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Office of Housing and Urban Programs



ANNUAL REPORT FISCAL YEAR 1985

U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523



UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

December 1985

In the 23-year history of the Office of Housing and Urban Programs, A.I.D. has authorized 184 Housing Guaranty Programs in 41 countries plus two regional banks on five continents. During fiscal year 1985, major authorizations for shelter construction and financing were made for ten countries, including a first authorization for Jordan.

Through the pages of this report, we document progress made in addressing shelter needs with the assistance of a variety of A.I.D. housing programs. It is encouraging to note the increased participation of the private sector in low-cost housing programs for that is the key to shelter for all. We continue to add to our knowledge of shelter and urban problems in order to more effectively assist developing countries respond to their urbanization challenges. We continue to promote technology transfer, training of local officials, and the development of local institutional mechanisms for efficiently producing and financing shelter.

The narrative, charts and illustrations on the following pages detail the progress of the last year.

Sincerely,



Peter Kimm
Deputy Assistant Administrator
for Housing and Urban Programs

Annual Report
FISCAL YEAR 1985

October 1, 1984 to September 30, 1985

PROJECT DEVELOPMENT METHODOLOGY

The Housing Guaranty Program involves collaboration with a public or private sector host country housing institution, such as a government ministry, a national housing bank or housing development corporation, a central savings and loan system, a national cooperative organization or a similar institution in the private sector acting as borrower.

Following a request from the country, A.I.D. will request that the Office of Housing and Urban Programs, working with host country officials, prepare a shelter sector assessment. Based on this analysis, A.I.D. and the borrower determine the type of housing program to be financed and the institutional context within which it will be undertaken.

When a mutually agreeable project has been developed and authorized by A.I.D., the Office of Housing and Urban Programs and the borrower enter into an Implementation Agreement defining the use of the proceeds of the loan. Disbursements under the loan are subject to the fulfillment of certain conditions as set forth in this agreement.

At the same time, the borrower seeks the most favorable terms available in the U.S. capital markets for a U.S. Government-guaranteed loan. A typical Housing Guaranty loan is a long-term loan for a period of up to 30 years with a 10-year grace period on the repayment of the principal.

The U.S. lender and the borrower then negotiate the terms of the financing within interest rate ceilings that reflect the prevailing interest rates for long-term mortgages in the U.S. These understandings are formalized in a loan agreement between the borrower and the lender, which is subject to A.I.D. approval. In addition, certain provisions with regard to the paying and transfer agent, terms and amortization, prepayment rights of the borrower, and lenders fees and other charges must be included in each loan agreement or otherwise agreed upon in a manner satisfactory to the Office of Housing and Urban Programs.

THE A.I.D. GUARANTY

A.I.D. will sign a contract of guaranty upon the signing of a loan agreement, indicating that repayment is guaranteed by the full faith and credit of the U.S. Government. The fees that A.I.D. charges for its guaranty are as follows: (1) a fee of one-half of one percent ($\frac{1}{2}\%$) per annum of the unpaid principal balance of the guaranteed loan; and (2) an initial charge of one percent (1%) of the amount of the loan, which is deducted from the loan disbursements.

Additionally, A.I.D. requires that the government of the borrowing country sign a full faith and credit guaranty of repayment of the loan and outstanding interest.

LENDERS

A variety of participants in the U.S. capital markets, including investment bankers, commercial bankers, Federal Home Loan Banks, savings institutions, life insurance companies and pension funds, have loaned funds to host country borrowers as part of the Housing Guaranty Program. To be eligible to participate, lenders must be: (1) U.S. citizens; (2) domestic U.S. corporations, partnerships or associates substantially beneficially owned by U.S. citizens; (3) foreign corporations whose share capital is at least 95 percent owned by U.S. citizens; or (4) foreign partnerships or associations wholly owned by U.S. citizens.

LENDER SELECTION

Lenders are selected by host country borrowers. The Office of Housing and Urban Programs encourages maximum contact between borrowers and lenders to facilitate loan arrangements that will best meet project needs and to establish long-term borrower-lender relationships to their mutual advantage. Lenders are typically selected through a competitive negotiation process in which the Office of Housing and Urban Programs requires that lending opportunities be advertised and that borrowers solicit lending proposals from the largest practicable number of prospective lenders.

A notice of each A.I.D. guaranteed investment opportunity is published in the Federal Register. Notices are also mailed to interested firms or individuals.

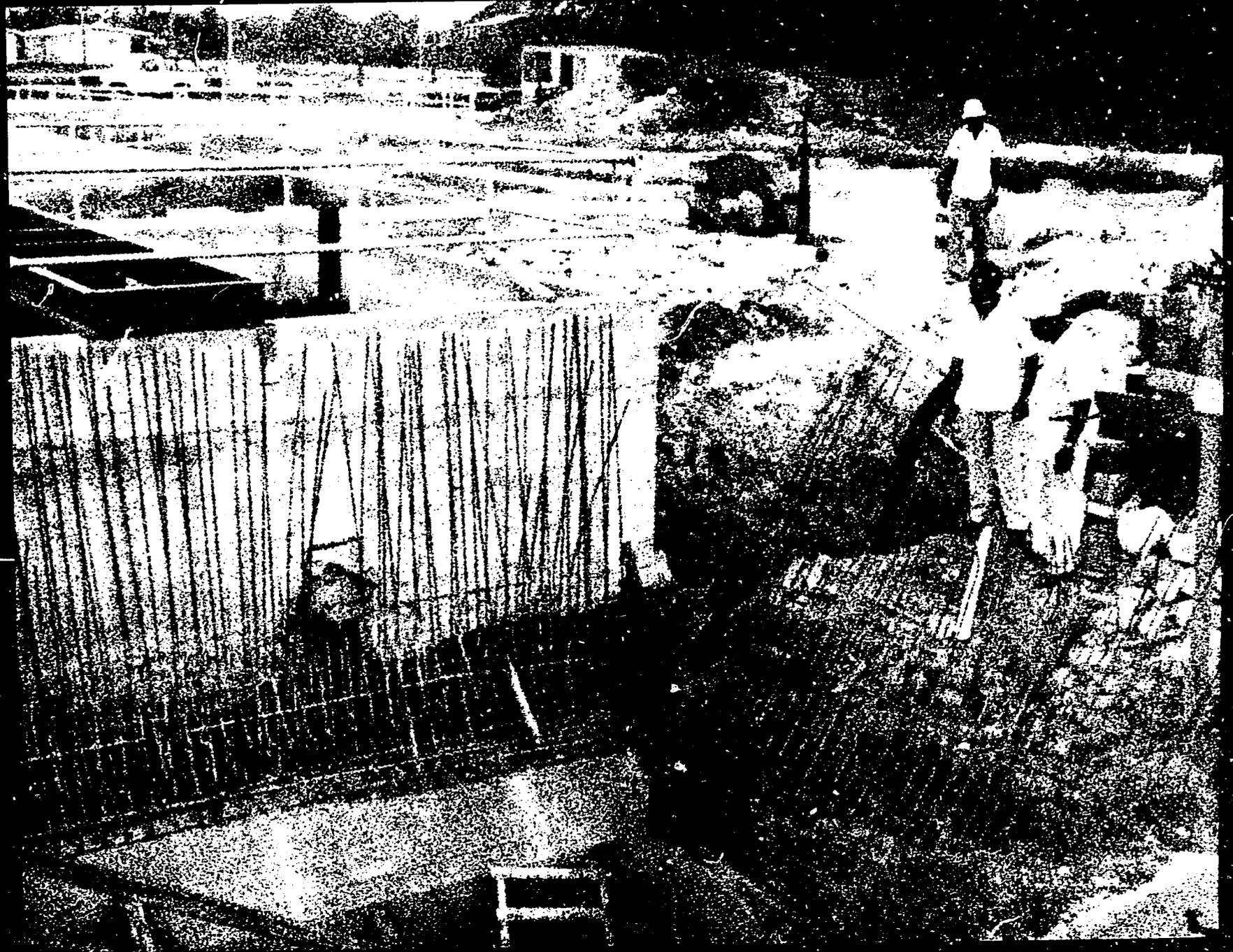
In certain circumstances, and with the written consent of the Office of Housing and Urban Programs, lenders may be selected through a non-competitive negotiated process.

Office of Housing and Urban Programs U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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RESPONDING TO WORLD HOUSING PROBLEMS

A.I.D. Response to the Problem - An Overview

A.I.D.'s shelter programs were started over two decades ago, initially to provide physical solutions to specific housing problems in South and Central America. These programs have expanded dramatically, both in the scope of assistance, and in terms of a more global response.

A.I.D.'s Office of Housing and Urban Programs has provided technical, financial, policy and training assistance to over 50 countries worldwide. The Office maintains seven Regional Housing and Urban Development Offices serving Asia, West Africa, East and Southern Africa, the Middle East and Europe, South America, Central America and the Caribbean. In fiscal year 1985, A.I.D. programs in 29 countries supported shelter and urban development activities to benefit low-income families. The principal mechanism of the Agency to finance its housing programs is the Housing Guaranty Program, under which the U.S. Government guarantees loans made by U.S. commercial lenders to host country institutions for the purpose of implementing a broad range of shelter solutions. Additionally, technical assistance is provided in formulating national housing policies, for the design and implementation of urban projects and for assisting public agencies, local governments and the private sector in the delivery of low-cost shelter and urban services.

During 1985, Housing Guaranty Programs were authorized for Botswana, Costa Rica, Ecuador, Honduras, India, Jamaica, Jordan, Portugal, Sri Lanka and Tunisia. These programs are described in a later section of this report. In addition, urban development assessment reports

were completed for Jordan, Morocco and Panama. Research in housing and finance systems was also undertaken in Barbados, India, Indonesia and Zimbabwe. Training activities took place in many locations, from conferences in Asia to seminars and workshops in Latin America, Africa and the United States.

Typical Housing Guaranty programs have focused on:

- Squatter Settlement Improvements
- Low-Cost Housing
- Resource Mobilization for Low-Cost Shelter

Other components, such as housing policy assistance, training and institutional development have also been included. The central theme of A.I.D.'s shelter program stresses that individual initiative and private sector activities are the key to the solution of the world shelter program. Government policies and actions should facilitate these actions in both the informal and formal sectors and should provide resources which people cannot provide for themselves, notably urban infrastructure.

Settlement Upgrading

Most shelter in developing countries is constructed by the people themselves, using whatever materials are readily at hand. This is true for both rural and urban populations. In the cities, however, fierce competition for land often forces the poor into the illegal shelter activity of occupying vacant land. As the "supply" of vacant land dwindles, many families are forced into unhealthy and environmentally unacceptable locations, such as flood-prone areas, landfills or industrially polluted zones.

Housing in illegal settlements typically has no utilities or proper access. In some cases, landowners extract high rents while providing no services. The shelters themselves are usually built of a makeshift collection of materials in an unplanned sprawl of enclosures and footpaths.

Minimal upgrading approaches supported by A.I.D. have included some of the following elements:

- selective improvement of access into the community
- water supply and sanitation
- surface water drainage
- electricity
- purchase of land from the original owners, subdivision and resale of small plots of land to residents
- provision of mortgages and building material loans to finance plot purchase and shelter improvement
- provision of public amenities such as play areas, schools and clinics.

Recent A.I.D. programs have sought to use these upgrading approaches as models for more widespread application which may be locally initiated and funded. Experience demonstrates that given the opportunity, especially security of tenure, people will provide dramatic improvements to their own homes.

