires April 30, 1979.

5/ Funded by contract 1296 which expires February 28, 1979.

6/ Funded by contract 1621 which expires November 27, 1979.

7/ Supervisory, administrative, and clerical personnel funded by overhead earned in part on AID contracts.

NOTE: Most members of the Washington professional staff provide assistance, according to their area of expertise, on more than one activity, and funding for their work is provided by the appropriate contract/grant.

The following staff members are funded entirely by non-AID contracts.

Juan Crispo	Housing Technical Specialist	Haiti
Michael Delaney	Housing Development Specialist	Haiti
Raimundo Guarda	Housing Technical Specialist	Haiti
Mario Lopez	Housing Development Specialist	Haiti
Lloyd Morris	Housing Development Specialist	Washington

III. FCH ORGANIZATION AND CAPABILITY

A. The FCH Family

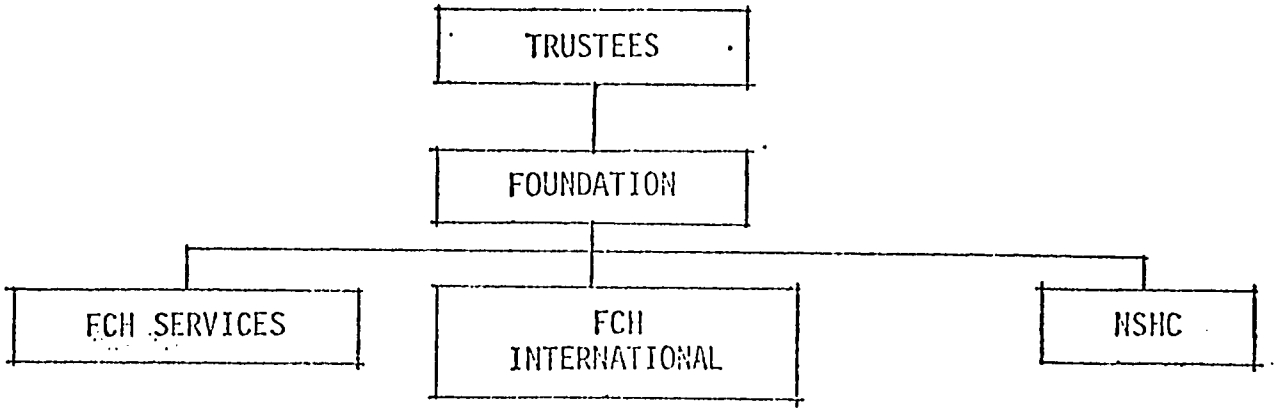
The Foundation for Cooperative Housing is a private, non-profit organization established in 1950 and chartered in the State of New York. Its policy and direction are established by its forty-member Board of Trustees. The Trustees, who serve without pay, are distinguished private citizens with a record of achievement and service in the housing and social development fields.

There are three major subsidiaries of the Foundation: FCH Services, Inc., FCH International, Inc., and NSHC, Inc. (National Services to Housing Communities). FCH Services, Inc. is the major operating arm of the Foundation, primarily responsible for the development of cooperative housing projects in the United States. FCH International, Inc. carries out consulting work overseas. NSHC, Inc. provides insurance services to the cooperatives developed by FCH in the United States.

The activities of the Foundation and its subsidiaries are coordinated and directed from the main offices at 2101 L Street, N. W., in Washington, D. C.

The Board of Trustees meets twice a year to review the programs and activities of the Foundation and its subsidiaries. FCH management presents its plans and budgets for the succeeding six months at the Board meetings. After review and approval by the Trustees, responsibility rests with the President of FCH Services, who is also President

of FCH International to carry out these plans. The President, in turn, relies on the Senior Vice President for Domestic Activities and the Senior Vice President for International Activities to carry out their respective responsibilities. Quarterly meetings are held with Directors of FCH regional offices for planning, budget review, and programming. The Foundation also utilizes the services of its Trustees by assigning responsibilities to special committees to look into longer range planning and new program activities.



B. FCH Development Activities

1. Domestic

FCH Services, Inc., was created in 1952 under the name FCH Company, a name under which it still operates in certain states. FCH Services, Inc. is the largest sponsor of non-profit cooperative housing organizations in the United States, and in fact operates as a U. S. technical services organization. Since initiation of operations, FCH's domestic work has enabled over 60,000 families to own and govern their own dwelling communities in 31 states and the Commonwealth of Puerto Rico.

Domestically, FCH Services is divided into two basic divisions: Sales and Development and Property Management.

FCH development services include technical help needed in site selection, market surveys, legal and organizational services, obtaining architectural and engineering services, selection of a builder, monitoring of construction, and cooperative education and sales programs.

In addition to development work, FCH has participated in the conversion of more than 18,000 rental units to cooperative status. In the 1960's FCH played an active role in promoting the concept of open occupancy, and developed racially integrated housing communities in areas which had been previously closed to minority groups. During the same period, FCH also conducted research and developed special projects in rural areas and for American Indians.

During the 1960's and early 1970's a series of grants from the Ford Foundation enabled FCH to establish the Housing Specialist Institute which was responsible for training hundreds of housing and community development specialists from the United States and overseas.

