

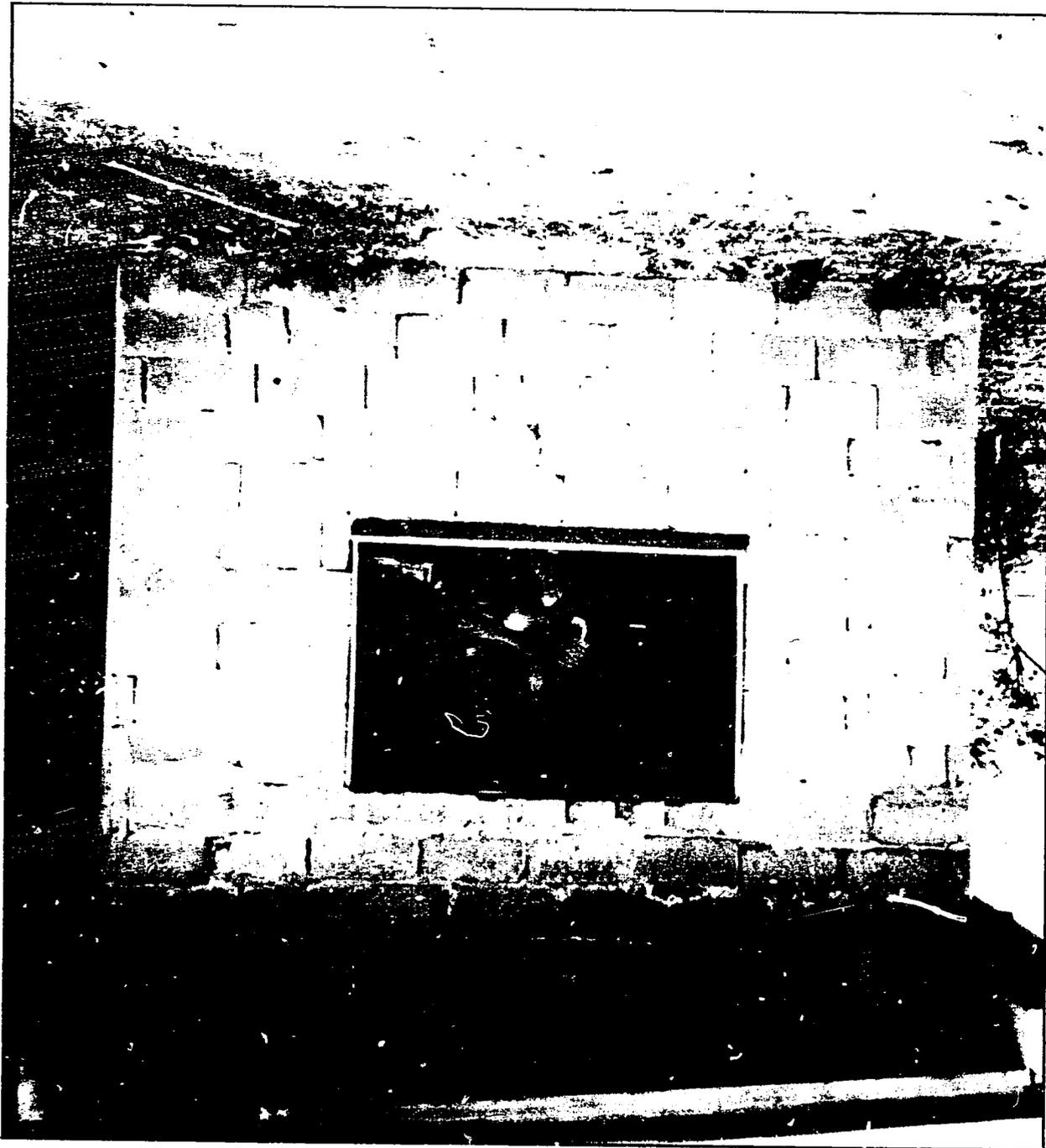
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OFFICE OF
HOUSING AND
URBAN PROGRAMS

ANNUAL REPORT
FISCAL YEAR 1984

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 1984

The charts on the next two pages of this report are dramatic illustrations of the level of urbanization now taking place. In the developing world urban populations will increase seven-fold during the second half of the twentieth century. By the year 2010, more people will live in urban than in rural areas and those living in urban poverty will greatly outnumber their rural counterparts. By 2025 the megacity, with 15 million or more inhabitants, will be common.

Obviously, just how efficient the urbanization process proves to be will be one of the most important development considerations in many countries.

During 1984, the Office of Housing and Urban Programs devoted its resources to increasing the world's capacity to cope with these forces. The Housing Guaranty Program continued to finance shelter for low-income families, with modified policies and practices to respond to the world debt situation. A series of studies and analyses helped focus other urban problems for A.I.D. Missions and countries. An extensive program of workshops, conferences, publications and training of various kinds provided opportunity for dialogue among the leaders who must face these problems now and in the future. The report that follows details these activities.



Sincerely,

A handwritten signature in cursive script that reads "Peter Kimm".

Peter M. Kimm
Director
OFFICE OF HOUSING
AND URBAN PROGRAMS

ANNUAL REPORT

OFFICE OF HOUSING AND URBAN PROGRAMS

U. S. AGENCY FOR INTERNATIONAL
DEVELOPMENT

FISCAL YEAR 1984

October 1, 1983 to
September 30, 1984

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WORLD'S EXPANDING URBAN POPULATION

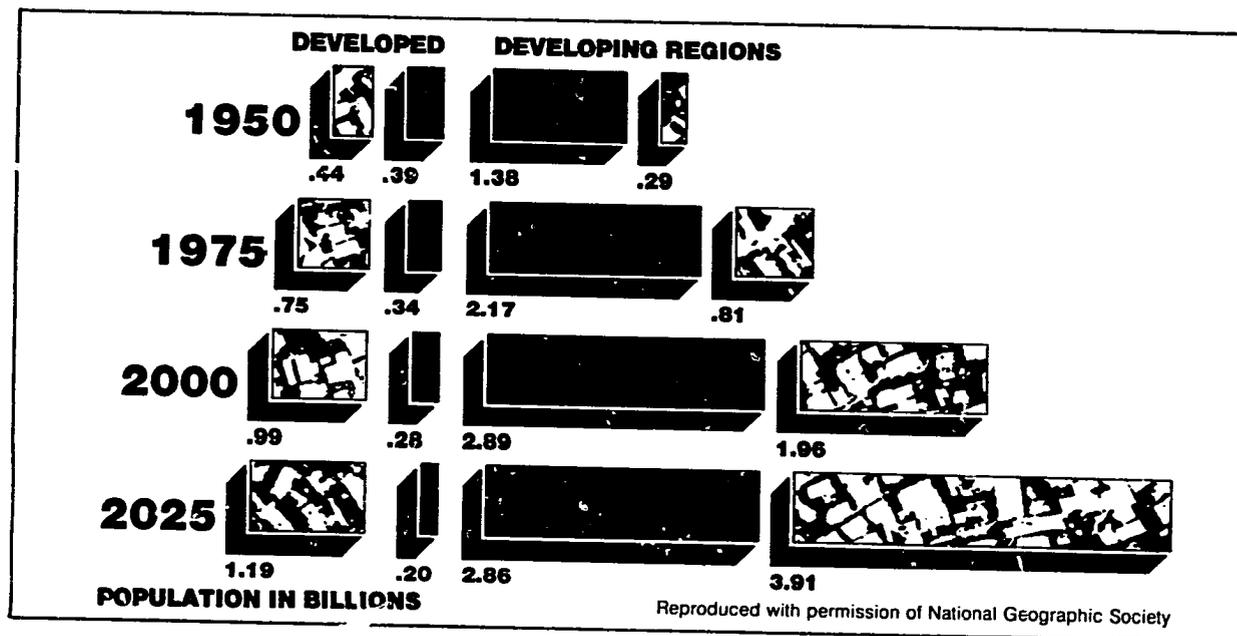
Third World countries are experiencing an urban explosion of unprecedented proportion. Cities in these countries are growing faster than American or European cities ever did. Within the next 40 years, the world's population will become predominantly urban. Three-fourths of these urban dwellers will live in developing countries.

Providing minimum decent shelter is a major problem resulting from rapid urbanization. Shelter ranks next only to food and medical care as a basic need of the poor.