Low-Cost Housing

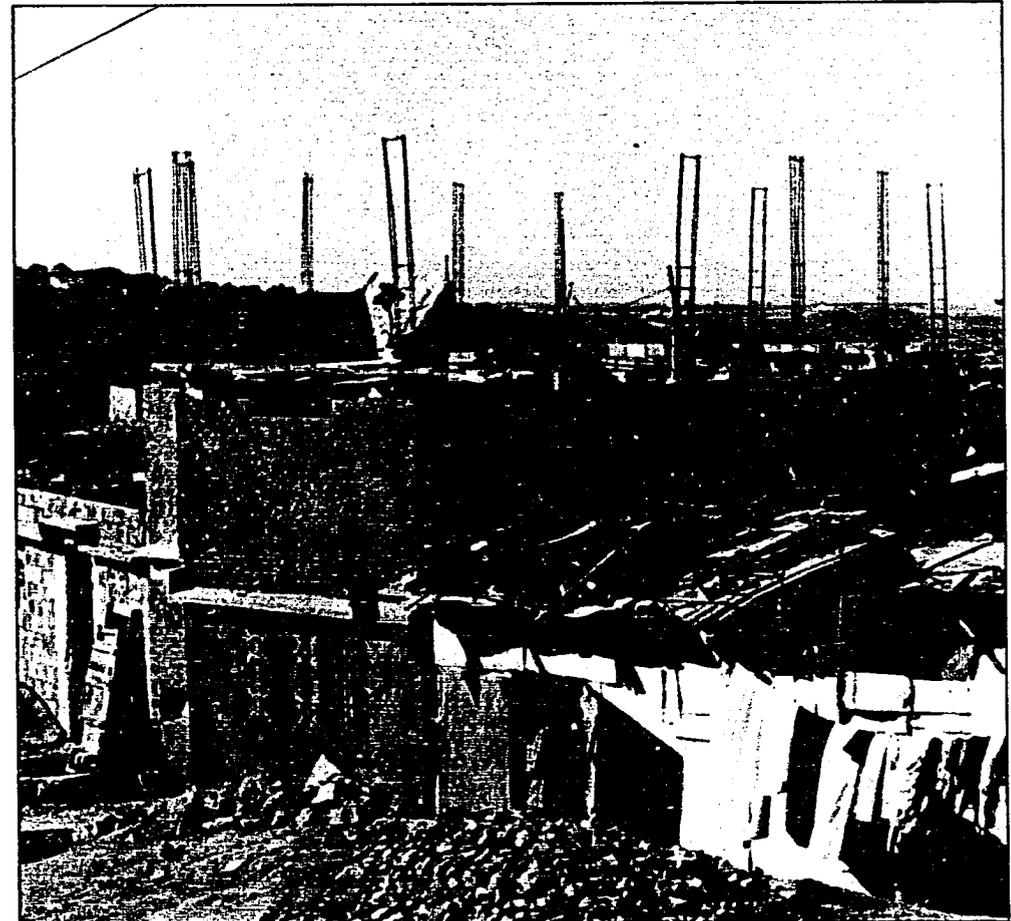
A.I.D. targets its programs at families earning less than the median income in each country. Families are able to purchase their homes or home improvements through mortgage programs, and the "affordability" of housing is therefore contingent on the ability of each family to set aside a manageable portion of its monthly income to repay principal and interest. Shelter must be developed using creative solutions to

ensure that the units can be afforded by low-income beneficiaries. Typical approaches include:

- Plots with access and basic infrastructure, on which beneficiaries may construct their own shelter, using private sector resources such as

local contractors and building materials suppliers

- Core housing solutions on serviced plots with a "wet-core" incorporating kitchen and bathroom plumbing

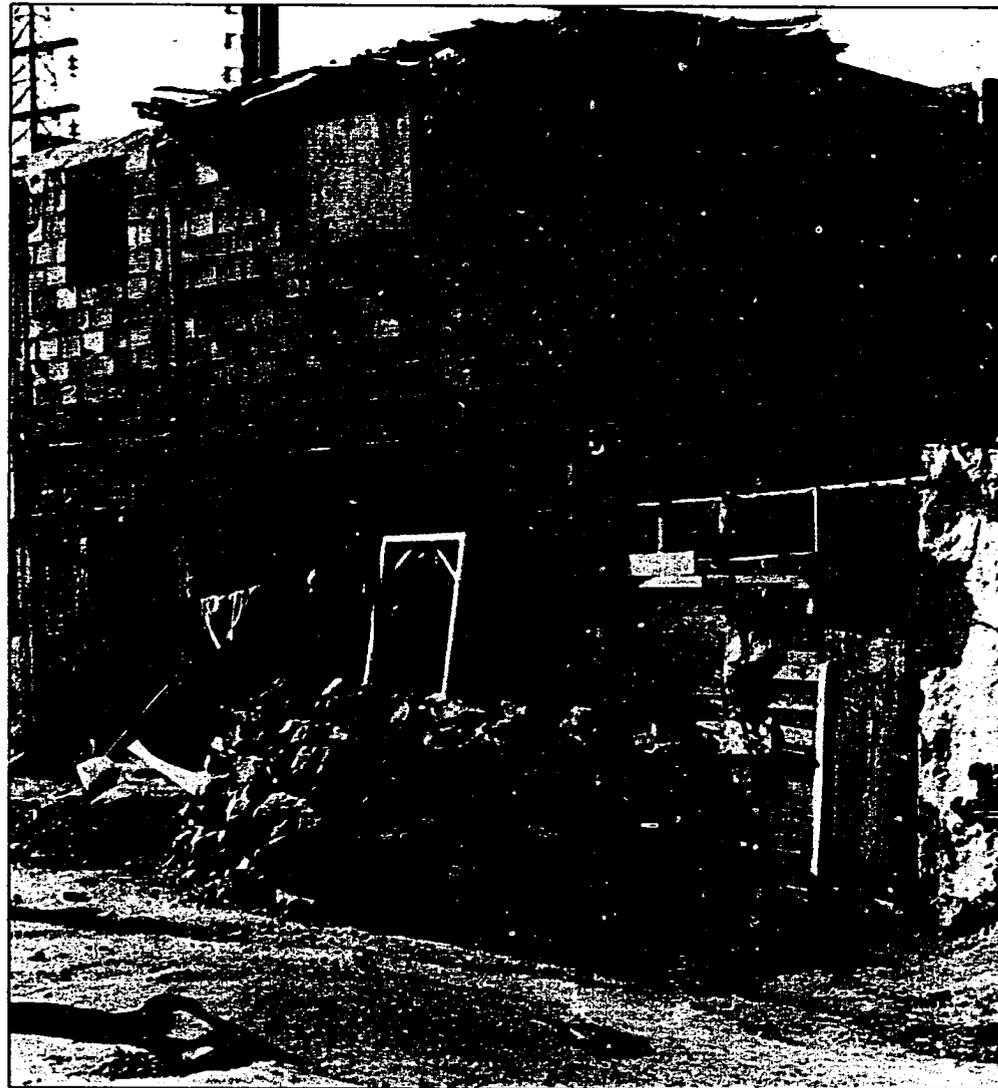


A.I.D., in conjunction with other international agencies, has acquired considerable experience in a variety of construction techniques and building materials. Selection of the appropriate technology depends on a wide variety of local economic, social, physical and environmental conditions.

Current A.I.D. programs seek to involve the private sector in low-cost housing, an area which private developers and financial agencies have historically left to government. In many countries, the involvement of small private developers and builders has dramatically increased the supply of low-cost housing at costs lower than public sector agencies.

Financing Shelter

A series of financial transactions is necessary both to initiate and to carry out typical Housing Guaranty shelter and urban development programs. The basic vehicle is a commercial loan from a U.S. bank or consortium. The loan is guaranteed by the U.S. Government through A.I.D.'s Housing Guaranty Program. Loans are generally made to the government of the host country or to a local private sector financial agency to finance a low-income shelter or urban upgrading program. Funds are typically then made available through a state mortgage bank or commercial banks at local market interest rates. This frequently requires adjustments in standards so that the shelter solutions are affordable to low-income borrowers. "Beneficiaries" may include families whose homes and neighborhoods have been improved under an upgrading program, or who have been allocated a plot for home construction under a sites and services program. Other local benefits may accrue to local builders who are eligible to receive construction loans for low-cost housing. In many cases, a portion of Housing Guaranty funds is set aside for project-related technical assistance, training or project management.





THE STRUCTURE OF THE OFFICE OF HOUSING AND URBAN PROGRAMS

The Office of Housing and Urban Programs is part of the Private Enterprise Bureau of the Agency for International Development. This Bureau is responsible for assisting developing countries with a wide variety of private sector initiatives in agriculture, industry, trade and finance, as well as housing. The activities of the Office of Housing and Urban Programs are divided into **Operations and Urban Programs**. The operational support unit provides oversight and support to the Agency's seven Regional Housing and Urban Development field offices, which are responsible for projects in countries within each region.

The Urban Program staff provides leadership and support to the central office and the seven RHUDOs in three key areas: urban development; housing finance and economics; and shelter and urban training.

The four underlying principles which guide A.I.D.'s approach to development and to low-cost housing are:

- private sector participation
- technology transfer
- policy dialogue
- institutional development

The principal vehicle for technical and financial assistance is the Housing Guaranty Program, for which the Office has developed a number of tools to evaluate and address specific housing and urban problems. These tools include:

- shelter sector assessments
- housing needs assessments
- urban development assessments

- urban financial management analyses
- housing policy assistance
- guidelines for urban land studies

In addition, the Office supports a number of training programs for host country staff which are held both in the U.S. and in several host country institutes. The following sections summarize each of the principal activities of the Office and its achievements during the past year.

Regional Offices

A.I.D.'s Office of Housing and Urban Programs supports seven Regional Housing and Urban Development Offices (RHUDOs) which are located in West Africa (Abidjan, Ivory Coast), East and Southern Africa (Nairobi, Kenya), Asia (Bangkok, Thailand), Europe and the Near East (Tunis, Tunisia), Panama and South America (Panama City, Panama), Central America (Tegucigalpa, Honduras) and the Caribbean (Kingston, Jamaica).





A major goal is to promote greater reliance on the private sector for social and economic development. The Housing Guaranty Program provides a significant opportunity for achieving an appropriate balance of responsibilities between the public and private sector.

In the provision of shelter, the Program works to facilitate an increased role for both the formal and informal private sector, including land developers, credit institutions, cooperatives and other self-help institutions oriented to the home owner. Such groups play key roles providing

Ms. Neal Peden, A.I.D.'s Assistant Administrator for Private Enterprise, discussing Sri Lanka's shelter needs with the Hon. R. Premadasa, Prime Minister of Sri Lanka.



THE OFFICE OF
HOUSING AND THE
PRIVATE SECTOR

home improvement credit; low-income shelter financing for production; construction; materials supply; and marketing. A major objective of A.I.D. is to assist governments to disengage from direct roles in housing production and finance and to facilitate the participation of the private sector through supportive policies and the timely provision of essential infrastructure.

In the field of urban development, the Office's programs encourage increased private sector roles in such areas as the operation and maintenance of water supply and waste water systems; local development planning; improvements to the capital markets through development of private savings and loan systems, savings mobilization, and the establishment of secondary mortgage markets; and employment generation.

A.I.D.'s shelter activities had their beginnings in the private sector, where initial programs in Latin America in the 1950s assisted in the establishment of savings and loan systems, most of which remain in the private sector today. Other early programs emphasized private sector sponsors and builders for housing projects, and financing through the savings and loan systems.

In addition to these achievements, the Housing Guaranty Program has promoted private sector goals in other ways.

Through long-term loans from the U.S. private sector, many countries developed long-term mortgage lending for the first time. Other important concepts such as mortgage insurance, affordable down payments and mortgage participations have also been introduced.

The emphasis of the Housing Guaranty Program on the use of minimal standards to match borrowers' ability to pay and corollary efforts to significantly reduce and even eliminate financial subsidies have helped to make the lower income



housing market more attractive to private developers and financial organizations.

Although in most cases the host country borrower must be a government agency, such as a central bank (in order to provide adequate guaranties to the U.S. Government), one or more of the implementing agencies is often a private sector institution.

The technical assistance, training and applied research activities of the Office are all aimed at achieving a more efficient balance between public and private sector institutions involved in shelter and urban development.

The descriptions that follow of the Housing Guaranty Programs initiated this past year clearly demonstrate the Office's support for a meaningful role for the private sector in the shelter sector of developing countries.



CURRENT PROGRAMS AND PROJECTS-1985

Since the inception of the Housing Guaranty Program, 184 projects have been authorized in 41 countries. A total of \$1.92 billion dollars has been authorized to finance these housing projects.