The 1973 moratorium on all federally assisted housing programs and the general economic recession caused sharp reduction in new development. Since 1973, however, FCH has developed more than 9,000 dwelling units with a total mortgage value of more than

$225 million at a time when the U. S. housing industry was suffering its deepest depression since 1946.

All FCH cooperatives stress the active participation of members in the affairs of the community. Such facilities as meeting rooms, space for nursery schools, child care centers, and play areas have become standard elements in FCH cooperatives. Many credit unions have been organized in cooperatives, thereby providing services which were not otherwise available to residents.

2. International

FCH works overseas at the invitation of local government or cooperative organizations or in collaboration with bilateral or multilateral development lending institutions. In its international work, FCH provides technical advice, training, and collaboration with local technicians who do the actual project implementation. Assistance is provided on all phases of project development. However, as in the domestic program, the main FCH concern is the social and human aspect of shelter programs, with a concentration of effort on establishing permanent community-based organizations which allow people to improve their homes and communities over a period of time.

FCH began working internationally under contracts with the Agency for International Development in 1962 when the Humphrey Amendment to the Foreign Assistance Act encouraged cooperative development overseas. FCH International, Inc., was established in 1965.

Since 1962, FCH has worked in more than forty countries providing consulting services on cooperative and low-cost housing activities. Mainly in collaboration with AID, FCH has assisted local housing and cooperative organizations in developing over 40,000 homes, and has helped establish strong cooperative housing organizations.

FCH international activities are coordinated and supervised by the Director of International Programs in the Washington office. In addition, each contract or grant is assigned to a member of the international senior staff who serves as Project Manager for that activity. FCH international personnel are currently providing technical assistance on fourteen contracts and grants in eleven countries.

C. Financial Management

1. Domestic

Funding for development work carried out by FCH in the United States is provided through a fee which FCH charges for its technical services. The amount of the fee on each project is controlled by HUD on federally subsidized projects, and currently averages about 5% of development cost. For management work, FCH charges a fee which varies from 4% to 6%, and is negotiated with the local cooperative. As FCH is a non-profit organization, any surplus on a particular project is used to offset losses on other projects, or must be used for development of new activities consistent with FCH goals.

FCH Services, Inc. has branch offices in Southfield, Michigan; Indianapolis, Indiana; Kansas City, Missouri; Norfolk, Virginia; and San Mateo, California.

2. International

Funding for the FCH international programs is derived from cost reimbursable contracts between FCH and the U. S. Agency for International Development, local government housing institutions, and private companies interested in housing for their employees. FCH has also provided consulting services under contracts with the Organization of American States (OAS), the Inter-American Development Bank (IDB), the United Nations (UN), and the World Bank.

Because of the close relationship among the Foundation and its subsidiaries, budgeting and accounting functions are concentrated in the Washington offices, and consolidated financial statements are prepared for all the divisions of the FCH family.

D. Personnel, Backstopping and Linkage to TSO's

Of FCH's staff of 130 employees, 28 are employed directly by the International Division, 11 of them overseas. The wealth of knowledge and experience developed by FCH over the past 27 years in the housing field in the United States provides a strong base for much of the work in the international development program. FCH domestic personnel are available on an ad hoc basis to serve as resource personnel for international programs. For example, FCH domestic property management

personnel have provided training for their counterparts from developing countries, while FCH Trustees have assisted on survey and training teams overseas. On occasion, international employees have been able to provide assistance on a short-term basis to the domestic program, particularly in developments involving Hispanic and other minority groups. Although U. S. experience cannot be transferred directly to developing countries, the basic cooperative techniques do provide a strong base for much of the work in FCH international programs. In addition, FCH is able to draw upon the experience of TSO personnel in developing countries who have been trained by FCH during the period when FCH helped establish these TSO's.

IV. FCH CONCEPTUAL APPROACH

A. Need for Shelter

As a result of experience working in many developing countries, FCH has come to an understanding of the shelter problem which includes, in addition to quantifying the problem, a concern for the economics, management, institutional framework, and primarily, the human dimension of shelter.

Basically, because we know that the magnitude of the problem is beyond the capacity of any formal government effort to solve, our approach is to encourage and support the self-help efforts of the people living in squatter areas and marginal settlements to improve their own shelter and services using democratic community organizations, such as cooperatives and homeowners' associations, to meet their needs. Further, our experience has shown that such community organizations and cooperatives succeed more often when they have the assistance of a technical service organization (TSO) whose identity of interest is the same as theirs. These community organizations and TSO's must establish linkage with government housing organizations and international agencies that support shelter programs. FCH has had a major role in assisting these organizations and forging this linkage over the years.

The developing countries are presently undergoing urbanization on a scale unprecedented in human history. The worldwide need for shelter is estimated at 200 million units over the next 25 years.

In a single generation, the cities have absorbed 550 million inhabitants. While the process of urbanization of the past 25 years has been more intense than ever before, the future appears still more threatening when viewed against the backdrop of a developing world still relatively lightly urbanized. In 1950 there were 23 cities with a million or more inhabitants in the developing countries. Today there are over 100 such cities, and the number is expected to surpass 250 by the turn of the century. United Nations estimates predict that over the next twenty years, as a function of the combination of natural growth and rural to urban migration, the cities of the developing world will be called upon to absorb an additional 1.3 billion people.