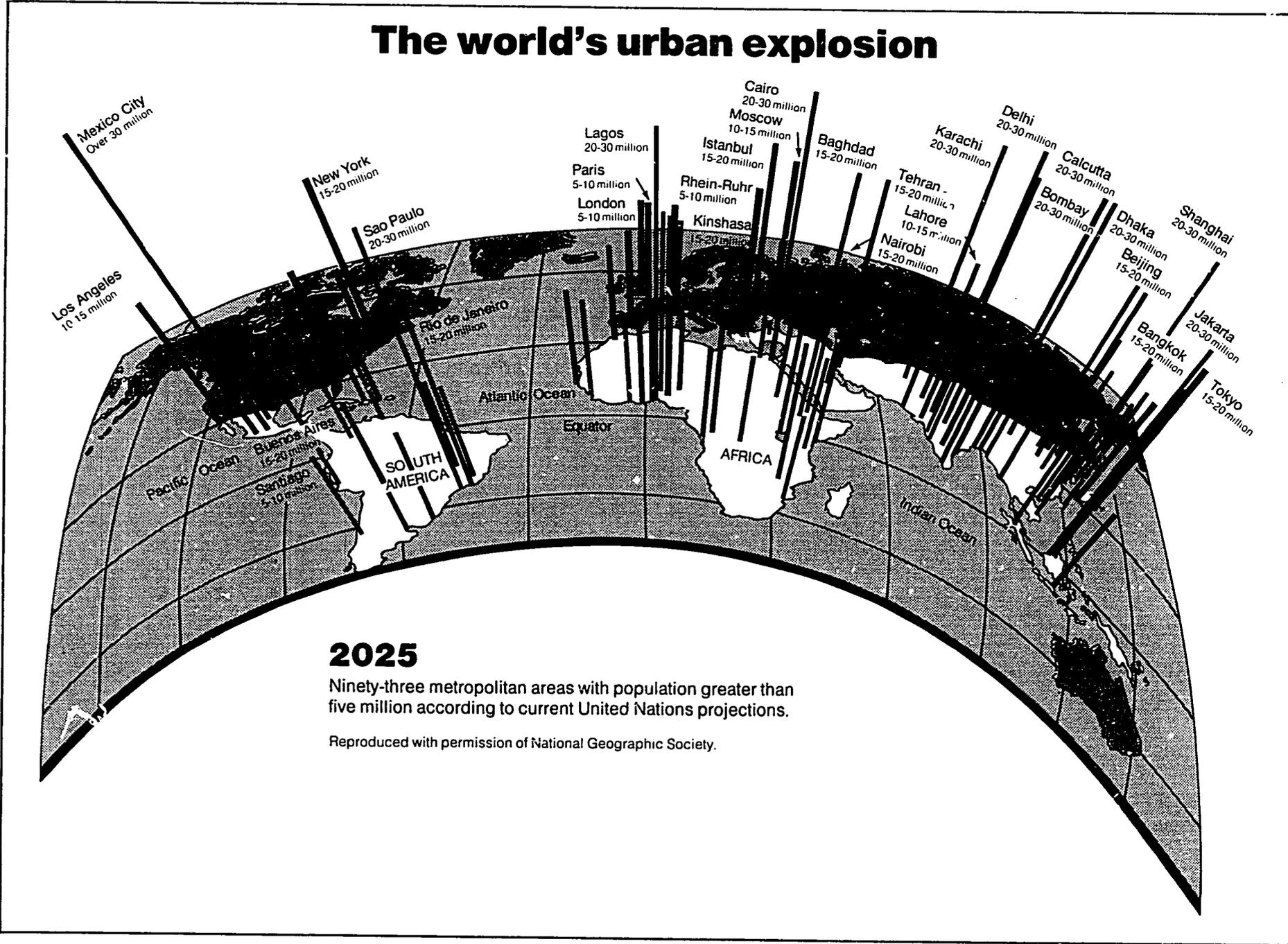
The shelter activities of A.I.D. were developed during the early 1960s in response to the shortage of adequate shelter in the urban centers of developing countries. The A.I.D. programs have made significant contributions to Third World governments in the formulation of policies and methodologies effective in meeting the needs of their expanding urban populations.



Twin booms in overall and urban population show their impact in these bar graphs illustrating growth patterns in industrialized countries on the left and in developing nations on the right. The percentage of urban dwellers—shown in black—has increased dramatically in developed nations, but total population has nearly stabilized and will probably rise only slightly from 1.2 billion today to 1.4 billion in 2025. The population in Third World countries will nearly double to 6.8 billion with growth taking place largely in urban areas.



The world's urban explosion



2025

Ninety-three metropolitan areas with population greater than five million according to current United Nations projections.

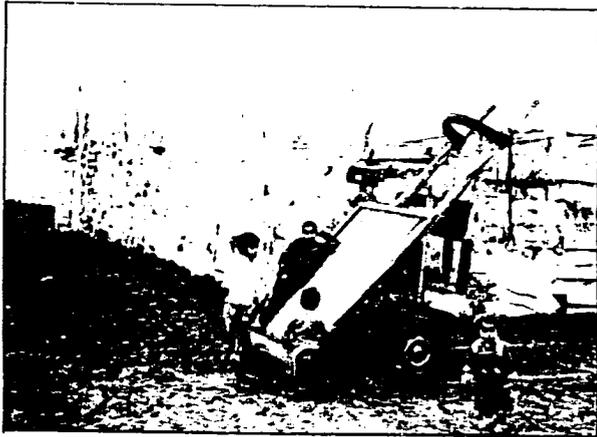
Reproduced with permission of National Geographic Society.



The spontaneous settlements in the cities of the developing world are not a problem to be ignored or eradicated. Rather, they are living evidence of people meeting their own needs and of the energy and drive which are the principal resources available to confront the housing problem.

This is not well understood by many governments. All but a small fraction of the housing in poor countries is built by the private sector and not by the government. Few governments, if any, will ever have sufficient resources to provide public housing in the amounts required for their citizens. Most housing is built over time by the people themselves. This will always be the case and we think it should be so.



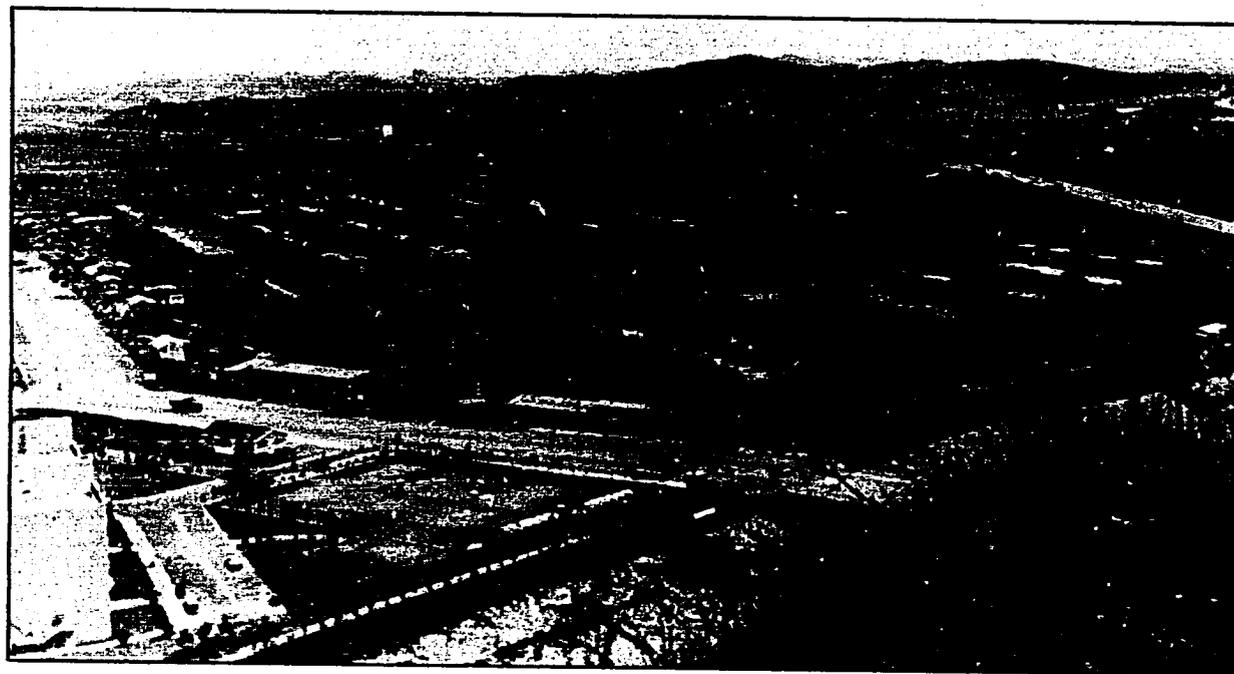
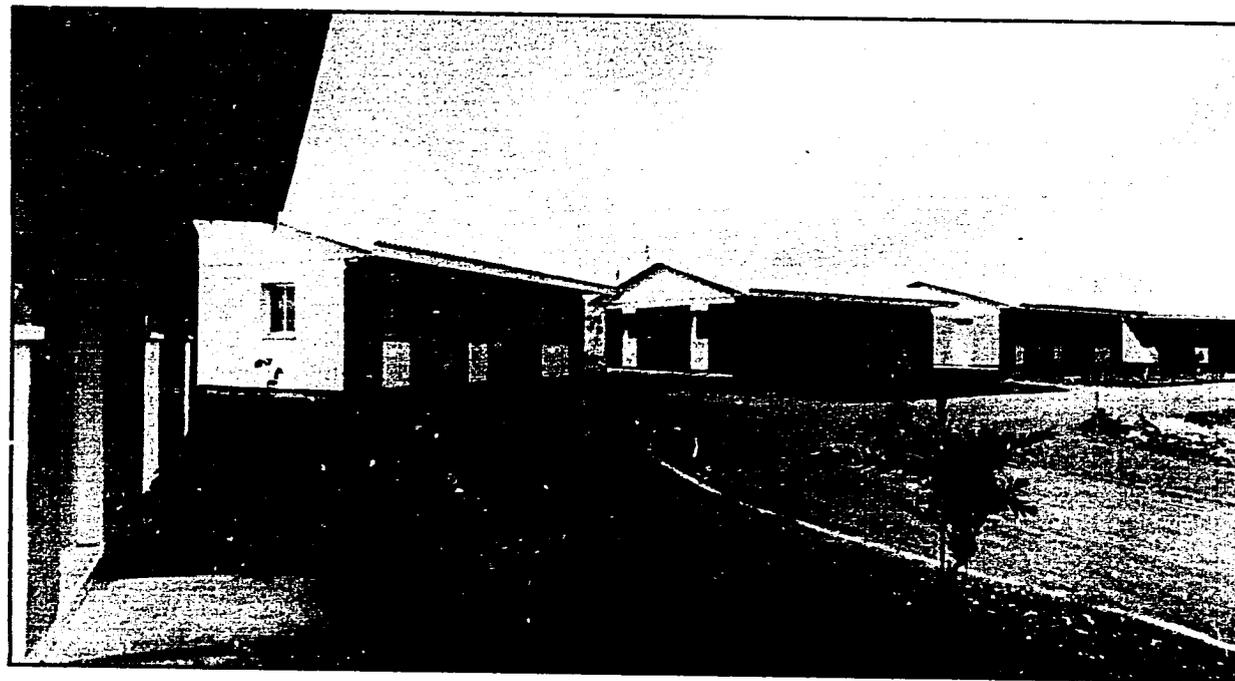