New Housing Guaranty Programs

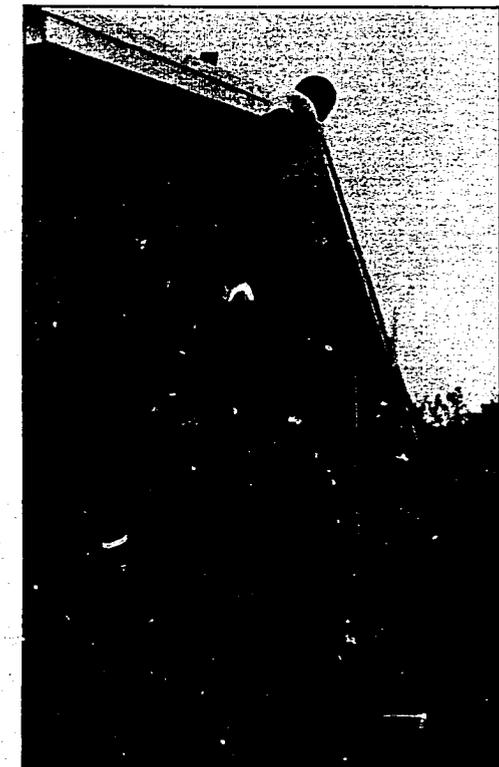
In 1985, \$160 million was authorized and allocated for Housing Guaranty projects. Ten Housing Guaranty projects were authorized or amended in 1985, one of the largest numbers since the program's inception in 1963. These new authorizations include a \$25 million project in Jordan, the first Housing Guaranty-financed initiative in that country. In addition to this new loan activity, two projects were amended. The Morocco program redirects \$25 million previously authorized to focus on the upgrading of informal settlements, while the Jamaica program amendment of \$15 million will assist the Government of Jamaica to increase the private development of affordable shelter.

Botswana

- Authorized Amount: \$14 M
- Borrower: Ministry of Finance and Development Planning
- Implementing Agencies: City of Francistown and The Botswana Building Society

A.I.D. continues to play a crucial role in assisting Botswana to meet the demand for low-cost shelter which has accompanied rapid urban growth. The current authorization is for a sites and services project to be developed in Francistown. A total of 2,300 serviced plots will be developed, with community facilities and a small economic development zone. In addition, a Mission grant will finance advisors to assist plot holders in self-construction, and to train local

personnel in municipal finance, mortgage lending, and cost recovery procedures. Over one thousand squatter plots will be upgraded as well, and financing will be provided for up to 2,000 building loans. Indirectly, the project will benefit small builders and workers in the construction industry, as well as provide employment in the commercial plots planned for small enterprise.



India

- Authorized Amount: \$25 M
- Borrower: Housing Development Finance Corporation, Limited
- Implementing Agency: Housing Development Finance Corporation, Limited

This loan will assist the continued expansion of the first non-government housing bank in India, the Housing Development Finance Corporation (HDFC), a private institution committed to providing housing finance for low-income families. HDFC makes both individual loans to low-income households and corporate loans to firms building worker housing for their low-income employees. This is a continuation of a program first supported by A.I.D. in 1984. Technical assistance will also be provided to assist HDFC to help other mortgage lenders develop in a manner similar to HDFC and to facilitate their ability to raise future capital internally.



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Sri Lanka

- Authorized Amount: \$25 M
- Borrower: Ministry of Finance and Planning
- Implementing Agencies: Mahaweli Authority and Credit Unions

The program will support the Government of Sri Lanka's efforts to implement the proposed National Housing Policy and National Urban Policy. It is the third phase of a project which commenced in 1981 with the "Hundred Thousand Houses" program, which focused on core housing approaches and was followed in 1983 with the "Million Houses" program, which provided loans for rural housing. The new program will emphasize four major objectives:

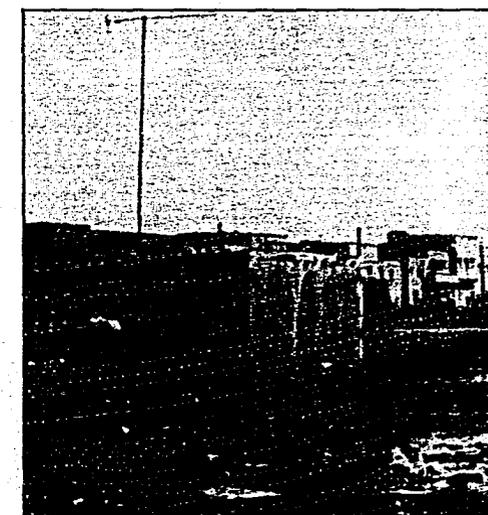
- to strengthen the Ministry of Local Government, the Ministry of Housing and Construction, the National Housing Development Authority, the State Mortgage and Investment Bank, and the Housing Development Finance Corporation of Sri Lanka
- to improve financial management and collections from beneficiaries
- to shift financing for low-cost shelter to credit unions and private banks
- to support research and development of new housing designs and construction techniques

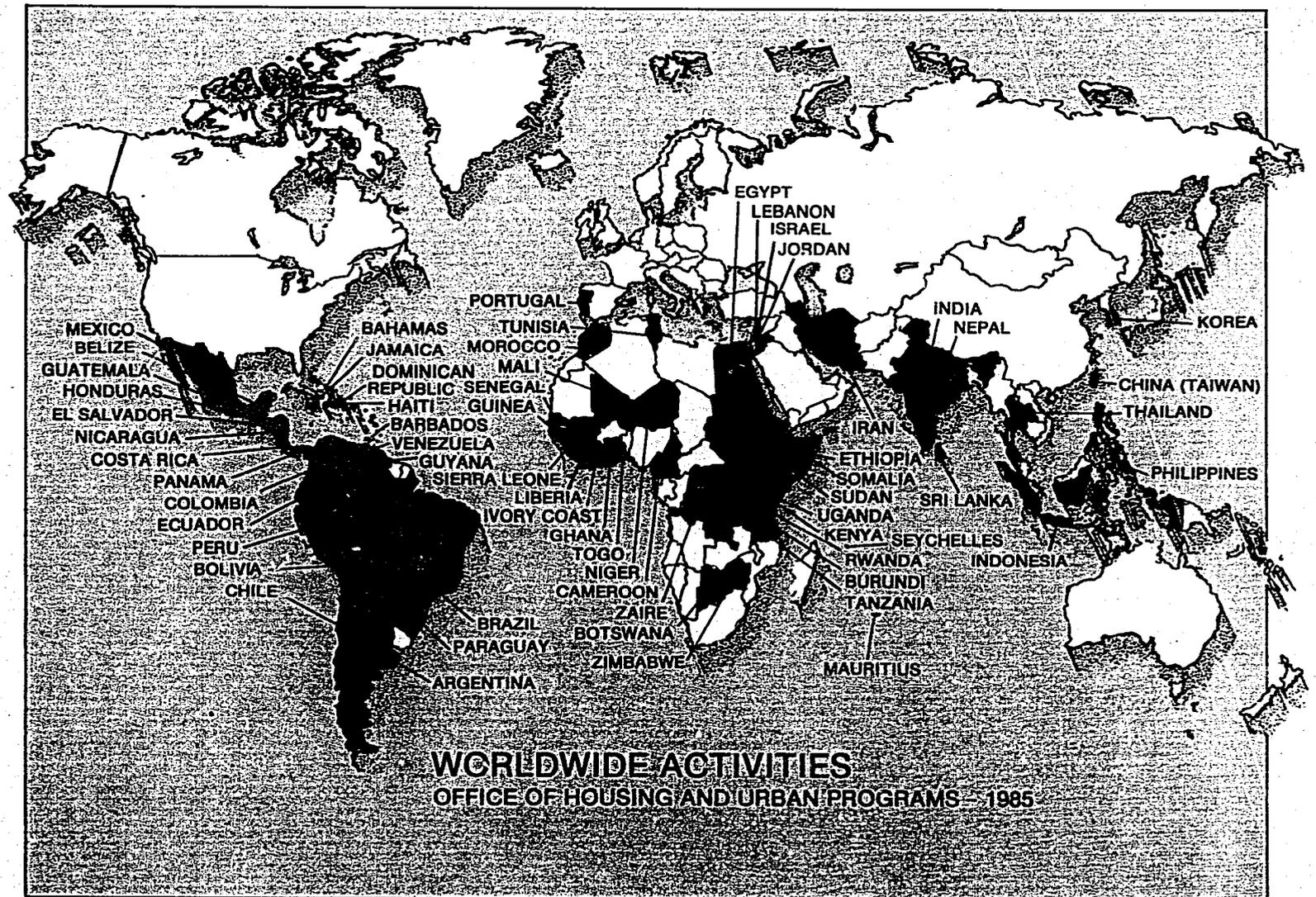
Sri Lanka has experienced exceptionally high migration rates to the urban areas of Colombo, Anwadhapura and Polonnaruwa. A substantial portion of the program will focus on water supply, sanitation and rural housing in the Mahaweli area in an effort to stabilize the rural population. Following the findings of a 1984 study, Cost Recovery Systems in Sri Lanka, local credit unions will be designated as the principal lending and collection agencies for housing loans.

Jordan

- Authorized Amount: \$25 M
- Borrower: Ministry of Finance, or a designated agent
- Implementing Agency: Jordan Housing Bank

A.I.D. has previously assisted the Government of Jordan with housing construction and mortgage financing for the Jordan Valley Development Program as well as with technical assistance in the fields of transportation, water supply and sewerage. More recently, the Government has sought to develop a comprehensive national shelter strategy with A.I.D. assistance. The Housing Guaranty program authorized in 1985 is the first of its kind in Jordan. Funds will be made available through the Jordan Housing Bank to provide long-term mortgages for approximately 1,500 low-income families. Roughly one-half of the funds will be used to finance mortgages for low-cost housing built by private developers. The remainder will be



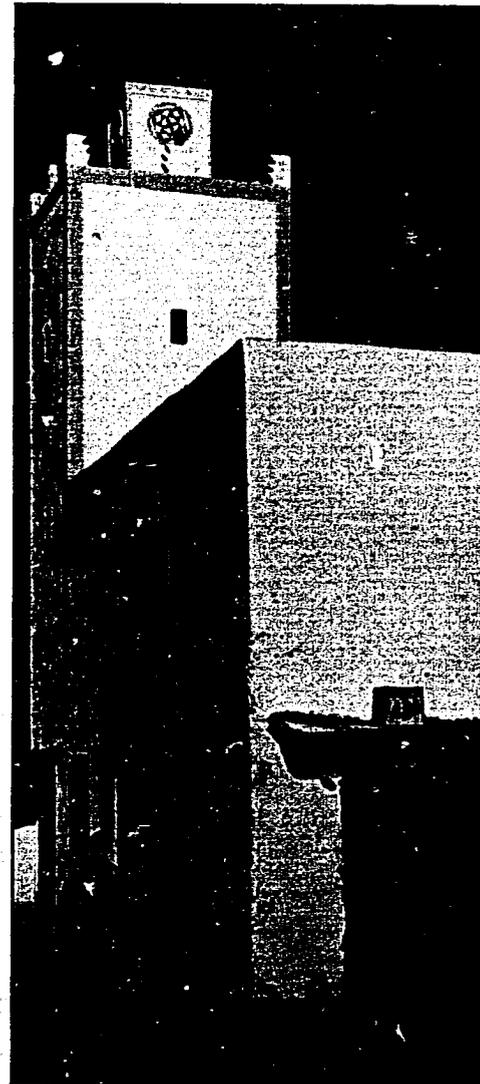
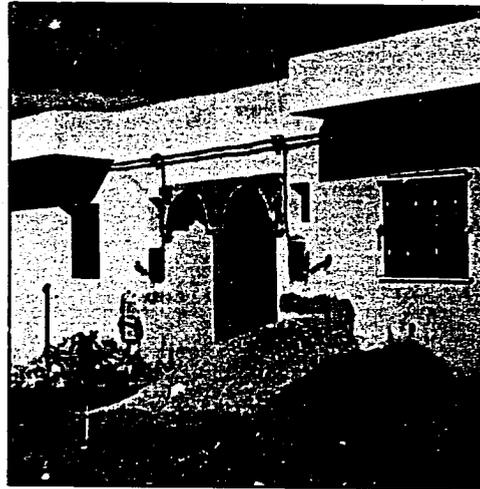


allocated for individual mortgages. Under a cooperative arrangement, beneficiaries of The World Bank's sites and services and slum upgrading projects within the Municipality of Amman will also be eligible for home improvement loans under this A.I.D. program.