The majority of this population will be poor; its principal commodity will be unskilled labor. The resources available to address the multiplicity of needs which will stem from this urban explosion are severely limited at best. The shelter environment in those cities of the developing world undergoing such rapid urbanization is frequently lacking in essential mass physical infrastructure and social support systems, and unfortunately, will continue to be inadequate. Of the population of the cities undergoing accelerated growth, between 30 and 60 percent suffer high area and individual unit densities, precarious tenure and inadequate water, electrical and sanitary services. Approximately 250 million of the urban poor in the Less Developed Countries are currently sheltered in such conditions, and their number grows by 12 million annually.

In rural areas shelter conditions are even worse, with 70 to 90 percent of the population lacking the minimum shelter and services required for good health.

B. Participation

There is no concept more basic to the philosophy underlying United States policy on foreign assistance than that of participation, the participation of the poor majority in programs which will enable them to become active agents of their own development. As stated in the International Development and Food Assistance Act of 1978:

> "The Congress declares that the principal purpose of United States bilateral development assistance is to help the poor majority of people in developing countries to participate in a process of equitable growth through productive work and to influence decisions that shape their lives, with the goal of increasing their incomes and their access to public services which will enable them to satisfy their basic needs and lead lives of decency, dignity, and hope. Activities shall be emphasized that effectively involve the poor in development by expanding their access to the economy through services and institutions at the local level, increasing their participation in the making of decisions that affect their lives, increasing labor-intensive production and the use of appropriate technology, expanding productive investment and services out from major cities to small towns and rural areas, and otherwise providing opportunities for the poor to improve their lives through their own efforts. . . .
>
> "Assistance should be used not only for the purpose of transferring financial resources to developing countries,

> but also to help countries solve development problems in accordance with a strategy that aims to insure wide participation of the poor in the benefits of development on a sustained basis . . ."

While housing has often been perceived in static terms as a "brick and mortar" commodity, it is increasingly being viewed in a more comprehensive and dynamic fashion, as shelter, or more broadly, habitat -- a component of the change process underway in each society. Human habitat is constantly evolving, taking shape according to the needs and desires of the people and institutions which make up the social fabric. The degree to which this environment meets the needs of any particular individual will vary according to the degree of participation afforded that individual in the decisions affecting his or her environment.

Few aspects of organized society have a more immediate or significant impact on people's lives than shelter conditions. At the same time, there is no other single fixed commodity which represents such a major potential drain on personal resources as does housing. Thus, both to respond to people's felt needs and to allow them control over the expenditure of their resources, it behooves policymakers to provide the means whereby people can participate as fully as possible in the formation of the habitat in which they are to live.

Due to this interrelationship between shelter and participation, a variety of locally based housing associations, ranging from community development organizations to homeowners associations to cooperatives, have evolved successfully in many countries.

Experience has shown that these local groupings are far more likely to satisfy the needs of both the community residents and the financial community than large centrally-administered housing projects for the very reason that these former associations allow, and indeed encourage, the participation lacking in the government projects. The advantages of these local, cooperative and community housing associations are diverse:

1) Propriety: As stated, people are the best arbiters of how they are to live; cooperatives and other community organizations, at the local level, and national organizations (such as technical service organizations), provide channels through which people can determine the nature of their own habitat.

2) Administration: Housing units and the infrastructure accompanying them, both physical and social, demand constant and close attention for proper management. A local housing association is far more apt to provide this kind of needed attention to administrative detail than the large, distant, centralized bureaucracy. This is especially so when the local association is made up of the residents who stand to benefit from efficient administration practices.

3) Cost Recovery: People are far more likely to pay for their housing if they are making payments to an association of which they are a member rather than to a government agency. There are a host of reasons for

this behavior; suffice it to say that community sanctions appear to exercise greater control than government authority, at least where payment for housing by the poor is concerned.

4) Resident Satisfaction: The cooperative or community organization establishes a constant feedback mechanism, through its regularly scheduled meetings, which result in a self-regulated human environment; i.e., faulty judgment in planning or execution of housing or community facilities will be addressed by the residents in timely fashion so as to assure creation of an environment satisfactory to the residents. Projects planned and executed by groups in which the residents are not represented may become extremely costly embarrassments as the residents voice dissatisfaction well after project completion (Pruitt-Igoe, in the U. S. city of St. Louis, is one infamous example).

The question of how to address the shelter issue, as with many topics, is one of both degree and kind. On the one hand, the demand and need for shelter in the developing countries is so vast that no one agency can effectively rise to the task. To plan, design and administer housing for the poor in an efficient manner requires working through a decentralized organizational system, such as a technical service organization or merely a number of disconnected local housing associations. In this way, site planning, the provision

of building materials, and the design and construction of dwelling units and community facilities can all be done in relation to the needs of a particular locale and community.

Even more important than size, in the context of human development, is the kind of issue represented by shelter. Physical and social concerns are tightly interwoven in this area of human environment. The design of a neighborhood and the shape of a dwelling, for example, affect the interactions between individual members of a community or a family and even affect the way an individual comes to terms with him or herself. The thrust of U. S. development assistance policy on participation is particularly compelling when dealing with habitat. In order to respond to the needs, the wishes and the values of men and women who are to live in an area, neighborhood or house, the residents in question must participate in the decisions which affect the shape of that area. The locally based, representative housing organization or cooperative gives the resident a voice in the shape of his or her habitat; the large centralized housing agency does not. Only when housing programs work through these local, representative institutions can truly participatory development be said to occur.