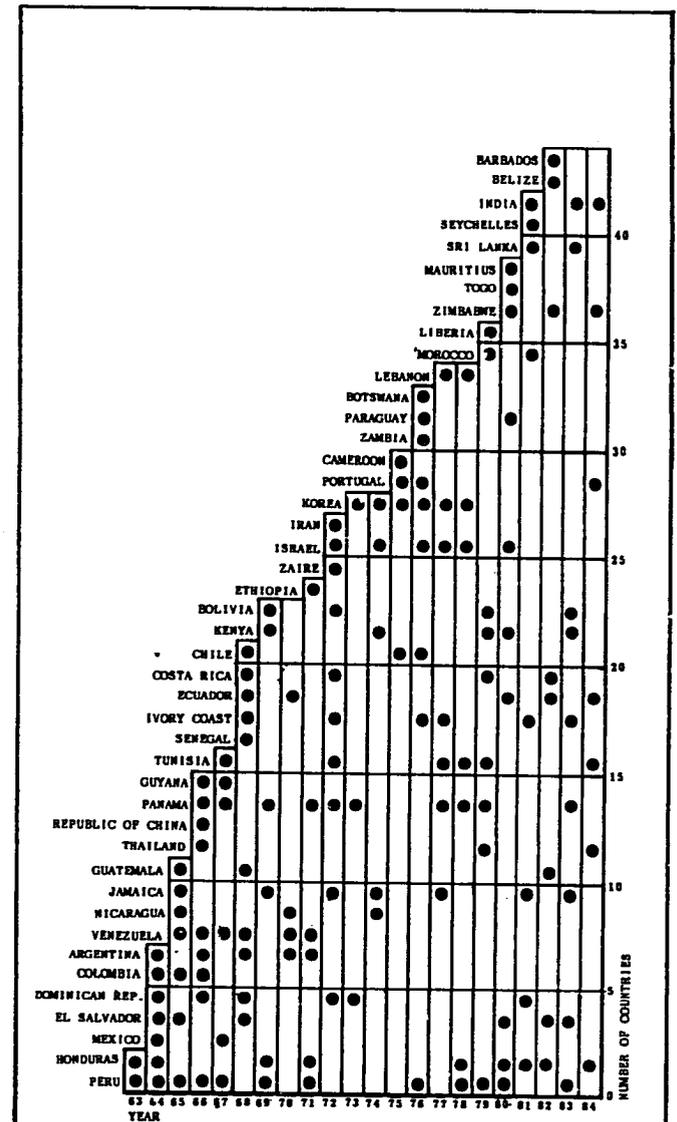
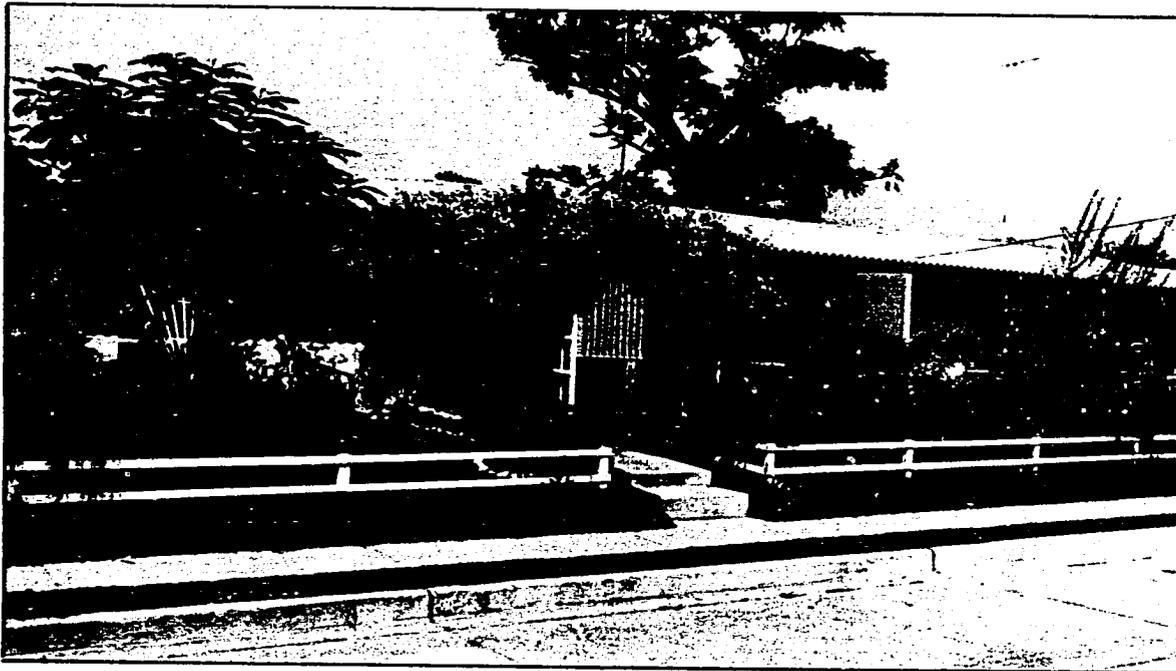
CHANGING PROGRAMS TO MEET GROWING NEEDS

The Housing Guaranty program has changed from earlier years when the emphasis was on the development of financial institutions, the transfer of industrialized building technologies and the construction of completed middle-income housing and apartments. Photos on this page illustrate the types of housing provided in early projects.

In order to better serve low-income urban families, programs are now designed to assist the participating institutions of Third World countries to define and clarify national housing policies, and to strengthen their capacity to plan, finance, implement and service housing projects for the poor.

Not only has the emphasis of programs changed over the years but they have been expanded from the start in Latin America to new countries and all regions of the developing world.