Tunisia

- Authorized Amount: \$5M
- Borrower: Ministry of Planning
- Implementing Agencies: National Sewerage Authority and the National Upgrading and Land Development Agency

This project complements the third Tunisian Housing Guaranty program which was authorized in 1984. It is part of a cooperative financing agreement between The World Bank, the Kuwait Development Fund, the Government of Tunisia, and A.I.D. The project will finance sites and services projects, mortgage credit for low-income families, and sanitary and storm-water drainage in low-income slum



neighborhoods. The RHUDO, through USAID Mission funds, will also provide technical assistance to national and municipal housing agencies.

Overall, the program will benefit over 50,000 families throughout the nation as part of the Government's "Thirty Cities" Program.

Morocco

- Authorized Amount (Amendment): \$25 M
- Borrower: Municipal Infrastructure Bank of Morocco, through the Ministry of Finance, for subsequent lending to the City of Tetouan
- Implementing Agencies: Municipal Infrastructure Bank of Morocco, the Agency to Combat Substandard Housing (AHNI), and the City of Tetouan

The Government of Morocco has identified the legalization of informal settlements as a top housing priority. The amended Housing Guaranty program will focus on the secondary



City of Tetouan as the government's first comprehensive effort to achieve this objective. This is a redirection of a previously authorized program. As modified, the project will: upgrade a site of 9,500 homes; finance water supply, electricity, sewerage and storm water; and provide legal tenure to all homeowners. Two additional components are aimed at preventing the spread of illegal settlements in the future. A 4,000 unit sites and services project on adjacent land and an infrastructure expansion plan, in collaboration with nearby private landowners, will ensure an adequate supply of appropriately serviced land for low-income housing over the next decade. Other components include core housing plots, commercial and apartment sites which will effectively cross-subsidize the upgrading in the squatter areas.

A key goal of the program will be to ensure that the Government agencies are equipped to undertake similar projects in other urban areas.



Portugal

- Authorized Amount: \$11M
- Borrowers: National Housing Institute and the Ministry of Finance and Planning
- Implementing Agency: National Housing Institute

Under the Government of Portugal's 5-year housing program, the funding from this loan will go to municipalities, private developers and cooperatives. In 1985, the legal framework favored cooperatives, which received the bulk of the funding. Over the life of the loan, it is envisioned that the private sector, through sub-contracts with municipalities and co-ops or directly through private developers, will produce two-thirds of the shelter units. In 1986, it is expected that more funding will go directly to private developers.

Technical assistance will be provided for program management and for the establishment



of loan processing systems. Additional funding will assist municipalities to develop innovative housing projects.

Ecuador

- Authorized Loan: \$5M
- Borrower: Ministry of Finance
- Implementing Agencies: Ecuadorian Housing Bank and intermediary financial institutions

The present program will concentrate on introducing to the private sector the techniques of producing and financing low-cost shelter. Any interested developer may apply for long-term financing for eligible activities, provided that the sales price of housing units is within the guidelines for low-income families. Projects will be developed throughout Ecuador's urban areas, although it is expected that private developers, finance institutions and suppliers in metropolitan Quito and Guayaquil will absorb up to 50 percent of the project's resources. Local government institutions will also be eligible to participate in the program, most likely in smaller towns.

Honduras

- Authorized Amount: \$5M
- Borrower: Ministry of Finance
- Implementing Agency: National Housing Institute

This loan is a continuation of a previously authorized program, enabling private developers and bankers to discount mortgage loans to eligible low-income families. Under this loan, the public sector will facilitate the private sector in the efficient provision of housing. Approximately 40 percent of project funding will be made available to private developers. Under the \$25 million loan of which \$20 million was authorized in fiscal 1984, a total of 5,300 new shelter units are to be constructed and 2,600 home improvement loans are to be made available.

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The Government of Honduras is considering the creation of a Housing Fund. The Fund would mobilize public and private financing for low-income housing. A USAID Mission grant of \$700,000 will finance policy studies assisting with the establishment of the housing fund.

Jamaica

- Authorized Amount: \$15M
- Borrower: Ministry of Finance through the National Housing Trust
- Implementing Agencies: Ministry of Housing Construction and private sector financial institutions

This authorization adds \$15 million to a previously authorized program which assists the Government of Jamaica increase the private development of affordable shelter and to reactivate a secondary mortgage market through which housing funds can be channeled to private sector producers. Four key project components are:

- "Start-a-Home" projects, consisting of core housing units on serviced lots
- settlement upgrading, providing infrastructure and freehold tenure in squatter areas
- sites and services projects, many of which will involve re-subdivision of earlier private developments which were never completed due to financing problems
- comprehensive urban improvements in selected low-income neighborhoods of inner Kingston

Approximately 8,500 shelter units are expected to be produced or upgraded. Indirect benefits will also accrue to the Jamaican construction industry which currently has high unemployment and excess capacity. Innovative variable rate mortgages will be available to families with marginal incomes to enable them to afford a basic "Start-a-Home".

Summary of Activities by Region, Fiscal Year 1985

Dollar amounts as shown in parentheses indicate new Housing Guaranty authorizations in fiscal year 1985.

Asia

India

- Housing Guaranty Program Approved (\$25M)
- Housing Finance Systems Evaluation
- Training Needs Assessment

Indonesia

- Housing Study

Nepal

- Urban Land Study

Philippines

- Shelter Sector Assessment

Sri Lanka

- Cost Recovery Systems Management
- Housing Guaranty Program Approved (\$25M)

Caribbean

Barbados

- Housing Finance Analysis

Dominican Republic

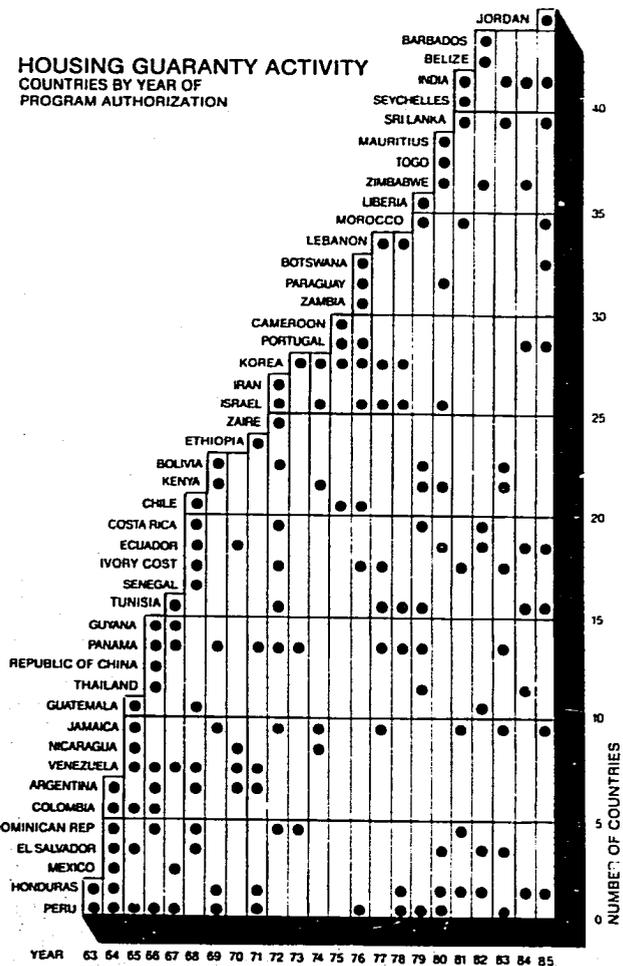
- Housing Market Analysis

Haiti

- Support for New Private Housing Bank

Jamaica

- Central Kingston Development
- Upgrading and Serviced Plot Program (\$15M)
- Housing Guaranty Program Approved (\$15M Amendment)



Central America

Costa Rica

- Housing Guaranty Program Loan Adjustment

El Salvador

- Shelter Sector Assessment

Guatemala

- National Urban Development Project

Honduras

- Second Phase of Housing Guaranty Program Approved (\$5M)

Near East and Europe

Jordan

- Urban Development Assessment
- Housing Guaranty Program Approved (\$25M)

Morocco

- Urban Development Assessment
- Urban Finance and Management Assistance
- Approval to Modify Authorization

Portugal

- Housing Guaranty Program Approved (\$11M)

Tunisia

- Housing Guaranty Program Approved (\$5M)
- Urban Finance and Management Assistance

Turkey

- Shelter Sector Review and Housing Needs Analysis

Panama and South America

Ecuador

- Private Sector Financing Project
- Second Phase of Housing Guaranty Program Approved (\$5M)

Panama

- Urban Development Assessment
- Municipal Financial Management

Peru

- Urban Finance and Management Assistance

East and Southern Africa

Botswana

- Financial Management Plan
- Housing Guaranty Program Approved (\$14M)

Kenya

- Supervisory Management Training Program
- Training Assessment
- Financial Management Assistance

Madagascar

- Disaster Relief Effort for Cyclone Damaged Housing
(Coordinated with Office of Foreign Disaster Assistance)

Mauritius

- Technical Assistance to Computerize Financial Management Systems

Somalia

- Land Planning Technical Assistance

Uganda

- Housing Policy Seminar

Zimbabwe

- Housing Finance Analysis

West Africa

Ivory Coast

- Supervisory Training Program
- Municipal Finance Assistance to Local Governments
- Evaluation of Training Programs
- Housing Cost Recovery Assistance