FCHI is committed to the full participation of the poor in the decisions which affect where and how they are to live -- the creation of their own habitat. As described elsewhere in this proposal at length, FCHI has devoted many years to the establishment of a methodology for the building and operation of sound cooperative and other forms of representative housing institutions. This

approach has been applied in many nations of the developing world. The clear intent has always been to provide an institutional vehicle for the participation of the poor in shelter programs so that they may ultimately become the architects of their own development.

V. FCH International Experience and Technical Expertise

A. Duration of Experience

In response to the Humphrey Amendment to the Foreign Assistance Act of 1961, AID sought the collaboration of various cooperative organizations in the U.S. to stimulate the growth of cooperatives in LDCs. FCH was the cooperative organization that AID turned to for assistance in the field of cooperative housing.

FCH began its work with LDCs in Latin America and the Caribbean in 1962, providing assistance in the development of cooperative housing programs at the request of AID. This collaborative effort has continued not only in Latin America and the Caribbean but also in LDCs in Africa, the Near East and Asia. The current focus of FCH's activities is on helping low-income families acquire or improve their shelter and community facilities through the use of cooperative techniques.

B. Types and Numbers of Projects

FCH has had considerable experience over the past 14 years in LDCs. In developing countries, FCH has assisted local cooperative housing TSO's, non-profit, private development organizations and government housing agencies in the planning, programming, implementation and management of shelter programs for cooperative or other types of associations or for programs utilizing some form of cooperative technique. A description of the different types and number of projects that FCH has been involved with follows:

1. Demonstration Projects

FCH has assisted in the planning, implementing and managing of various types of demonstration projects that have been used as prototypes for regional or national shelter programs. The

funding for demonstration projects might be provided by international donor agencies such as AID and IDB, or by local organizations, both public and private. The financing of regional or national demonstration shelter projects has usually been provided by AID or IDB. The types of demonstration projects in which FCH has participated are described below.

a. Cooperative Housing

1) Urban

FCH has assisted in the development of urban cooperative housing demonstration projects in Guatemala, Honduras, Panama, Brazil, Colombia, Lesotho and Jamaica. The demonstration projects, in most cases, served as a model for an expanded cooperative housing program that has continued until today. In Panama, for example, the demonstration project was developed by the government housing agency with the assistance of FCH. As a result of the cooperative demonstration project, the government housing agency sponsored the creation of a cooperative housing TSO. FCH then assisted this TSO in its organization and training of staff and the subsequent planning implementation and management of a $4.5 million program for developing urban and rural cooperative housing projects. In Brazil, the TSO that FCH assisted in establishing developed a successful demonstration project. The Cooperative Housing Division of the Brazilian National

Housing Bank organized additional TSO's patterned after the model of the FCH-assisted TSO. All of these TSO's then participated in undertaking a substantial cooperative housing program nationwide.

2) Rural

FCH assisted in the development of a demonstration rural cooperative housing project in Panama that is well documented in FCH's publications, Housing the Campesino and Rural Cooperative Housing in Panama. The Panamanian TSO developed a rural cooperative housing program using the demonstration project as a prototype. FCH also assisted the cooperative housing TSO in Honduras in the development of a demonstration rural cooperative housing project that served as a model for other rural shelter efforts in that country.

b. Site-and-Service Projects

FCH assisted the government housing agency in Panama to plan and implement a demonstration site-and-service project funded with an AID loan. The demonstration project included serviced lots, lots with floor slabs and roofs, home improvement loans, primary and secondary schools, health centers, community centers and job training and employment opportunities. A total of three demonstration projects were developed: one each in Panama City, Colon and Santiago de Veraguas. The

floor slab and roof scheme was later modified to a basic core unit that was used in subsequent site-and-service programs in Panama.

c. Squatter Area Upgrading

FCH assisted the government housing agency in Panama in the planning and implementation of a squatter area upgrading demonstration project in Panama City. The project, funded with an AID loan, reduced density in selected squatter areas, relocated families to site-and-service projects, installed or improved the water, sewer and electric infrastructure in the area and offered home improvement loans. The demonstration project served as a prototype for additional programs carried out by the Government of Panama.

d. Urban Tenement Upgrading

FCH is assisting the Government of Jamaica, under an AID Operational Program Grant (OPG), in completing a demonstration urban tenement upgrading project in Kingston. The upgrading is improving the social services and facilities in the selected area and providing employment opportunities and tenement improvement loans. The demonstration project is being adapted to undertake a national scale urban tenement upgrading program with AID HG funds.

e. Home Improvement Loans

1) Urban

FCH has assisted in the development of urban home improvement demonstration projects in Panama,

Nicaragua and Lebanon. FCH is presently assisting the Banco de la Vivienda de Peru under an AID Operational Program Grant, to establish the guidelines and criteria for home improvement loans for low-income families. This project is also assisting a selected savings and loan association to review and improve its procedure for the promotion, processing, approval and disbursing of funds and inspection of home improvement loans. The procedure developed is expected to serve as a prototype for the other savings and loan associations using AID HG funds.