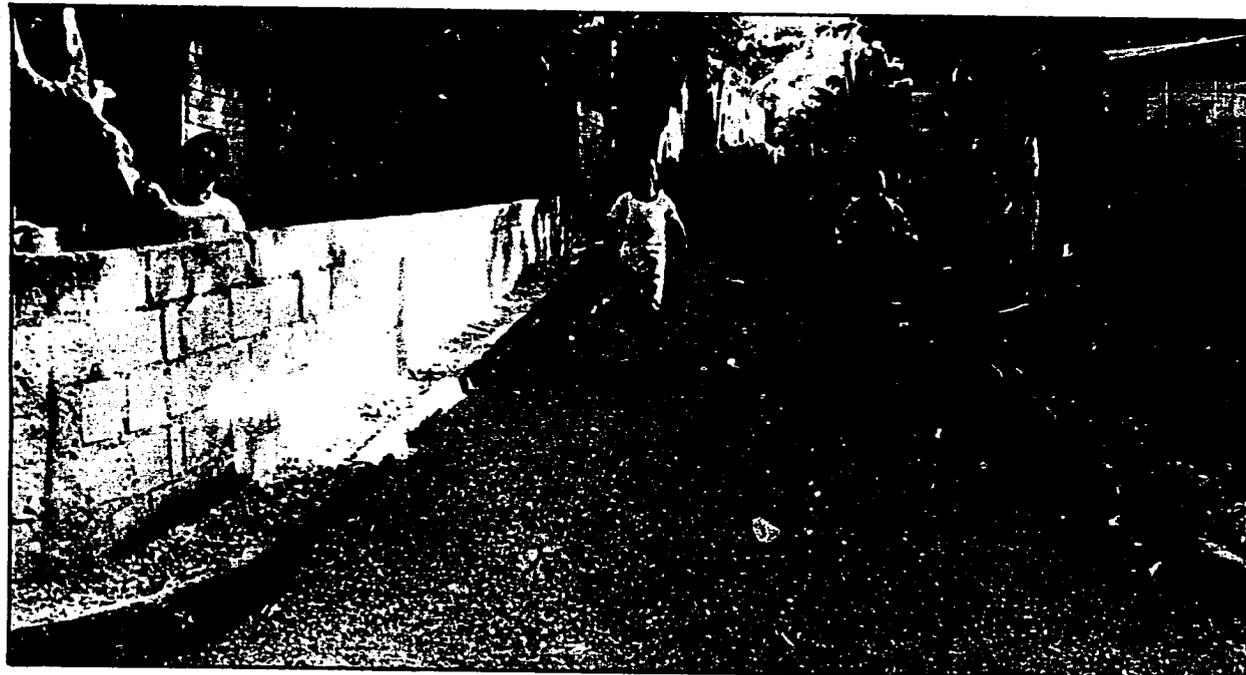
Housing Guaranty Activities
Countries by Year of
H.G. Program Authorization

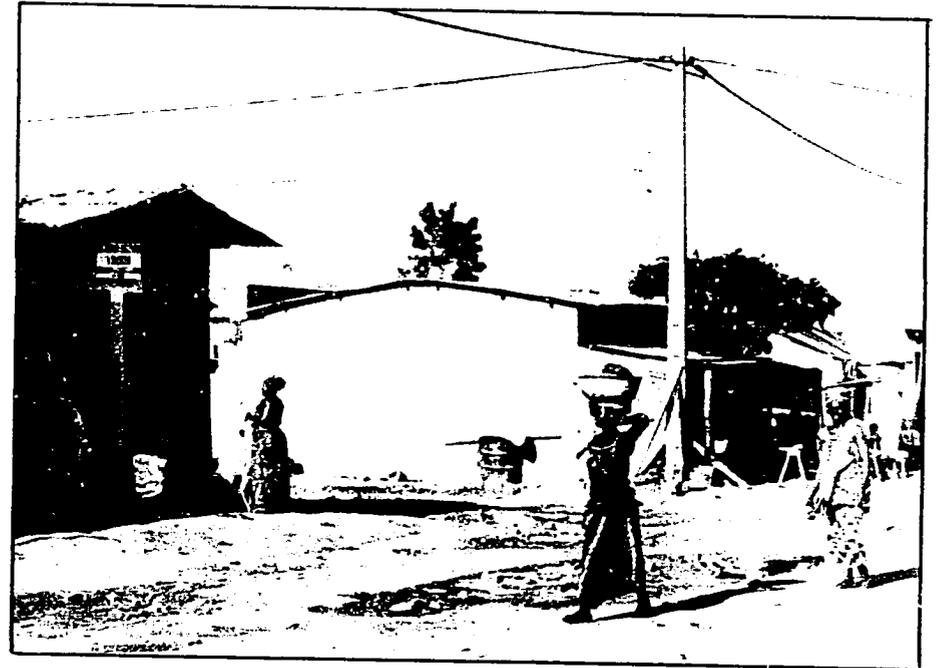
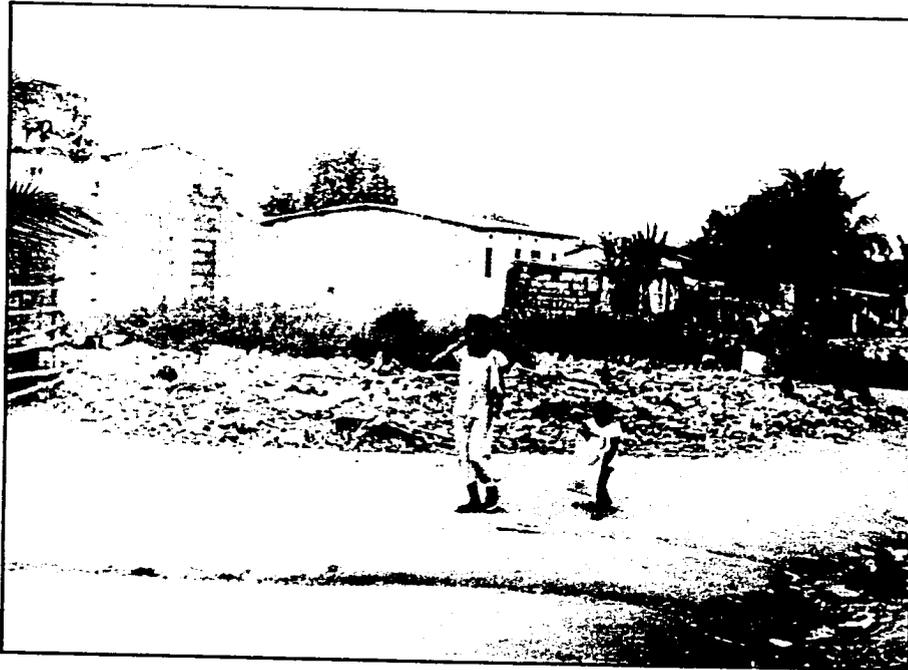
AID PROGRAMS

The optimum most effective role of government is to: a) provide those goods and services that people are unable to provide themselves; and b) remove constraints to private sector housing production and facilitate self-help efforts. Governments can accomplish this by helping to provide safe drinking water and other infrastructure as well as secure ownership of land and systems that provide credit.

Governments should recover costs through charges for the service provided--with funds recovered from earlier projects being used to finance newer projects. Subsidies should be the exception rather than the rule.

A.I.D. programs illustrated in the following pages help governments develop a prudent response to the housing needs of their citizens. Through the Housing Guaranty program, A.I.D. finances projects to demonstrate that with the right policies and institutions, the need for housing can be met. Civic pride will be enhanced and families will have a stake in their society and in its stability. This is the goal of the Agency for International Development.



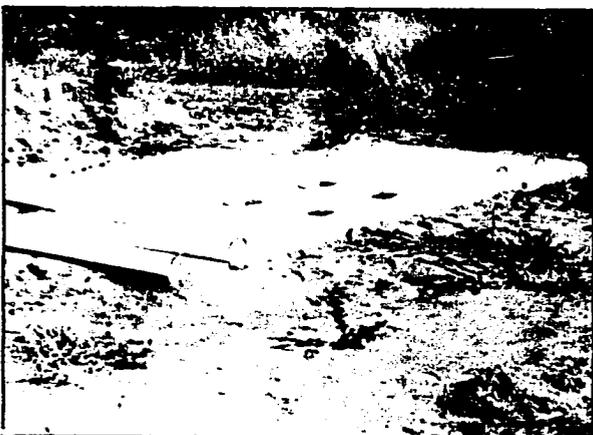
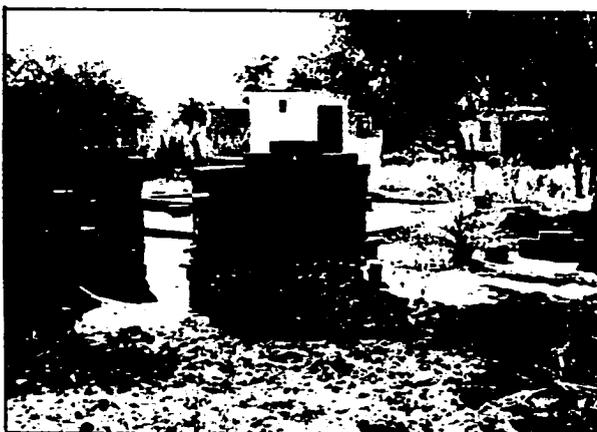
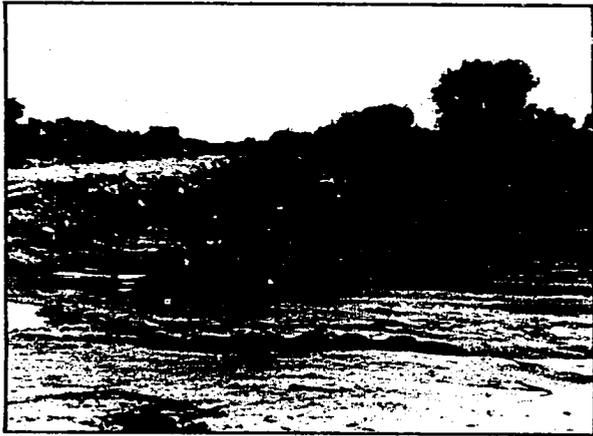


SLUM AND SPONTANEOUS SETTLEMENT UPGRADING

Left: The Ministry of Housing has an active program of settlement upgrading in Kingston, Jamaica. Improved services including roads, drainage and water supply are being provided in seven neighborhoods. Residents of Standville celebrate the completion of upgrading activities in their community.