Senegal

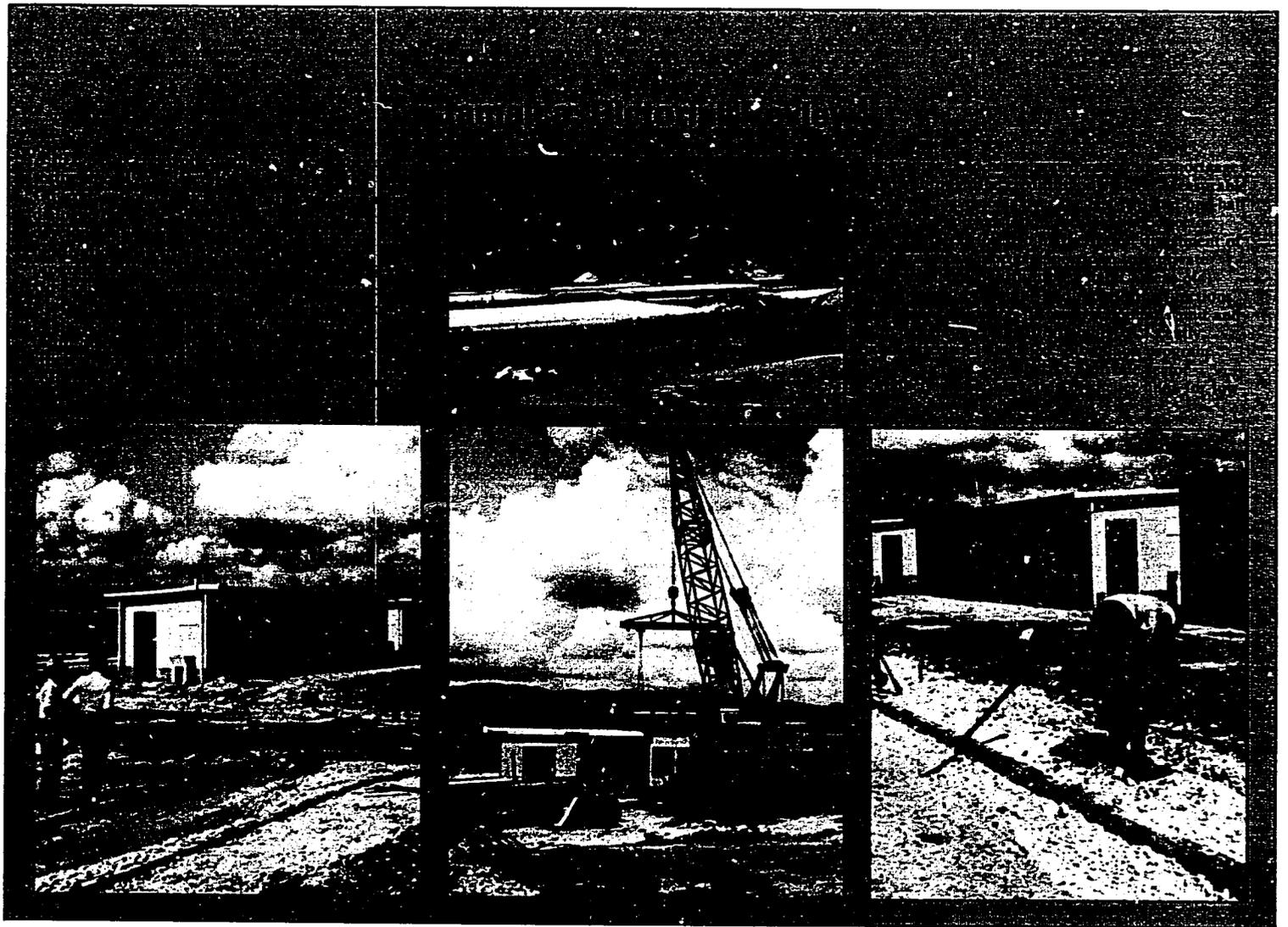
- Regional Urban Development Study

Sierra Leone

- Sites and Services Project

Zaire

- Regional Development Study Initiation





URBAN PROGRAMS

The Urban Programs Division of the Office undertook a wide variety of initiatives during 1985. These activities were usually but not always targeted towards preparing for new Housing Guaranty programs or in support of ongoing Guaranty programs in specific countries.

URBAN DEVELOPMENT

To understand the problems of rapid growth, the Urban Development staff analyzes issues related to land-use planning, tenure, infrastructure distribution, municipal budgeting and management, tax policies and collections systems, the role of the private and informal sector, and decentralization of government functions. One of the primary tools for analyzing these issues is the Urban Development Assessment.

URBAN DEVELOPMENT ASSESSMENTS

An Urban Development Assessment (UDA) methodology has been designed to help A.I.D. understand the process of urbanization, to identify key issues or problems that need to be addressed, and to provide a framework for initial policy dialogue with host country governments. Three urban development assessments were completed in this fiscal year for Panama, Morocco and Jordan.



The Panama assessment focused on the relatively modest capabilities of the country's municipalities, and sought to strengthen their capacity to provide urban services in support of plans for future growth. Any increase in municipal responsibilities must necessarily be accompanied by a decrease in central government functions, and the UDA recommended that this be accomplished by permitting municipalities to retain a percentage of locally collected property taxes. This will permit municipalities to implement improved budgeting systems, land-use planning and information systems. It will also enable municipalities to borrow against future revenues in order to finance the purchase of capital equipment.

The urban development assessments for Morocco and Jordan provided valuable background data and an understanding of their respective processes of urbanization as a prelude to Housing Guaranty programs which were subsequently authorized in each country.

URBAN LAND STUDY

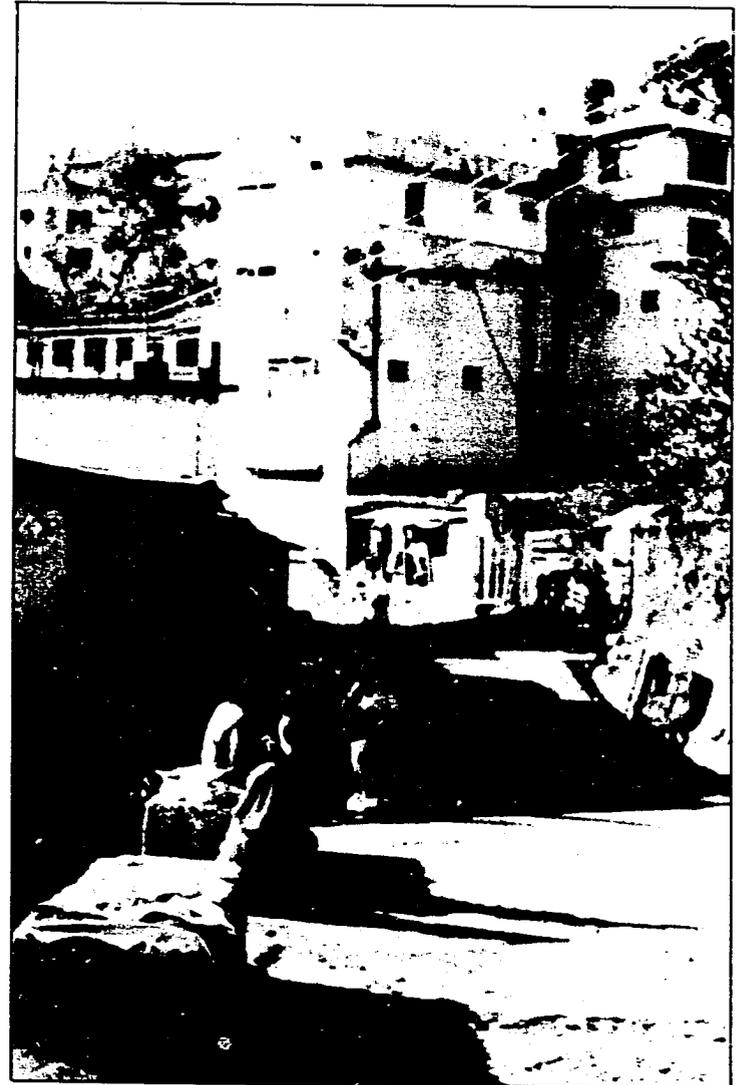
An Urban Land Study financed jointly by the USAID Mission in Nepal and the Office of Housing and Urban Programs was begun for Nepal's Kathmandu Valley in September 1985. The principal objectives of the study were to project land-use requirements, improve land-use controls, review security of tenure of invaders, modify or streamline public land acquisition procedures, review urban land pricing mechanisms, and examine potential cost recovery through an urban property tax.

SPECIAL REPORTS

The Office supported the development of a study which was published under the title Land Acquisition in Developing Countries. This study offers models of land acquisition laws, policies and procedures, and describes the methods that developing countries can use to reform existing laws and institutions and design new programs. It reviews how public authorities in developing countries with rapid urban growth can acquire and dispose of land; it outlines models of public institutions that specialize in land acquisition; and it examines ways to finance public acquisition of urban land.

HOUSING FINANCE

Since its inception, the Office of Housing and Urban Programs has emphasized the need for appropriate housing finance mechanisms and institutions to meet the demand for low-cost shelter. This concern is based on a recognition of the important role finance plays in the success of broad, large-scale efforts to provide adequate housing in developing countries. The issues involved in mobilizing and efficiently allocating resources in the shelter sector are complex.



HOUSING NEEDS ASSESSMENT

In the prior fiscal year, the Office of Housing and Urban Programs developed the Housing Needs Assessment (HNA) methodology. It employs a computer-based model to project the number of housing units needed over a 20-year period to meet demand for low cost shelter, and the level of investment required to finance these units based on various housing design standards. The model has been designed to assist policymakers in developing countries. In fiscal year 1985, the HNA methodology was applied in El Salvador, Peru, Zimbabwe and Turkey. Ten field applications have been carried out to date.

HOUSING FINANCE STRATEGY MODEL

A second methodology, developed in 1985, uses the data generated by the HNA. Referred to as the Housing Finance Strategy methodology, it looks at various alternatives for mobilizing financial resources and efficiently allocating those resources to reach the goal of providing all families with adequate shelter. Complementing this methodology is the Housing Quality Model, a computer program which allows analysts to simulate changes in housing quality that will result from alternative financing strategies.

Additionally, the Office has supported the study of housing financing systems with respect to available local capital. A capital markets study was undertaken in Zimbabwe in 1985. A second study is scheduled for Kenya in early 1986.

SPECIAL REPORTS

Three special housing finance reports were prepared in 1985.

- **Economic Effects of Housing Investment**

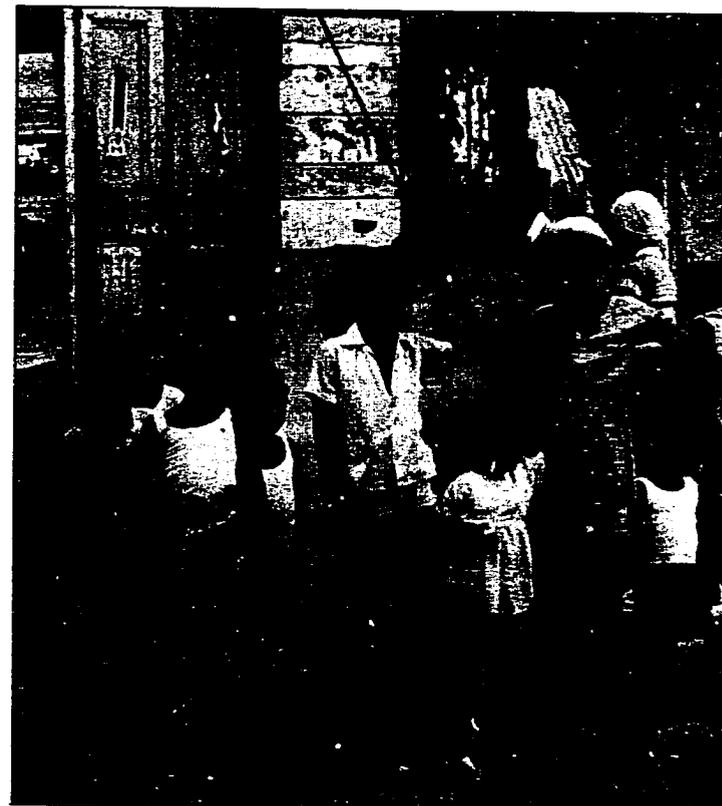
This study discusses the theoretical arguments and empirical evidence concerning the economic effects of housing investment in developing countries. Focusing on low-cost shelter, it addresses the question of whether housing investment is a productive activity when compared to other economic options. The study's key conclusions are: broad economic gains of housing investment vary by type of investment; the capability of housing investment to generate employment is relatively favorable compared to other sectors; housing investment can lead to a higher utilization of an available labor supply.

- **Overview of the Economic and Financial Analysis of Housing Projects**

This study was developed to assist the regional offices (RHUDOs) and Missions in designing appropriate shelter programs based on a better understanding of the economic and financial elements of a shelter project. This study assists the analyst to examine the role of housing in a country's macro economy, and to facilitate an assessment of the financial and economic feasibility of specific projects.

- **Economic Analysis of A.I.D.'s Housing Guaranty Program**

This paper examines the historical and current impact of the Housing Guaranty Program. This analysis focuses on the program's operation in four different contexts. First, it examines the program from the perspective of U.S. credit markets. Second, it looks at the program from the viewpoint of its effects in the borrowing country, focusing on the relationship between program supported activity and the broader economy. Third, the program's function is assessed in light of the urban housing problems in developing countries. Finally, the Housing Guaranty mechanism is studied as a tool of foreign assistance among those available to A.I.D.