2) Rural

FCH is assisting the Jamaica Cooperative Credit Union League, under an AID OPG, to develop a home-improvement loan program in rural areas. The League will receive AID HG funds from the borrower, the Jamaica Mortgage Bank, and make loans to affiliated credit unions which in turn will make home improvement loans to qualifying members.

f. Employment Generation

FCH has assisted the government housing institution in Panama to develop demonstration construction material production centers. These centers manufacture needed construction materials and provide employment. FCH has assisted the government housing agency in Colombia in planning and developing demonstration neighborhood industries for residents of its shelter projects. FCH is assisting

the Low Cost Housing Company in Lesotho under an AID OPG, in the development and expansion of its Production Systems Division. This Division is expanding its manufacture of concrete building materials, wooden construction components and furniture and metal cabinets, and contributes to reducing Lesotho's economic dependence on South Africa for both construction materials and employment.

2. Institutional Development

Virtually all of the technical assistance provided by FCH has an institutional development component, and many of the projects have been focused primarily on institutional development. The types of activities carried out by FCH in this area are extensive and varied.

FCH has assisted in organizing or strengthening private, non-profit cooperative housing TSO's in Honduras, Panama, Jamaica, Brazil, Colombia, Venezuela, and Chile. All of these TSO's are presently operating and are planning and developing new cooperative housing projects with local and/or external resources. With the exception of the TSO in Venezuela, all of these TSO's manage the occupied projects that they have sponsored.

In Honduras, FCH assisted the cooperative housing TSO in organizing a mutual savings and loan association. FCH also assisted in the creation of a national savings and loan bank and regulatory institution in Honduras.

FCH has assisted in the organization or strengthening of cooperative housing divisions of government housing agencies in Guatemala and Jamaica. In Guatemala, FCH assisted in the creation of a cooperative housing section and the development of a cooperative housing demonstration project. The section later planned and developed other urban cooperative housing projects in secondary cities in Guatemala. In Jamaica, the government housing institution decided to convert all of its rental properties to cooperative ownership. Through different training activities, FCH has assisted in the strengthening of the section responsible for this conversion.

FCH has assisted in the organization of the Low Cost Housing Company (LEHCO-OP) in Lesotho which is a quasi-public institution established by the Lesotho National Development Corporation. LEHCO-OP has planned and implemented a demonstration cooperative housing project with UNCDF monies, and is to receive a loan soon from CIDA for an expanded cooperative housing program. FCH is also assisting the Production Systems Division of LEHCO-OP, as mentioned above.

FCH has assisted or currently is assisting local government housing agencies and housing banks in several LDCs develop specialized institutional capacities to deal with shelter programs for low-income families. For example:

Honduras. Government housing agency. FCH is providing assistance under an AID OPG in the social and community

organization aspects of site-and-service projects, inter-institutional coordination, mortgage servicing procedures, land use and evaluation.

Nicaragua. Government housing bank. FCH has provided assistance in the planning and development of disaster relief housing projects and the development of a home improvement loan program.

Panama. Government housing agency. FCH has provided assistance to improve the mortgage servicing procedures of the agency's sale and rental properties. FCH is presently assisting the government housing agency, under an AID OPG, to establish an Office of Promotion and Development of Housing Cooperatives to plan, promote and coordinate cooperative housing projects in urban and rural areas.

Brazil. Government housing bank. FCH has assisted the bank in the organization of state TSO's which were patterned after the private, non-profit TSO that FCH had helped organize in the state of Minas Gerais. FCH also provided the bank with assistance in the development and management of its cooperative housing program.

Dominican Republic. Government housing bank. FCH has assisted the bank in developing community organizations and homeowners associations for AID HG-funded projects and in housing finance matters.

Bolivia. Government housing agency. FCH has assisted the agency in the drafting of legislation, rules and regulations governing housing cooperatives.

Peru. Government housing bank. FCH has assisted in the development of an AID loan for housing cooperatives. FCH is providing assistance to the bank under an AID OPG in establishing the guidelines and regulations for a home improvement loan program for low-income families. FCH is also assisting a selected savings and loan association in the review and improvement of its procedure for the promotion, application, review, approval, disbursement, and construction inspection related to home improvement loans for low-income families. The bank will make AID HG loan funds available for the program.

Jamaica. Ministry of Local Government. FCH is assisting the Ministry, under an AID OPG, in the planning and financial management of its urban tenement upgrading program that is being developed with an AID HG loan. The Ministry has also asked for FCH's assistance in developing a system to review the socio-economic surveys of selected tenement areas in order to identify employment generation opportunities.

Jamaica. Ministry of Housing. FCH is assisting the Ministry, under an AID OPG, in the development of communication guidelines and techniques for promoting and explaining its AID HG loan funded squatter area upgrading program to the target group of beneficiaries. FCH is also assisting in the development of training guidelines and materials to educate project participants.