Right: This neighborhood in Abidjan, the capital of the Ivory Coast, was without streets, water, or electricity. People picked their way through piles of garbage and open sewers to their shacks. By providing the missing basic services, the Government stimulated private investment by these families in their homes and neighborhood.



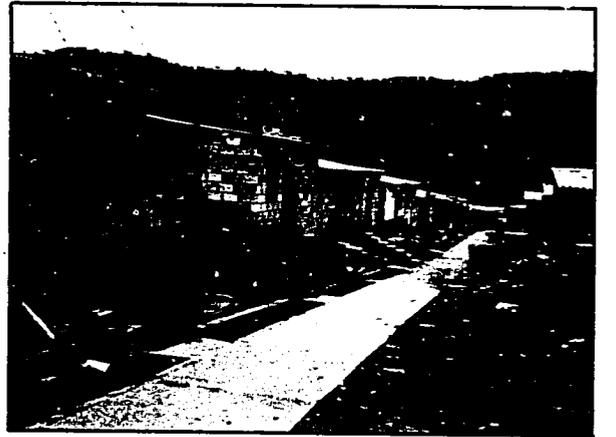
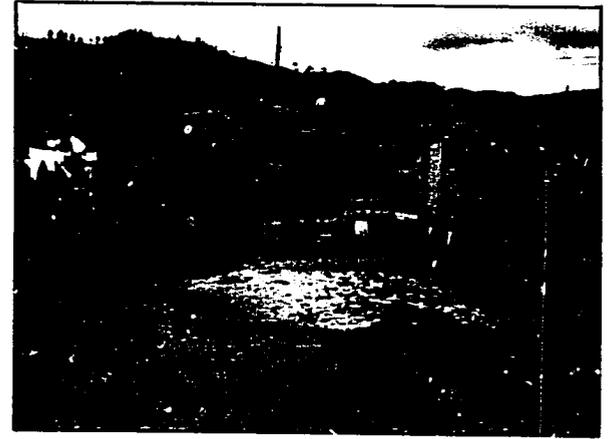


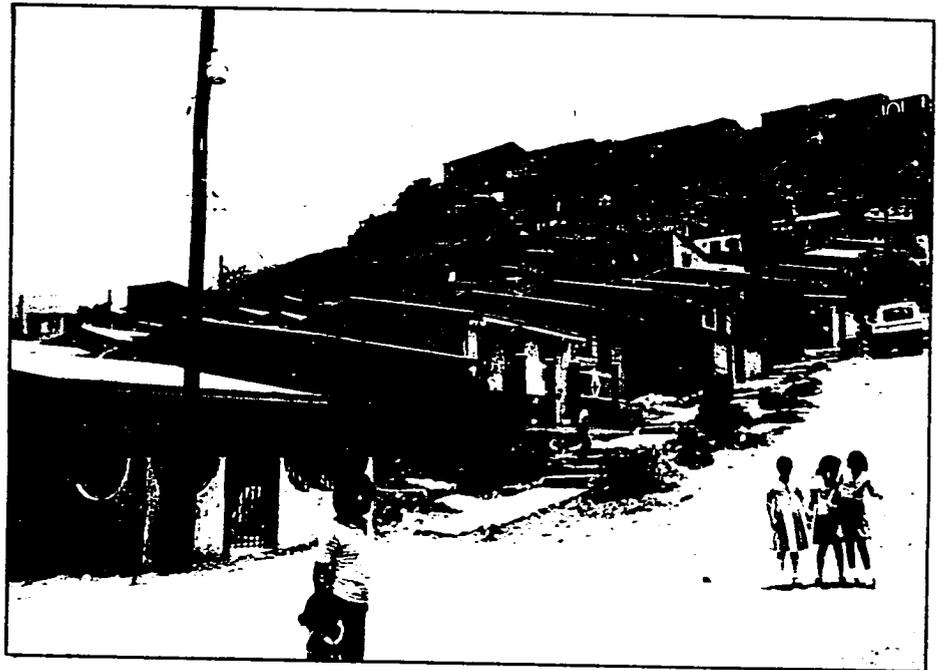
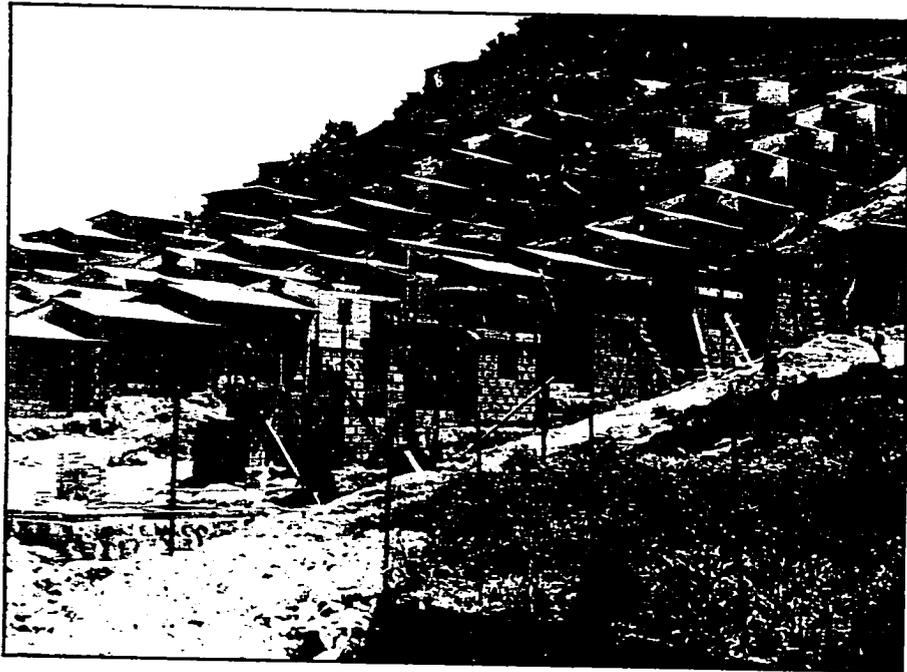
SITES AND SERVICES

Sites and services projects include the preparation of vacant land for shelter use through lot subdivision and installation of water lines, sewage systems, roads and drainage. Low-income purchasers of the plots then construct their own houses. These projects may include training programs and building materials loans for self-help builders and small-scale contractors.

Left: Low-income families in Botswana can purchase a modest plot with water and a latrine. They move onto the plot and build a makeshift shack to protect themselves against the elements. As their incomes and savings permit, they purchase materials and over time construct a more substantial house.

Right: Plots with a wet core containing a shower, washbasin and toilet are sold to low-income families in this sites and services project in Tegucigalpa, Honduras. Residents can obtain also a \$700 building materials loan that enables them to construct a multi-use space and occupy the plot.



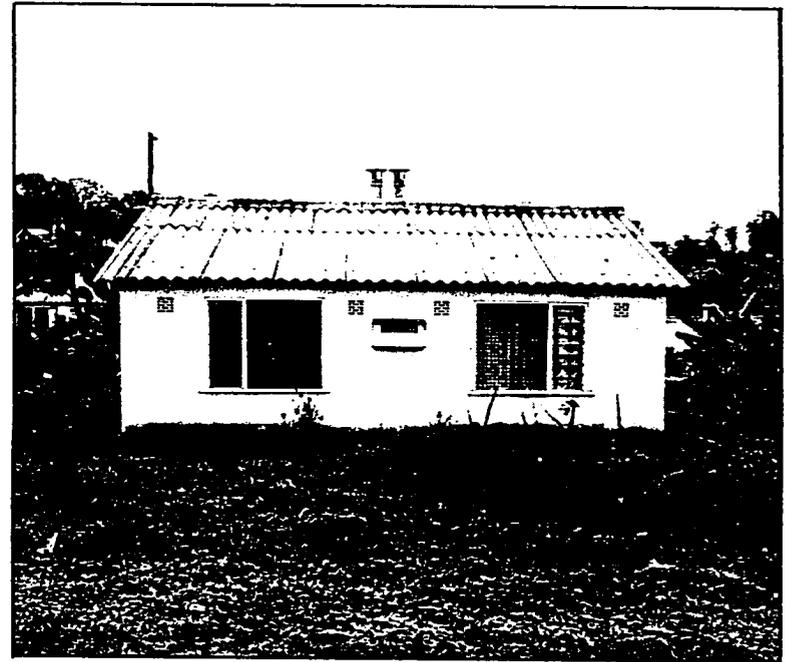
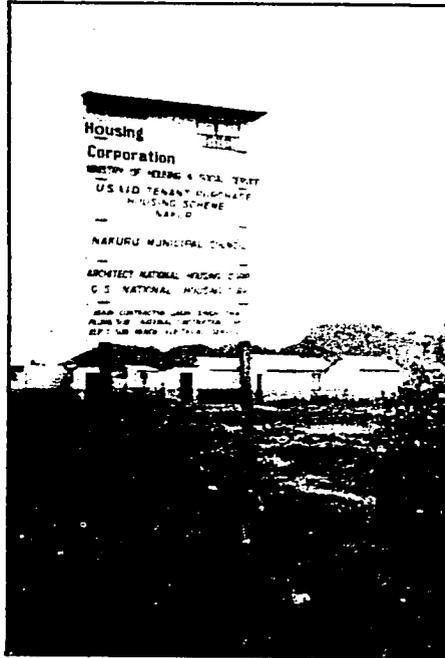