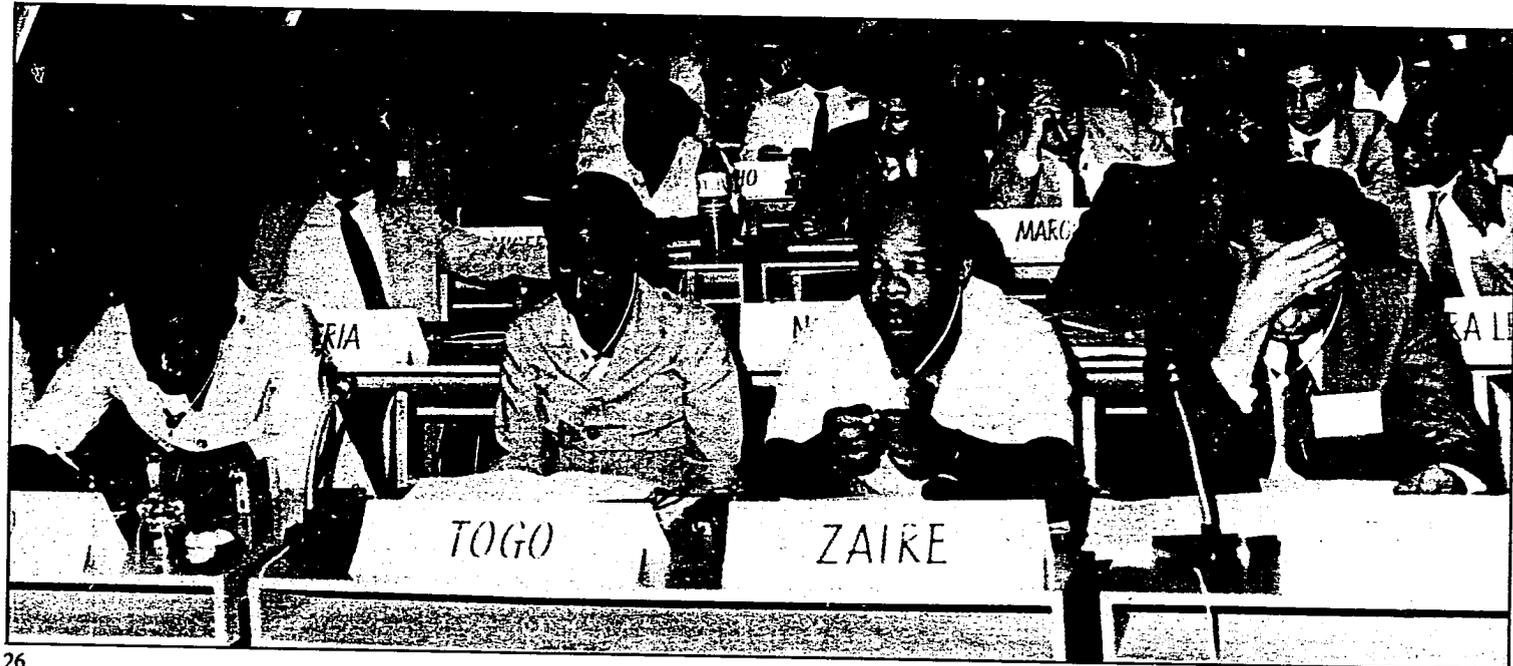


TRAINING

With the exponential growth of urban areas and the emphasis on decentralized urban growth comes the rapidly growing need for well-trained urban managers and other urban professionals in crucial urban sector institutions. At the same time, the role of the government in providing shelter and services is changing. Increasingly the production and management functions are being taken over by small-scale private sector organizations and the community itself. The present challenge is to improve the training and delivery capabilities in the shelter and urban sectors by carrying out training needs assessments, developing in-country capabilities, training trainers, and shifting the role of donor agencies to support local training activities and institutions.

The Office of Housing and Urban Programs has long recognized that training is an important support activity for capital and technical assistance programs. The Office has funded and participated in numerous training activities such as conferences, seminars, workshops and technical courses.

A.I.D. has developed training programs which maximize the learning opportunities of local resources and examples. These programs seek to promote workable development policies and to improve the management skills of host country officials, as well as to expand the network of professionals from developing countries who are experienced in low-cost housing development and financing techniques. Most training for middle-level professionals is done regionally or nationally.



TRAINING IN THE U.S.A.

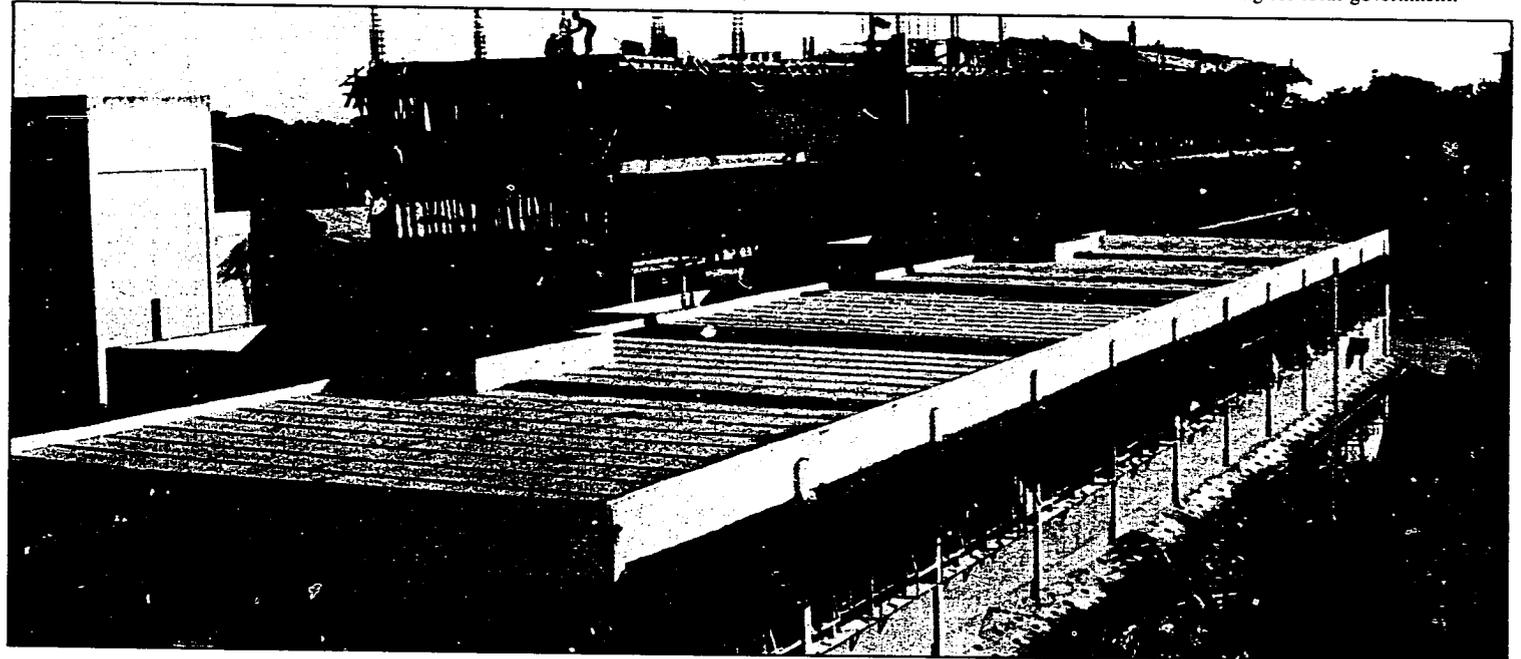
From 1979 to 1983, the Office of Housing and Urban Programs sponsored intensive four-week International Shelter workshops for senior officials which provided training on topics such as national finance and housing markets, project finance and cost recovery, and a computer model for designing alternative subdivisions and utility system layouts. In 1984, a decision was made to replace this annual event with a number of training activities offered both in the United States and in other countries. In June 1985, A.I.D. sponsored the participation of 17 developing country professionals at a seminar conducted by the Massachusetts Institute of Technology, on "Housing Policy and Programs in Third World Countries: An Evaluation of National and Local Housing Experience." This session brought together officials from around the world to review what has been learned over the past two decades about national and local housing policy in developing countries,

and how more equitable and effective programs can be provided in the future.

Since 1977, the Office of Housing and Urban Programs has sponsored the attendance of 19 participants at the "International Program for Housing and Urban Development" at the University of California at Berkeley. In 1985, six participants attended this individualized four-month program which allows each person to construct a unique course of study based on prior experience and specialized training needs.

During 1985, the Office of Housing and Urban Programs also supported the study by several participants in the Urban Financial Management Training Program developed by the Research Triangle Institute in North Carolina and in the Massachusetts Institute of Technology's Laboratory of Architecture and Planning.

Expansion of Government Training Institute (Mombasa, Kenya) which collaborates with the RHUDO for East and Southern Africa in training for local government.



NATIONAL AND REGIONAL TRAINING

National and regional training programs for middle level professionals are sponsored by the Regional Housing and Urban Development Offices (RHUDOs) as part of A.I.D.'s overall training strategy. Programs are targeted to specific skills, needs and problems of regional importance to the country concerned. Over 3,000 participants have attended regional conferences, seminars and workshops in the past nine years; 700 people attended RHUDO-sponsored sessions in 1985.

- **Latin America**

A Latin American Training Center (LATC) was established in Panama in 1983 by the RHUDO. Since then it has organized 16 training events and also has served as a clearinghouse for disseminating information throughout the region. In 1985, more than 400 professionals participated in various seminars, workshops and conferences conducted by the LATC. Topics included: Financial Administration for Savings and Loans; Financing Housing for Low Income Sectors; Use of Regional Materials and Improvement of Low Cost Housing; Social Housing Funds; Municipal Finance and Administration; and Formulation of a National Housing Policy. In 1985, a detailed evaluation of the Training Center's programs was conducted, which noted that 48% of the participants were from the private sector.

- **Central America**

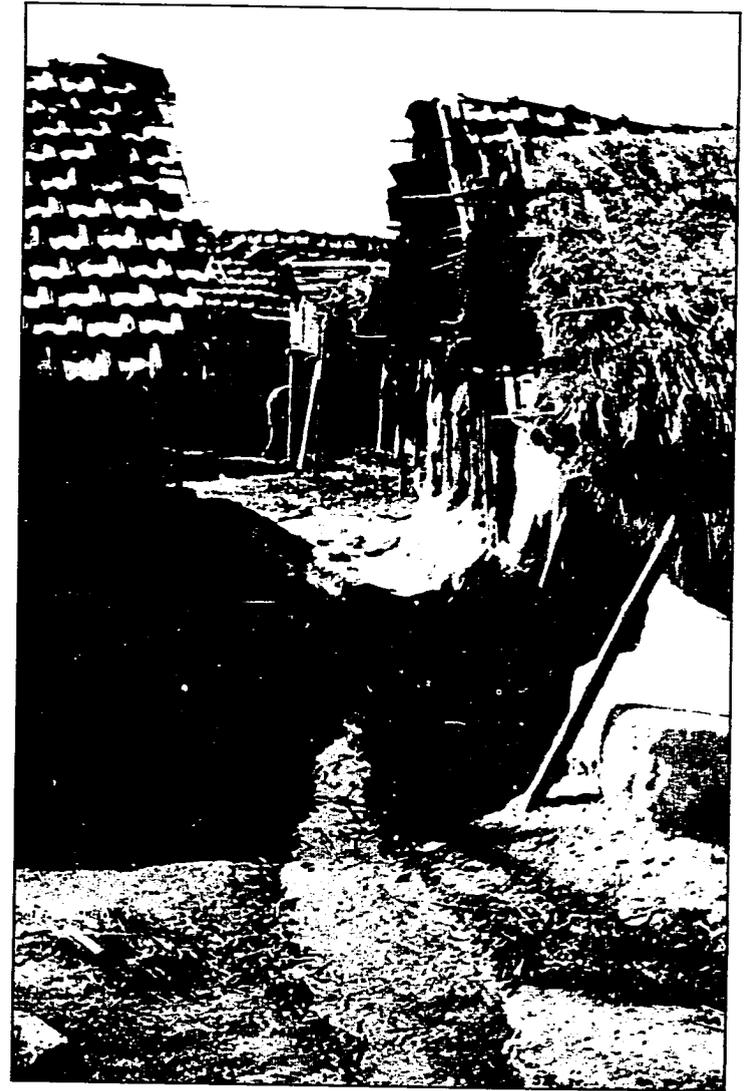
The RHUDO for Central America has arranged a joint training program with the Central American Institute for Business Administration (INCAE) to plan and implement urban related training efforts in the region. Its teaching staff has been augmented by the RHUDO staff. INCAE works in close collaboration with the Latin American Training Center.