Botswana. Ministry of Local Government and Lands. FCH is assisting the Ministry and the Self-Help Housing Agency (SHHA) of the Gaborone Town Council under an AID OPG, to develop

the institutional capacity of the SHHA for planning, implementing and evaluating its shelter programs. The SHHA is undertaking squatter area improvement and site-and-service programs with funding from the GOB, the UK, the European Development Fund, CIDA, and an AID HG loan.

Paraguay. National Savings and Loan Bank. FCH is to assist the Bank, under an AID OPG, to establish an office that will serve low-income families organized in different types of associations and help the associations acquire new housing or improve existing shelter. FCH is to review the Bank's organic law and offer suggestions for modification so that the Bank can direct more of its resources to shelter programs for low-income families. FCH is to conduct a shelter sector assessment in Paraguay to serve as a basis for developing a national shelter plan and policy.

Caribbean Region. Caribbean Development Bank (CDB). FCH has assisted the CDB to plan and implement the first housing program for its members in Grenada, Antigua, Belize, Montserrat, St. Vincent, Dominica and St. Kitts. FCH assisted the executing agencies of the CDB members in planning, developing, bidding and inspecting the projects that the CDB financed with AID loan funds.

Latin American Region. Inter-American Cooperative Housing Organization (INTERVICO). FCH helped bring together the cooperative housing TSO's in Latin America, the Caribbean and the U. S. to form INTERVICO in 1969.

3. Disaster Relief Shelter

FCH has assisted AID and local governments in the development and implemention of provisional shelter and long-term housing and community reconstruction programs in several countries affected by disasters. Among the countries where FCH has assisted in disaster relief shelter programs are the following:

Bangladesh. FCH provided technical assistance to CARE through an agreement with the International Cooperative Housing Development Association (ICHDA) to assist in rehousing victims of floods and tropical cyclones. Approximately 7,500 low-cost houses financed with an AID grant were built in rural cooperative housing schemes.

Peru. FCH has provided short-term assistance to the government's regional development organization in the planning of a community for earthquake victims in Chimbote. FCH also provided assistance to the regional development organization in establishing a self-help housing program and in promoting and developing the loan sub-programs with a $15 million AID loan. FCH also provided assistance to the National Housing Bank in development of a $28.8 million AID HG loan designated for the earthquake and flood areas.

Nicaragua. FCH has assisted the government housing bank to develop and implement an immediate shelter program that constructed approximately 11,000 temporary wooden shelters within 90 days after the earthquake. FCH later assisted the bank to plan and undertake installation of physical infrastructure in the four sites where the temporary shelters were located, develop a home

improvement loan program and plan a coordinated community services and facilities program.

Honduras. FCH has assisted AID and the government housing institute in defining a shelter program for victims of Hurricane Fifi in rural areas. AID provided a $2 million housing loan for the rural shelter program.

Guatemala. FCH participated in an AID shelter sector assessment immediately following the 1976 earthquake. The team surveyed the shelter needs resulting from the disaster and submitted recommendations for AID's consideration. FCH later sent a team to Guatemala at the request of the USAID Mission to undertake a study of the disaster related shelter activities of the PVO's in Guatemala.

4. Refugee Shelter Programs

FCH has assisted AID in assessing and identifying shelter programs for refugees in several countries.

South Vietnam. FCH sent a team to South Vietnam in 1969 to survey the U. S. supported housing efforts in that country. A report was prepared on the findings of the survey and submitted to AID for its consideration.

Cyprus. FCH conducted an investigation of the refugee situation in Cyprus, and produced a report with recommendations for AID's consideration.

Portugal. FCH undertook a study of the relocation of Portuguese citizens returning from Angola and prepared a report

concerning the situation and offering recommendations for AID's consideration.

5. Education and Training

FCH has assisted AID, the OAS, IDB and the UN in the preparation and presentation of numerous educations workshops and training sessions. The types of training offered may be classified as follows:

a. Cooperative Housing

FCH has presented workshops and training sessions for LDC local government and private sector representatives on cooperative housing in general. Training has been provided for officials and staff members of cooperative housing TSO's and for cooperative housing board members and general membership, in specific topics related to cooperative housing associations. This education and training has taken place in-country, under trilateral arrangements, and in the U. S. in FCH's offices.

b. Low-Income Shelter

FCH has presented workshops and training sessions for LDC local government and private sector representatives on a variety of aspects related to shelter programs for the urban and rural poor. For example, FCH has presented workshops for AID on the problem of marginal settlements (1969), on site planning (1971), and on housing policy (1977). In 1968, FCH presented a workshop on housing management for AID and IDB. This year FCH arranged a study tour for representatives of

Honduran institutions developing site-and-service projects who visited similar projects being implemented in Guatemala and El Salvador. FCH is also planning to assist the housing bank in Peru offer a workshop on home improvement loans for low-income families, to arrange for visits of officials of the savings and loan bank in Paraguay to visit other countries to observe low income shelter projects financed with AID HG loan funds and to prepare training sessions for community organizers and project administrators in Honduras. This education and training has and is being carried out in-country, under trilateral arrangements, and in the U. S.

c. Employment Generation

FCH has presented workshops on the organization and operation of cooperative production centers for the OAS.

Related to education and training, FCH has participated in numerous conferences and seminars concerned with cooperative housing and shelter for the urban and rural poor. For example, FCH has participated in the Inter-American Cooperative Congresses, conferences of the Inter-American Cooperative Savings and Loan Associations, regional seminars on cooperative housing, squatter settlement workshops, regional shelter conferences, Habitat, rural housing workshops, and the like.