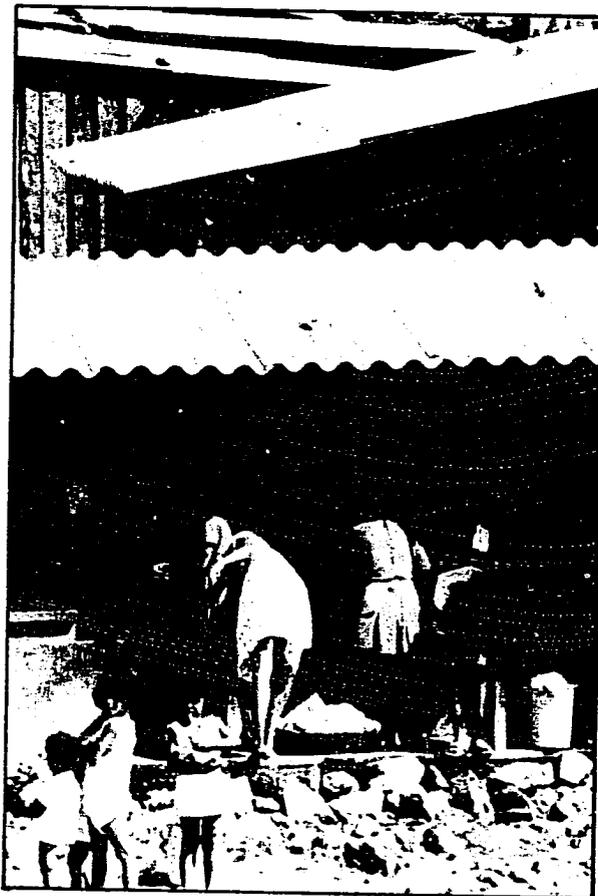
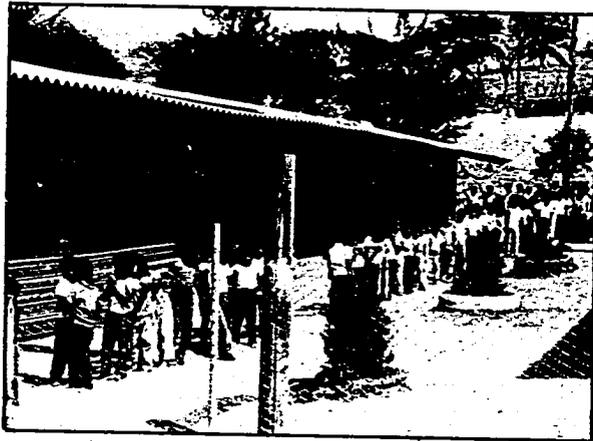
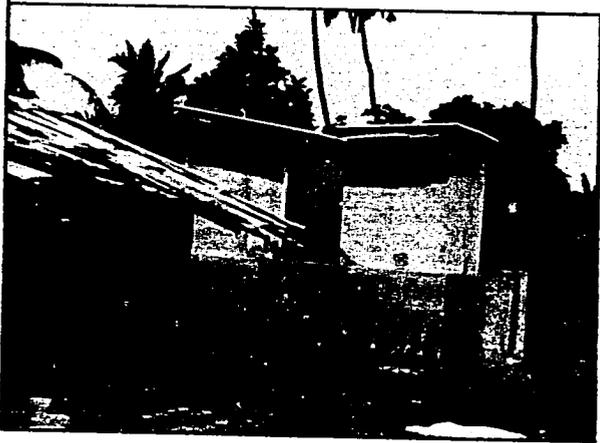
CORE HOUSING

This program combines the sites and services approach with the addition of a rudimentary housing shell (typically including a bathroom and a small multi-purpose living area) on each lot. The structure is designed to be improved and expanded by the owner. Building materials loans may be provided.

Left: Members of this housing cooperative in Tegucigalpa, Honduras moved into core houses on plots of 65 square meters. Most have expanded the dwellings dramatically employing their own labor or that of small contractors. Innovative site planning and engineering permitted the use at modest cost of a location considered undevelopable.

Right: In Kenya core houses with one or two rooms, plus a small kitchen and bathroom, were constructed on serviced plots in 13 secondary cities. Residents then complete the structures and improve the property as their resources permit.





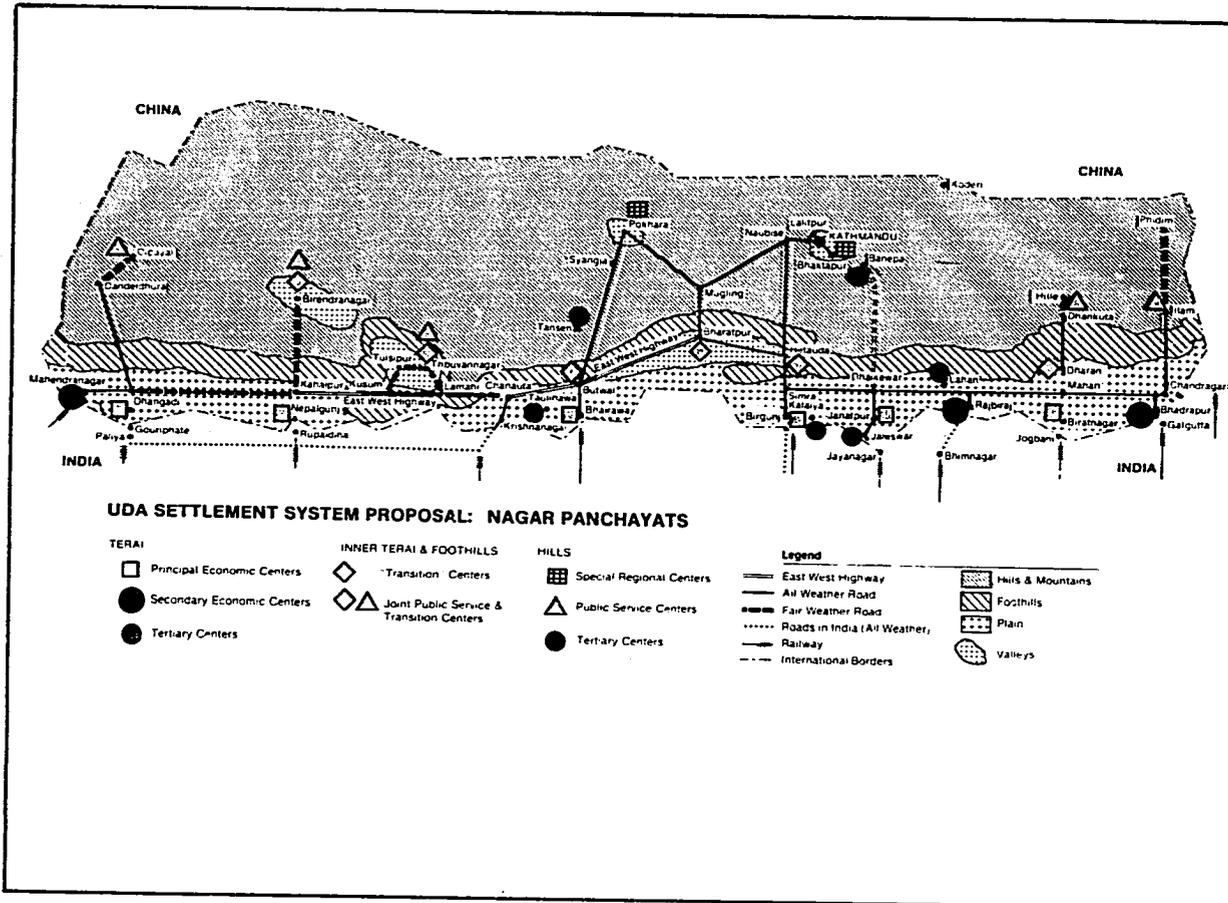
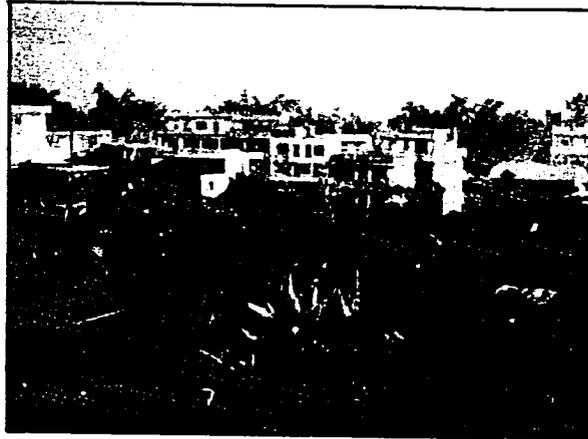
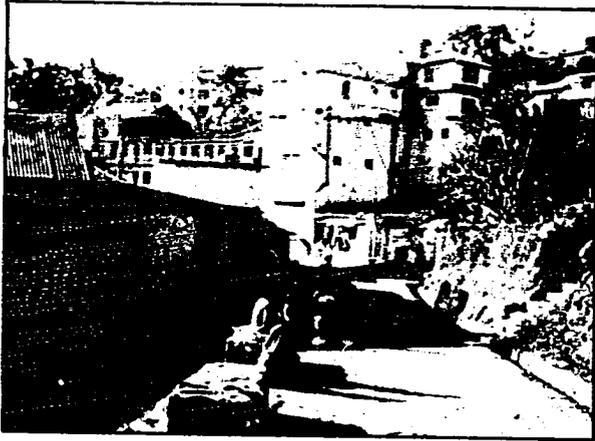
COMMUNITY FACILITIES AND URBAN SERVICES