- **Caribbean**

Prior to 1985, the RHUDO largely directed the Caribbean's regional training efforts through the Latin American Training Center and through participant training programs in the United States at the Massachusetts Institute of Technology and the University of California at Berkeley. More recently, however, the RHUDO and the College of Arts, Science and Technology in Kingston, Jamaica, have been developing appropriate course materials to establish a Professional Service Unit to enhance local consultancy skills.

- **East and Southern Africa**

A training program supported by the RHUDO for East and Southern Africa has been underway in Kenya for the past two years at the Government Training Institute in Mombasa. The RHUDO for East



and Southern Africa is working to develop local government training capacity. Methods include training of trainers, supporting existing training institutions, and the development and field testing of training materials and methodologies. In 1985, more than 500 people from Kenya, Somalia, Zimbabwe and Botswana participated in training programs sponsored by this RHUDO.

- **West Africa**

Since 1984, the West Africa RHUDO has used the Ivory Coast's "Small Towns Program" as a vehicle to conduct short training workshops. Many of these have been conducted by the Research Triangle Institute of North Carolina. In 1985, the RHUDO identified a need for additional training opportunities in the areas of: municipal finance and management; technical skills for service delivery and maintenance of infrastructure; community participation; municipal revenue generation.

- **Near East**

The Near East RHUDO's past and current approach to training has been to focus on training programs that are either specifically related to Housing Guaranty projects or that provide "supportive" training in areas that address major policy and institutional changes and directions. In 1985, the RHUDO began to explore the feasibility of establishing regional training activities.

- **Asia**

Several senior policy conferences have been held for government housing and finance officials at the Asia Institute of Technology in Bangkok and in Sri Lanka. In addition, training is a major part of the technical assistance work in India.

COLLABORATIVE TRAINING EFFORTS

A.I.D. has been actively collaborating with The World Bank and the United Nations Centre for Human Settlements (UNCHS) to establish a common policy for training, and to fill gaps in the training systems currently offered by each organization. A recent UNCHS study concluded that the single most serious constraint to the improvement of shelter and urban services in developing countries is the lack of adequately trained staff in both governmental agencies and private sector institutions such as banks, housing cooperatives and developer firms.

All three organizations are increasingly placing emphasis on the role of training, analyzing the priorities and capabilities of local authorities and considering new forms of collaboration to maximize resources.



OCCASIONAL PAPERS

Two occasional papers were published in fiscal year 1985.

- **Housing Needs Assessment Model User's Manual, December 1984.**
This paper describes the capabilities and operating procedures for the computer-based Housing Needs Assessment Model. The model has been developed for WANG and IBM PC equipment, and is designed to project housing needs on the basis of the limited data which often exists in developing countries. It takes into account traditional shelter construction rates, population growth, decay of existing housing stock and minimum acceptable standards. It allows the effects of alternative scenarios of growth and investment to be tested. The paper incorporates the results of field tests in Kenya and Sri Lanka.

- **Secondary Towns - Five Case Studies, April 1985.**

This paper was developed for the 1985 meeting of the United Nations Centre for Human Settlements in Kingston, Jamaica. The five case studies consider secondary town development in Kenya, Ivory Coast, Indonesia, Korea and Brazil. These countries represent widely different populations, per capita GNP, and levels of assistance from A.I.D. and other international lending agencies. The focus of the paper is on strategies for improving socio-economic conditions in smaller towns in an effort to stem migration to already overcrowded national capitals and metropolitan areas.

These, and other A.I.D. technical papers, are available through A.I.D.'s Development Information System - A.I.D. Document and Information Handling Facility, U.S. Agency for International Development, PPC/CDIE, Room 209, SA-19, Washington, DC 20523.



HABITAT PROJECTS

The Office of Housing and Urban Programs works closely with the United Nations Centre for Human Settlements (HABITAT) in the development of shelter policy and programs. The Office is also serving as the U.S. international focal point for activities related to the International Year of Shelter for the Homeless (IYSH). The U.N. General Assembly designated 1987 as the IYSH to draw attention to the shelter problem of the poor in developing countries, and to accelerate the search for appropriate and affordable shelter solutions. In support of these goals, the office has undertaken a number of activities. Twelve shelter projects financed with Housing Guaranty loans in eleven countries were designated as IYSH projects because each in some way exemplifies innovative or particularly promising strategies for the provision of shelter for the poor. These projects were selected to illustrate the successful collaboration between the host country and A.I.D. through the Housing Guaranty Program. A monograph will be prepared to document and disseminate the successes embodied in these and other shelter projects, with a particular emphasis on the importance of the private sector's involvement in providing affordable solutions. Finally, the Office is helping to support the tenth congress of the International Council for Building Research, Studies and Documentation (CIB '86), as an IYSH contribution. Funds were provided to assist in the development of Sub-theme 2: Shelter for the Homeless in Developing Countries, which will explore the human requirements for shelter, alternative building and planning technologies, and the financial & economic implications of various strategies.





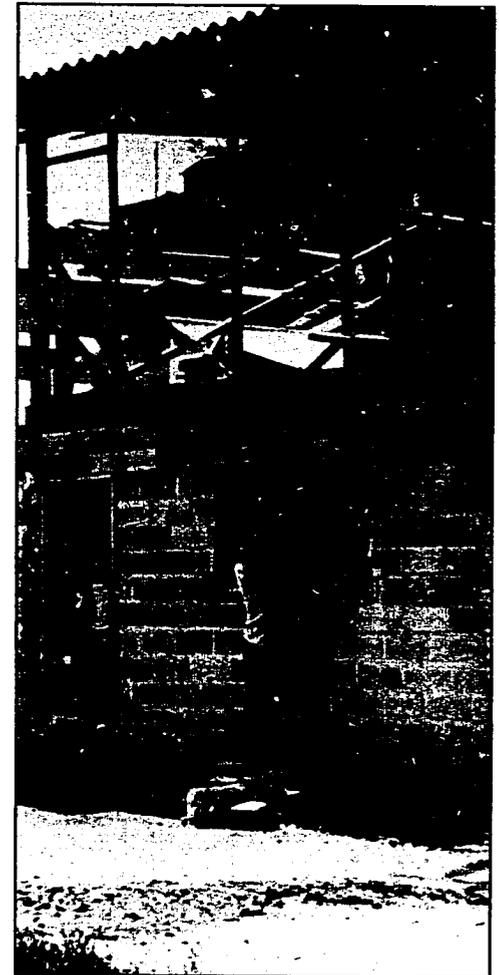
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FINANCIAL REPORT

At the close of the fiscal year ending September 30, 1985, the Housing Guaranty program had a net worth of \$91.89 million. Total income from all sources for the year was \$11.68 million which is approximately \$1 million dollars more than the prior fiscal year.

In comparison to fiscal year 1984, the total Congressional Authority increased to \$2.18 billion, of which \$1.39 billion is under contract in 142 projects. This is an increase of five projects and \$76.69 million over fiscal year 1984. In addition, as of the end of the fiscal year, \$524.20 million has been authorized for 42 projects not yet under contract. The total authority available as of September 30, 1985 was \$436.50 million.

During fiscal year 1985, a total of \$130 million in authorizations was made for new projects. A set-aside of \$26 million was made for the refinancing of loans, and \$4 million was added to the Costa Rica project to capitalize interest. There was also a total of \$40 million in amendments to two previously authorized loans. Administrative expenses including contractual services amounted to a total of \$6 million before claim losses. This represented 51% of total income for the year and less than one-half of one percent of the total Housing Guaranty portfolio under contract.



STATEMENT OF FINANCIAL CONDITION
FISCAL YEAR 1985

ASSETS

Funds with U.S. Treasury		\$ 33,344,940.28
U.S. Obligations - Par Value	\$ 2,800,000.00	
Less Unamortized Discount	8,760.89	2,791,239.11
Accrued Fees Receivable		2,860,853.93
Interest on Rescheduled Claims Receivable		1,313,945.02
Late Charges Receivable		4,960,503.03
Accounts Receivable		78,587.72
Advances:		
Advances to Contractors	\$ 6,562.63	
Travel & Other Advances to Employees	<u>28,594.86</u>	35,157.49
Subrogated Claims Receivable		35,325,496.47
Rescheduled Claims Receivable		12,526,862.40
Furniture and Equipment	\$ 827,806.22	
Less: Allowance for Depreciation	<u>328,725.82</u>	<u>499,080.40</u>
TOTAL ASSETS		<u>\$ 93,736,665.85</u>

LIABILITIES & NET WORTH

LIABILITIES

Accounts Payable	\$ 614,855.04
Accrued Expenses Payable	1,232,856.79
Deferred Rescheduled Claims Payable	-0-
Accrued Annual Leave	<u>294,441.71</u>
TOTAL LIABILITIES	<u>\$ 2,142,153.54</u>

NET WORTH

Housing Guaranty Program:	
Capital	87,042,916.00
Reserve for Rescheduled & Unpaid Debt	-0-
Cumulative Loss - Beg. of FY	(1,400,197.98)
Net Income - FY 85	<u>3,383,576.97</u>
Sub-Total	\$ 89,026,294.99
Other Credit Guaranty Program:	
Sect. 222-A Guaranty Reserve 222-A(e)	<u>2,862,659.03</u>
TOTAL NET WORTH	<u>\$ 91,888,954.02</u>

UNFUNDED ACTIVITY

Unfunded Accrued Annual Leave	<u>(294,441.71)</u>
TOTAL LIABILITIES, DEF. CREDITS & NET WORTH	<u>\$ 93,736,665.85</u>

The Notes to the Financial Statement are an integral part of this Statement.

STATEMENT OF INCOME AND EXPENSES
Fiscal Year 1985

INCOME	
Fees (See Note 1)	\$ 6,868,366.68
Late Charges	2,738,764.32
Interest on Rescheduled Claims	1,627,353.60
Other	-0-
	<u>\$ 11,234,484.60</u>
Investment Income (U.S. Obligations)	443,647.41
Total Income	<u>\$ 11,678,132.01</u>
EXPENSES	
Administrative	
U.S. Direct Hire	\$ 2,651,755.05
F.N. Direct Hire	71,402.69
U.S. Contract Personnel	133,342.65
F.N. Contract Personnel	126,431.34
Housing	332,351.25
Operational Travel	360,820.01
Other Office Operations	776,613.01
Agency Support Costs	1,056,200.00
	<u>\$ 5,508,916.00</u>
Total Administrative Expenses	498,140.06
Contractual Services	
Total Expenses Before Claim Losses	<u>\$ 6,007,056.06</u>
Net Income Before Claim Losses	<u>\$ 5,671,075.95</u>
Claim Losses:	
Payments to U.S. Investors	\$ (2,744,662.89)
Claims Recoveries	469,517.18
	<u>\$ (2,275,145.71)</u>
Total Net Claim Losses (See Note 2)	
Fee Losses	<u>(33,017.58)</u>
Net Income or (Loss) for the Current FY	\$ 3,362,912.66
Prior FY Adjustments	20,664.31
Net Income or (Loss)	<u>\$ 3,383,576.97</u>

The notes to the Financial Statements are an integral part of this Statement.