C. FCH Experience with Other International Agencies

Since 1966, with AID support, FCH has stimulated the awareness and involvement of non-U. S. private and public organizations in shelter programs in the developing world. FCH was instrumental in establishing the International Cooperative Housing Development Association (ICHDA), a cooperative organization which now comprises 17 European, U. S. and Third World national cooperative housing organizations. ICHDA now has its principal office in London and is actively engaged in marshalling European bilateral donor resources and UN resources in the field of cooperative housing. As a result of these initiatives, Sweden, Norway, West Germany, and the United Kingdom are now providing technical assistance and some capital assistance to many African countries.

Allusion has already been made to the pilot cooperative self-help 200-unit housing project in Lesotho which was initiated by ICHDA with FCH and AID support with capital assistance from the UN Capital Development Fund (CDF). With technical assistance from the UNDP, this modest effort has now resulted in an additional $2.6 million grant from CIDA, and a programmed $3 million from the World Bank. This is the kind of multiplier effect that FCH continues to pursue in its development efforts.

A major accomplishment over the past four years has been to encourage agencies such as the UNCDF to enter the cooperative and housing fields. For example, low-cost cooperative housing programs are funded, approved or under study by that agency with FCH or ICHDA assistance in Lesotho, North Yemen, Haiti, The Gambia, and Burundi. In December 1978 FCH was awarded a $715,000 technical assistance contract with the UNDP to implement an upgrading, slum rehabilitation, relocation and sites-and-service program in Haiti with total capital assistance from the CDF and government amounting to roughly $4 million.

FCH also works closely with other UN agencies such as the Habitat and Human Settlements Foundation (HHSF) in Nairobi. Currently FCH has an

HHSF-funded Cooperative Housing Advisor working in Ghana, whose assignment is to establish a national sponsoring organization for housing cooperatives.

FCH has collaborated with other international agencies supporting shelter programs, such as the Inter-American Development Bank, the Organization of American States, the Caribbean Development Bank, and the World Bank. FCH has also implemented shelter and related service programs with CARE and a number of other private groups.

VI. General FCH Comments

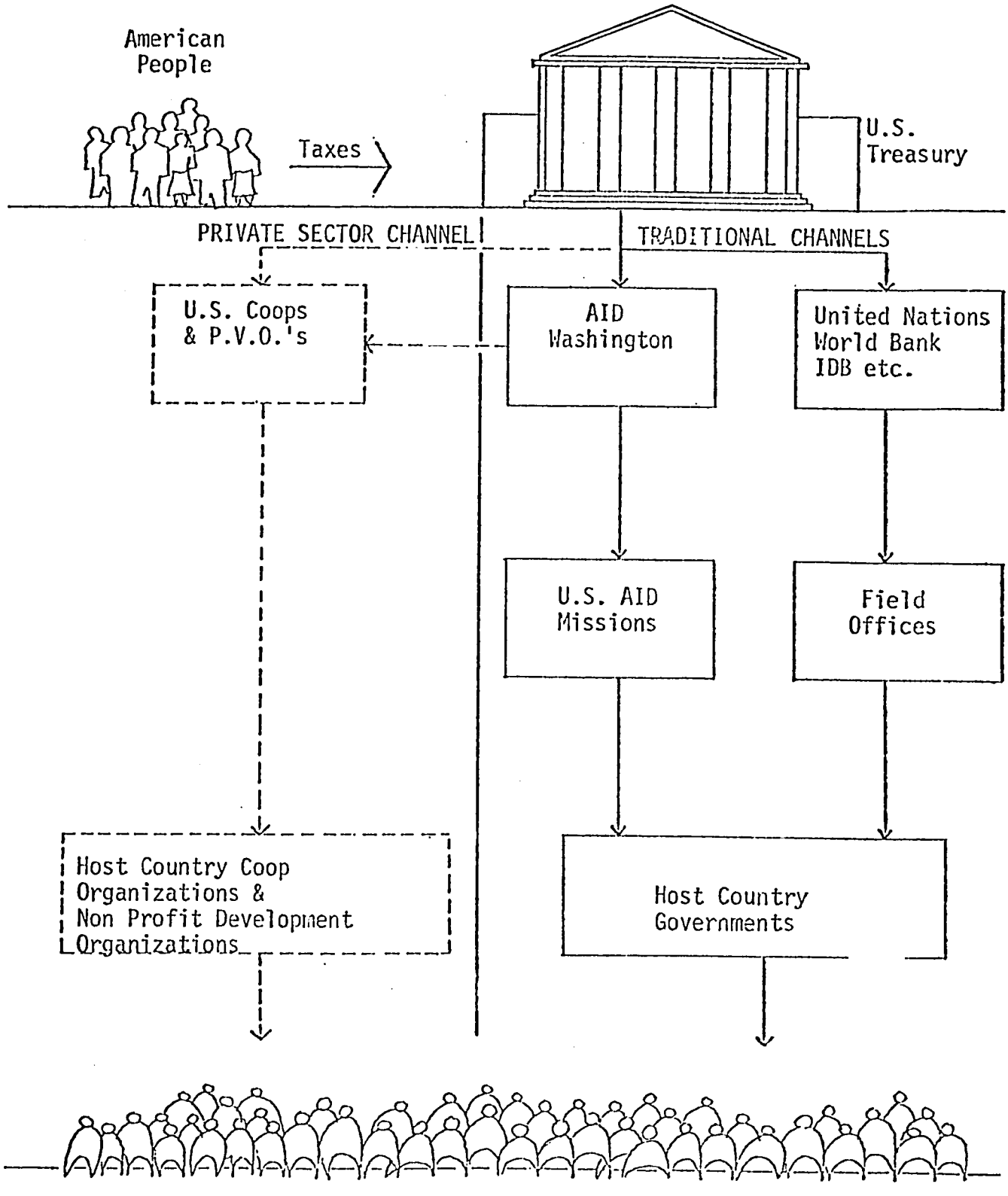
A. Role of U.S. Cooperatives in U.S. Foreign Assistance Programs