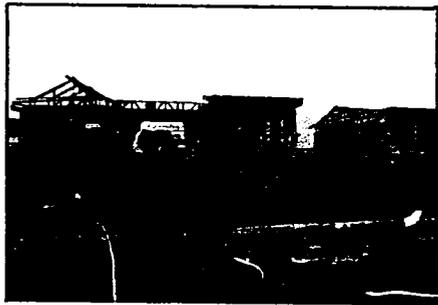
Facilities such as schools, health clinics, markets and job skill training centers can be provided under the Housing Guaranty program to support the development of neighborhoods.

URBAN PROGRAMS

In addition to its traditional shelter activities relating to the Housing Guaranty Programs, the Office of Housing and Urban Programs is developing new expertise and methodologies for increased involvement in urban issues and problems.

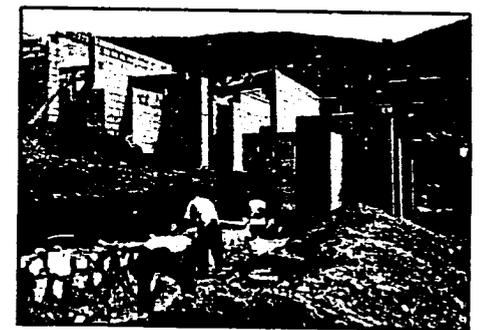
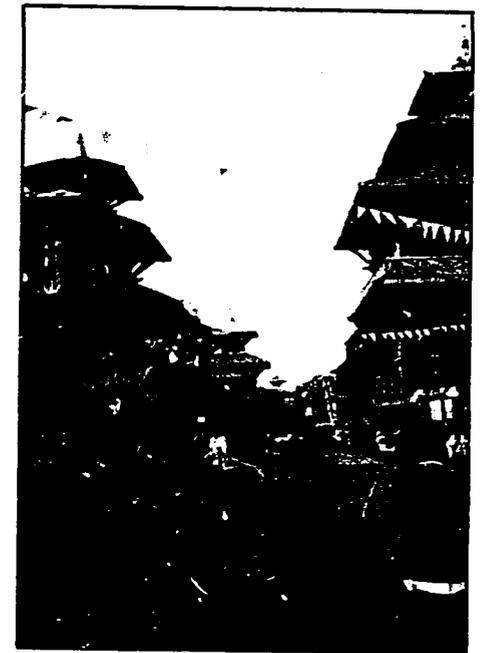
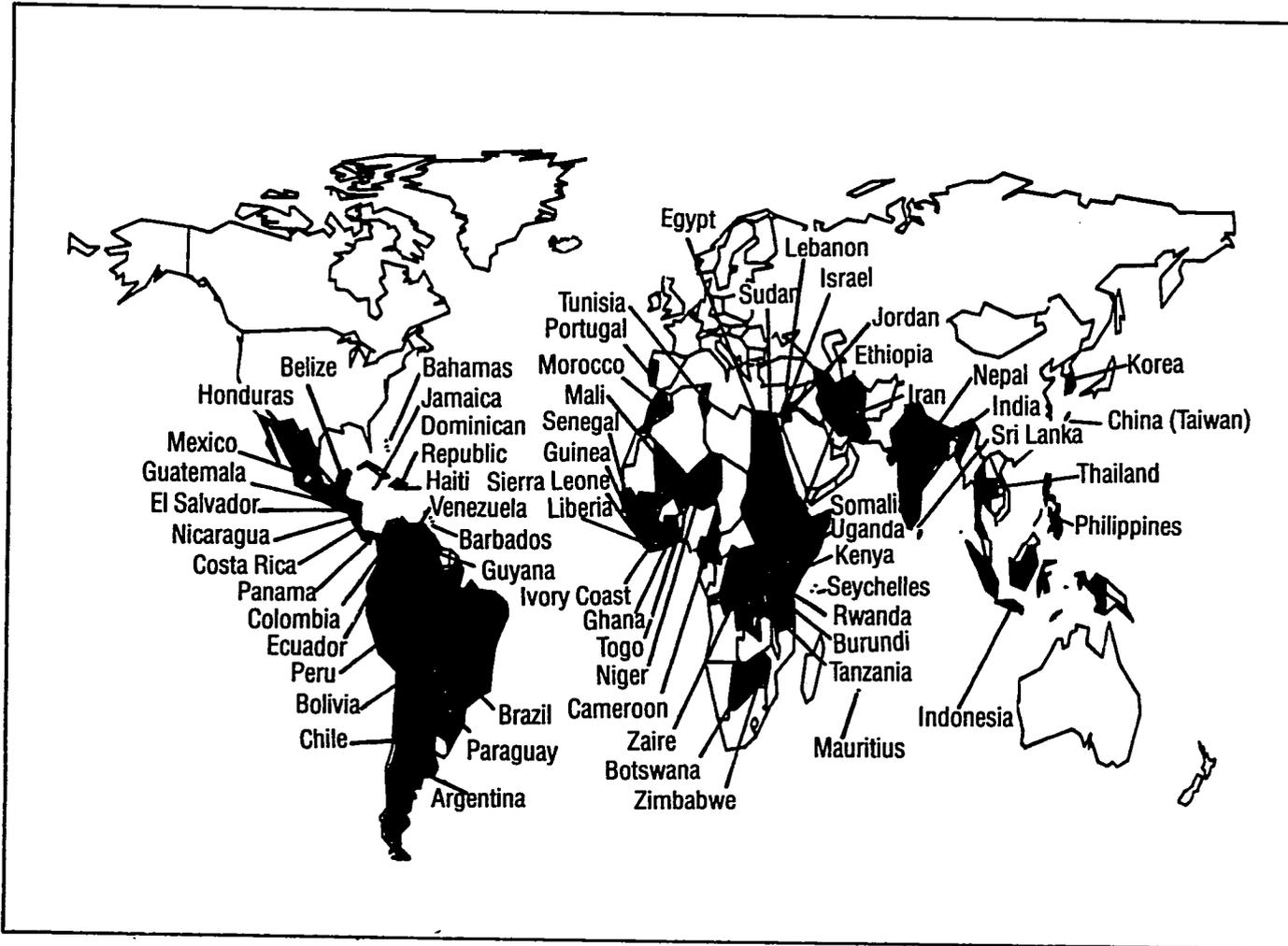
Right: The Urban Development Assessment in Nepal analyzed the many elements influencing urban growth in this still largely rural country. A development strategy and settlement system are proposed that could keep pace with the expected rapid expansion of the urban population.