CONTRACT ISSUING AUTHORITY
As of September 30, 1985

I. CONGRESSIONAL AUTHORITY		
Worldwide Housing Guaranties		
1. FAA 1969 (Section 221 and 222)	\$2,158,000,000	
2. Prior Authority	\$ 25,100,000	
	(See Section 223 d)	
TOTAL CONGRESSIONAL AUTHORITY		\$ 2,183,100,000
	(Section 221,222,223 d)	
II. REPAYMENTS		
1. Section 221, 222 & 223 d	\$ 190,521,958	
2. Less: Section 223 d		
(Not available for new guaranties)	\$ 18,102,108	
NET PAYMENTS		\$ 172,419,850
	(Section 221,222,223 d)	
III. PROGRAM STATUS		
A. TOTAL LOANS AUTHORIZED		
1. Total Loans Authorized and Under Contract	No. of Loans	Dollar Amount
	Africa	17 \$ 172,467,064
	Asia	13 \$ 165,753,566
	Latin America	95 \$ 742,807,821
	Near East	17 \$ 313,792,798
	TOTAL	142 \$1,394,821,249
2. Total Loans Authorized Not Yet Under Contract		
	Africa	8 \$ 81,000,000
	Asia	6 \$ 114,000,000
	Latin America	14 \$ 171,000,000
	Near East	8 \$ 133,200,000
	Inter-Regional	6 \$ 26,000,000
	TOTAL	42 \$ 525,200,000
3. Total Loans Authorized:	<u>184</u>	<u>\$1,920,021,249</u>
B. Total Authority Availabl.		\$ 435,498,601
	(Section 221 & 222)	

NOTES TO FINANCIAL STATEMENTS
As of September 30, 1985

1. Fee Income

Total Fee Income excludes \$6,247 and \$8,852 for the current and prior period respectively, representing guaranty fee which was offset against payment deficiencies on four housing projects in Peru.

2. Non-recoverable Claims

Total non-recoverable claims exclude \$6,247 and \$8,852 for the current and prior period respectively, representing the portion of the claim which was offset by the guaranty fee.

3. Contingent Liability

The contingent liability of the U.S. Government under the Housing Guaranty Program is defined as the net amounts of guaranteed loans outstanding. Such amount represents the maximum liability which would be reduced by available program reserves established by borrowers and host government and other guaranties applicable to certain of the loans.

Maximum contingent liability		\$1,175,631,454
Project reserve funds	\$ 4,516,466	
Prepayments on hand	<u>139,376</u>	<u>4,655,842</u>
Balance		\$1,170,975,612
Host country guaranties	\$1,017,569,812	
Other guaranties	<u>147,942,966</u>	<u>1,165,512,778</u>
Balance		<u>\$ 5,462,834</u>

The highest risk of loss portion of the loan portfolio relates to guaranties which do not have a host country or other guaranty. That part of the portfolio amounts to \$5.5 million.

4. Project Reserve Funds

As of September 30, 1985, project reserve funds were held by various agents in the amount shown below:

	<u>Total Amount of Reserve</u>	<u>Restricted</u>	<u>Fungible</u>
AID Central Fiscal Agent (Riggs National Bank)	\$ 693,642	\$ -0-	\$ 693,642
U.S. Investors and/or their Agents	2,906,462	2,906,462	-0-
Project Administrators	<u>916,362</u>	<u>916,362</u>	<u>-0-</u>
	<u>\$ 4,516,466</u>	<u>\$ 3,822,824</u>	<u>\$ 693,642</u>

These funds are used to cover delinquencies and protect against activating the AID guaranty. Deposits made into the reserve fund by various projects are either fungible or restricted, depending on the provisions contained in the Guaranty Agreements.

5. As of September 30, 1985, the following payments have been made from fungible reserves held by the Central Fiscal Agent, to cover deficiencies:

Project No.	Country	Amount
515-HG-003	Costa Rica	\$ 34,021
515-HG-004	Costa Rica	30,531
515-HG-005	Costa Rica	42,178
517-HG-005	Dom. Republic	37,720
517-HG-006	Dom. Republic	146,747
518-HG-003	Ecuador	99,422
519-HG-005	El Salvador	93,631
633-HG-001	Ethiopia	66,913
532-HG-001/B	Jamaica	75,012
532-HG-002	Jamaica	62,231
532-HG-008	Jamaica	23,000
523-HG-006	Mexico	8,572
524-HG-001/B	Nicaragua	15,815
525-HG-004	Panama	4,287
525-HG-005	Panama	18,204
529-HG-003/B	Venezuela	88,567
529-HG-008	Venezuela	<u>216,559</u>
		<u>\$1,063,410</u>

RECOVERABLE CLAIMS
(from inception to September 30, 1985)

Country	Project No.	Subr. Claims Outstanding at 9-30-85	Country	Project No.	Subr. Claims Outstanding at 9-30-85
Argentina	510-HG-003	\$ 2,148,318	Mexico	523-HG-004	(10)
	510-HG-004/B	1,006,175	Nicaragua	524-HG-002	2,588,308
	510-HG-005	2,073,718		524-HG-003	3,138,902
	510-HG-006/7	1,240,171	Panama	525-HG-004	65,091
Bolivia	511-HG-003	415,353		525-HG-005	529,330
	511-HG-004	865,843	Paraguay	526-HG-001	189,219
	511-HG-005	718,800	Peru	527-HG-003	196,436
Costa Rica	515-HG-006	511,500		527-HG-005/8	2,049,948
Dominican Republic	517-HG-005	192,885		527-HG-009	1,398,376
	517-HG-006	1,238,889		527-HG-009/B	970,000
	517-HG-007	232,000		527-HG-010	1,572,476
	517-HG-008	874,951		527-HG-011	3,144,967
Ecuador	518-HG-003	370,075		527-HG-011/B	-0-
	518-HG-004	579,526	Senegal	685-HG-001	388,700
	518-HG-005	2,150,584	Tunisia	664-HG-001	15,819
El Salvador	519-HG-001	-0-		664-HG-003	-0-
	519-HG-002	-0-		664-HG-003/B	-0-
	519-HG-005	-0-	Venezuela	529-HG-005	9,297
	519-HG-006	5,948		529-HG-006	-0-
	519-HG-006/B	-0-		529-HG-013	-0-
Ethiopia	663-HG-001	781,249	Zaire	660-HG-001	701,268
Guyana	504-HG-001	170,591			
	504-HG-002	174,910	TOTAL		\$35,325,496
Honduras	522-HG-004	74,101			
Ivory Coast	681-HG-001	163,589			
	681-HG-002	486,994			
	681-HG-003	226,538			
	681-HG-003/B	315,000			
	681-HG-004	587,500			
Jamaica	532-HG-009	-0-			
	532-HG-010	-0-			
	532-HG-011	-0-			
	532-HG-012	-0-			
Kenya	615-HG-001	157,528			
	615-HG-003	-0-			
	615-HG-004	-0-			
	615-HG-005	604,633			

NON-RECOVERABLE CLAIMS/LOSSES
(from inception to September 30, 1985)

Country/Project	Project No.	Cumulative Losses Incurred* (less reimbursement to 9/30/85)
Argentina Parquelfield	510-HG-001	\$ 5,706,254
Costa Rica Desarrollo Urbano	515-HG-003	756,318
Desarrollo Urbano	515-HG-004	850,358
Desarrollo Urbano	515-HG-005	447,822
Dominican Republic COINFO	517-HG-003	650,000
Jamaica Independence City	532-HG-001/A	2,499,065
Independence City	532-HG-001/B	373,160
Ensom City	532-HG-002	2,731,342
Montego	532-HG-008	942,599
Mexico Matamoros	532-HG-006	386,211
Nicaragua Desarrollo Urbano	532-HG-001/A	1,417,998
Desarrollo Urbano	515-HG-001/B	-0-
Peru Apollo	527-HG-001/A	366,936
Apollo	527-HG-001/B	603,321
Jardines Viru	527-HG-002	2,273,674
Salamanca	527-HG-004	1,414,513
Banco de la Vivienda del Peru	527-HG-006	352,472
TOTAL NON-RECOVERABLE CLAIMS		21,772,043
TOTAL ALL CLAIMS (INCL. RECOVERABLE CLAIMS)		\$57,097,539

*Includes losses of Fee Income to A.I.D. except on four Peruvian projects where the fee was waived.

PROJECTS AUTHORIZED AND UNDER CONTRACT
(as of September 30, 1985)

<u>Country</u>	<u>Number of projects</u>	<u>Amount Authorized</u>	<u>Amount Disbursed</u>	<u>Outstanding Balance</u>	<u>Reserve Balance in</u>	
					<u>USA</u>	<u>Overseas</u>
AFRICA						
Botswana	2	9,900,000	9,900,000	9,900,000	-0-	-0-
Ethiopia	1	1,541,202	1,541,202	843,582	(66,913)	-0-
Ivory Coast	5	53,032,792	53,032,792	48,628,190	-0-	-0-
Kenya	5	42,993,073	35,493,073	33,169,034	-0-	-0-
Senegal	1	4,999,997	4,999,997	1,874,332	(11)	-0-
Zaire	1	10,000,000	10,000,000	7,413,752	-0-	-0-
Zimbabwe	2	50,000,000	50,000,000	50,000,000	-0-	-0-
Subtotal	17	172,467,064	164,967,064	151,828,890	(66,924)	-0-
ASIA						
Republic of China	1	4,793,417	4,793,417	246,924	1,227,300	-0-
India	2	30,000,000	30,000,000	30,000,000	-0-	-0-
Korea	7	95,000,000	95,000,000	90,720,910	-0-	-0-
Sri Lanka	1	21,000,000	21,000,000	20,370,000	-0-	-0-
Thailand	2	14,960,149	14,960,149	10,926,565	275,365	727,559
Subtotal	13	165,753,566	165,753,566	152,264,399	1,502,665	727,559
NEAR EAST						
Israel	7	200,000,000	200,000,000	184,324,651	-0-	-0-
Lebanon	2	30,000,000	30,000,000	30,000,000	-0-	-0-
Morocco	1	4,800,000	4,800,000	4,800,000	-0-	-0-
Portugal	2	40,000,000	40,000,000	39,828,279	-0-	-0-
Tunisia	5	38,992,798	38,992,798	32,724,247	62,731	-0-
Subtotal	17	313,792,798	313,792,798	291,677,177	62,731	-0-

PROJECTS AUTHORIZED AND UNDER CONTRACT (continued)

Country	Number of projects	Amount Authorized	Amount Disbursed	Outstanding Balance	Reserve Balance in	
					USA	Overseas
LATIN AMERICA						
Argentina	5	39,721,394	39,721,394	23,282,250	-0-	-0-
Barbados	1	10,000,000	10,000,000	10,000,000	-0-	-0-
Belize	1	2,000,000	2,000,000	2,000,000	-0-	-0-
BIAPE	1	6,000,000	6,000,000	6,000,000	-0-	-0-
Bolivia	3	13,600,000	13,600,000	11,339,738	-0-	-0-
CABEI	9	114,888,337	110,528,455	102,884,383	-0-	-0-
Chile	2	55,000,000	55,000,000	55,000,000	-0-	-0-
Colombia	2	18,688,000	18,688,000	2,281,753	-0-	-0-
Costa Rica	7	39,552,485	34,203,830	31,191,923	(106,730)	-0-
Dominican Republic	4	12,978,036	12,978,036	7,091,184	(184,467)	-0-
Ecuador	4	37,396,726	37,396,726	35,438,175	(99,422)	-0-
El Salvador	4	21,407,615	21,407,615	16,385,680	(91,834)	-0-
Guatemala	1	1,500,000	1,500,000	964,585	* 16,145	-0-
Guyana	2	1,603,480	1,603,480	346,461	* 7,839	-0-
Honduras	6	42,864,785	42,864,785	37,647,051	2,397	-0-
Jamaica	8	64,333,546	60,333,546	49,317,862	739,049	83,319
Mexico	1	760,032	760,032	166,367	(160,243)	-0-
Nicaragua	3	15,924,915	15,924,915	8,419,891	(8,571)	-0-
Panama	12	71,572,213	68,072,213	60,210,829	(15,815)	-0-
Paraguay	1	4,000,000	4,000,000	3,825,160	* 18,194	-0-
Peru	9	117,665,598	113,706,298	96,924,174	404,068	-0-
Venezuela	9	51,350,659	51,350,659	19,143,522	-0-	-0-
Subtotal	95	742,807,821	721,639,984	579,860,988	348,014	105,484
					* 20,774	
Subtotal (All Regions)		1,394,821,249	1,366,133,412	1,175,631,454	1,133,388	188,803
Interest Held					968,244	
Grand Total		1,394,821,249	1,366,153,412	1,175,631,454	2,631,860	916,632
*Interest guaranty deposits					3,600,104	916,632

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