FCH and other U.S. cooperative organizations started working with AID programs at the request of AID, following the 1961 "Humphrey Amendment to the Foreign Assistance Act which encouraged cooperative development overseas. In recent years, Congress has reaffirmed its support for including cooperative development as an important part of our foreign assistance efforts. The 1978 act includes Section 123 which states:

> "The Congress find that the participation of rural and urban poor people in their countries' development can be assisted and accelerated in an effective manner through an increase in activities planned and carried out by private and voluntary organizations and cooperatives. Such organizations and cooperatives, embodying the American spirit of self-help and assistance to others to improve their lives and incomes, constitute an important means of mobilizing private American financial and human resources to benefit poor people in developing countries. The Congress declares that it is in the interest of the United States that such organizations and cooperatives expand their overseas development efforts without compromising their private and independent nature. The Congress further declares that the financial resources of such organizations and cooperatives should be supplemented by the contribution of public funds for the purpose of undertaking development activities in accordance with the principles set forth in Section 102. The Congress urges the Administrator of the agency primarily responsible for administering this part, in implementing programs authorized under this part to draw on the resource of private and voluntary organizations and cooperatives to plan and carry out development activities."

We believe the most serious constraint to development and to effective use of U.S. foreign assistance funds is the lack of asorptive capacity within developing countries. This is especially true with the new programs which are supposed to reach the urban and rural poor directly. The traditional Government to Government aid approach has chronic limitations and should be supplemented with greater efforts in the private sector. Cooperatives and PVO's could do much more to help AID with complimentary private sector projects. (See chart on next page).

COMPLEMENTARY PRIVATE SECTOR CHANNELS FOR
U.S. DEVELOPMENT ASSISTANCE FUNDS



FCH has made a specific proposal to AID for increasing the capacity of private non-profit and cooperative organizations in developing countries to help the urban and rural poor improve their shelter and services through self-help.

B. FCH Relationship to AID

FCH should relate to AID in two "modes", one a "responsive mode" and one a "collaborative mode". Under the responsive mode, FCH should respond to requests from AID for technical services, provided through cost reimbursable contracts. An example of this mode is the FCH work with the AID Housing Guaranty Program under contract 1296. Under the "collaborative mode", FCH would come to AID with proposals for grant funded activities where the initiative for the project comes from FCH and local cooperative or other self-help groups. The OPG-DPG concept supports this collaborative mode.

FCH would like to continue and expand our programs with AID in each mode. In the "responsive mode" our main contract (1296) for the housing guaranty program expires in February 1979 and we have submitted a proposal for follow-up work. In the "collaborative mode" our DPG which supports our core staff expires in June 1979. (Funding expires in March 1979). We have submitted several new proposals for follow-up work.

C. Issues

There are several issues which need to be discussed.

1. Coops as "Partners" with AID

U.S. cooperative organizations working with AID should not be put into the same category as profit making consulting contractors. Our motivation is basically the same as AID's, to

carry out the Foreign Assistance Act by helping urban and rural poor in developing countries. Profit making firms are concerned first with making a profit. This basic difference should be taken into consideration in determining the role coops play in planning and developing projects with AID. Historically, U.S. cooperative organizations have had this type of collaborative relationship with AID. Recent changes in procedures on competitive bidding have changed this relationship in some cases.

2. AID Office for Coops

FCH supports the position of other U.S. cooperative organizations on the need for a central office in AID as a focal point for cooperative development programs.

3. Cooperative Resources Committee (CRC)

The Cooperative Resources Committee (CRC) has played an important role in improving coordination among U.S. cooperatives working overseas in providing a forum for exchange of information and in helping to develop joint projects. AID should continue financial support of the CRC.

D. Ulinski Draft Memo

FCH is in general agreement with the content of the draft Ulinski memo on the role of U.S. cooperatives in AID programs. We would like to see a much stronger statement on the channeling of both technical assistance and capital assistance funds through U.S. cooperatives to local cooperatives as a complement to government to government AID channels. (See chart P. 40). We do not agree with the statements that U.S. cooperatives should seek to raise funds in the U.S. to support international programs. Our U.S. coop members are low income families who already pay taxes to provide funds for AID programs. Our role is simply to help AID make more effective use of those funds.