WORLDWIDE
ACTIVITIES

OFFICE OF HOUSING
AND
URBAN PROGRAMS

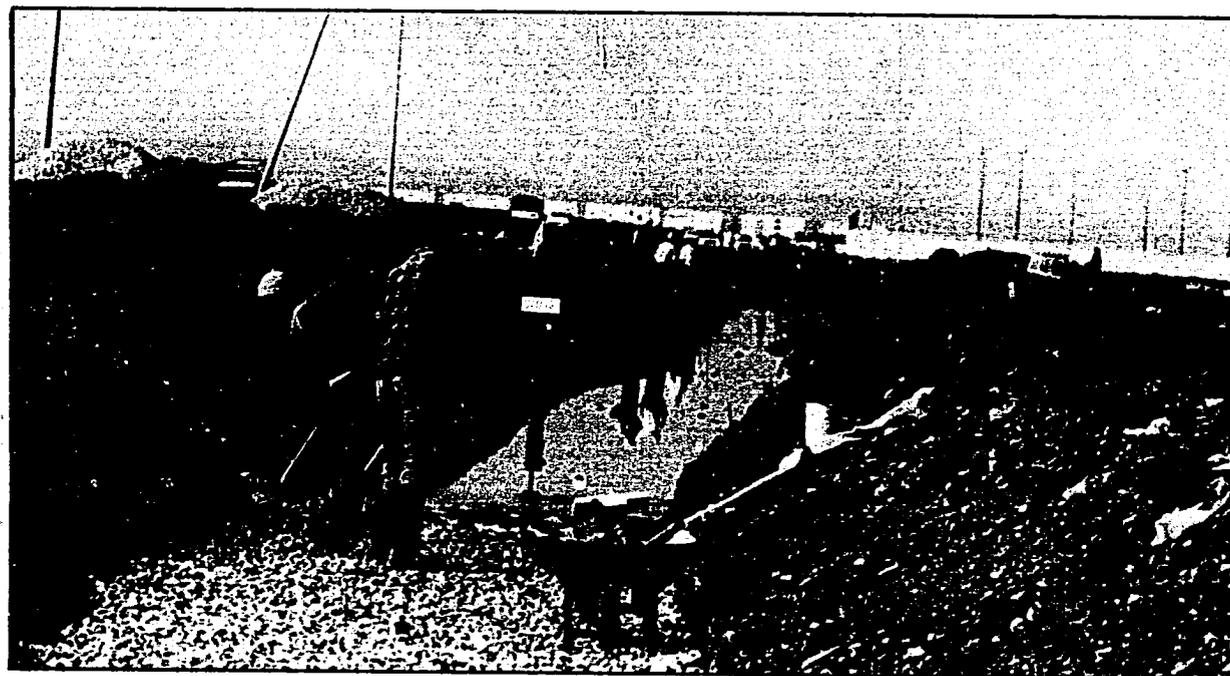


HOUSING GUARANTY PROGRAMS 1984

The Housing Guaranty Program is designed to respond to the enormous and rapidly mounting worldwide shortage of adequate shelter. To do this, the program assists borrowing countries to develop the institutional, technological and financial capacity to provide shelter, community facilities, and related services to families earning below the median income.

Host country institutions are encouraged to design projects that provide minimum yet adequate shelter, are affordable by target groups, and strive for cost recovery. In addition, the program encourages the private sector's full involvement in the low-income shelter field. The concept is to supplement limited and essential public sector activity with maximum private and self-help efforts.

A total of \$150 million in Housing Guaranty loans was authorized in fiscal year 1984. These loans went to Ecuador, Honduras, India, Portugal, Thailand, Tunisia, and Zimbabwe.



ECUADOR

The Housing Guaranty Program in Ecuador represents an innovative model to expand the housing delivery system and over time should meet the housing goals established by the new Government. The program provides a foundation for financing low-cost housing and strengthening local resources while building a new mechanism for various private sector institutions to participate in low-cost housing production for the first time.

The objectives of this \$25 million authorization reflect the Government's new nationwide shelter strategy which focuses on expanding the supply of low-cost housing through a more market-oriented approach. Production is being accelerated to meet the pressing social need for housing while stimulating the economy and employment. Special attention is being given to the cities of Quito and Guayaquil. The program will finance an estimated 4,000 new units and 6,500 home improvement loans.

HONDURAS

This year's \$20 million authorization completes the initial phase of the Housing Guaranty program in Honduras. The Honduras program is one of the most successful and comprehensive of A.I.D.'s shelter sector programs. In the late 1970s, A.I.D. assisted the Government of Honduras in adopting a progressive national housing policy and institutional arrangements to implement low-cost housing programs that would double the annual production of low-cost housing. However, despite the effectiveness of the adopted housing policies, many low-income Honduran

families are still unable to obtain adequate housing due to lack of mortgage financing and low levels of housing production. The purpose of the current project is to increase the capacity of the Honduran National Housing Institute to produce low-income housing through collaboration with the private sector and to increase the range of institutions contributing to the shelter delivery system.

The project will improve public sector performance and expand private sector participation. In the past, the private sector's contribution to the production of low-cost housing remained underutilized due to insufficient levels of long-term financing for private development. This project makes available the needed financing by providing mortgage credit for housing produced by both the public and private sectors which are targeted to lower-income beneficiaries. This strategy of opening up housing resources to include new financial institutions, such as commercial banks, and expanding the role of private developers, is expected to accelerate housing production and increase employment opportunities. In addition, A.I.D. will provide a \$700,000 technical assistance grant to finance the work of two long-term advisors and a variety of short-term assistance.

INDIA

A.I.D.'s \$20 million supplemental authorization approved for India is part of an overall program begun in 1981 for strengthening of the Housing Development Finance Corporation (HDFC). The program supports the Government of India's interest in assisting the development of a formal

private sector housing finance system to create more opportunities for homeownership by low-income households.

PORTUGAL

The first \$14 million of a \$75 million low-cost housing program has been authorized for Portugal. The goal of this A.I.D. Housing Guaranty program is to assist the Government of Portugal promote national housing policies and to increase the supply of housing affordable to low-income families at reduced and declining subsidies.

Funds will be borrowed from U.S. capital markets by the National Housing Institute (Instituto Nacional de Habitacao), an intermediate finance institution recently established by the Government of Portugal to program and manage public housing assistance. An important purpose of the program is to help strengthen this new institution by providing technical assistance to develop the Institute's capacity for processing loans.

Through technical assistance and financing, A.I.D. will support the Portuguese Government's shelter program which seeks to encourage policy changes, strengthen institutional capacity to develop and manage programs, support decentralization of shelter production and increase the role of the private sector in providing shelter. The program also emphasizes new technological innovation in meeting the shelter needs of lower-income households. The total \$75 million program will benefit up to 17,000 families.

THAILAND

The \$25 million Housing Guaranty loan authorized for Thailand builds on previous projects. Specifically, the loan will assist the National Housing Authority to

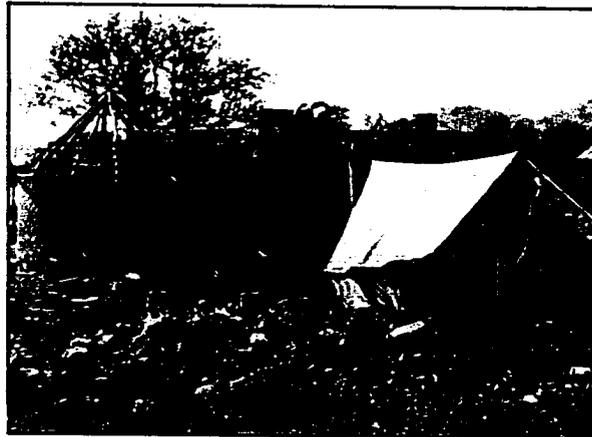
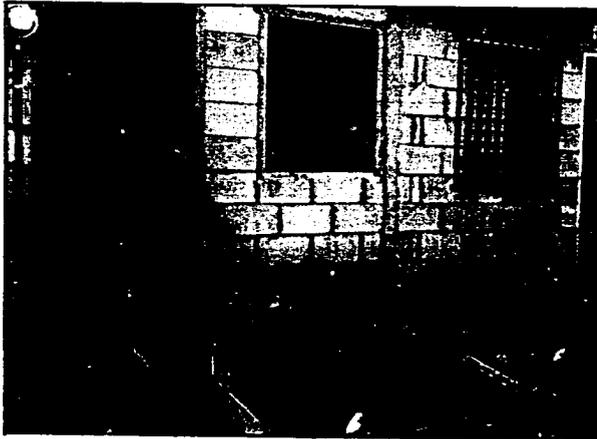
strengthen its institutional capacity for providing low-cost housing as well as promoting private sector participation in meeting affordable housing needs. This assistance enhances the Government's implementation of its already approved housing policy.

A.I.D.'s long-term shelter strategy objective in Thailand is to reduce the role of the National Housing Authority by encouraging the transfer of development responsibilities to the private sector and financing to the Government Housing Bank.

TUNISIA

The \$20 million authorized in 1984 for phase two of Tunisia's Low-Cost Shelter Project will encourage more rational development of urban land, increase the number of serviced sites and owner-built housing units, and upgrade living conditions in already builtup low-income neighborhoods. The project consists of a \$10 million sites and services component and a \$36 million urban upgrading sanitation component. The urban upgrading subproject will unite the A.I.D. program with the World Bank "30 Cities Project" and the Kuwaiti Development Fund "Greater Tunis Project" in a unique co-financing venture as part of the Government of Tunisia's VI Development Plan. This represents the first A.I.D. multilateral financing venture in the Near East region.

The sites and services subproject provides financing to the Tunisian Land Development Agency (AFH) to make serviced sites and mortgage credit available to low-income beneficiaries. The mortgages will cover the combined cost of purchasing the developed sites and owner construction of core housing units. A maximum of 3,550 serviced sites will be developed in secondary towns by



PRIVATE SECTOR PARTICIPATION

The activities of the Office of Housing and Urban Programs encourage private investment and self-help construction by project beneficiaries. Once residents have basic services and secure tenure to their plots, they are willing to devote a significant amount of their financial resources and time to building and improving their houses. In both upgrading and sites and services projects, temporary structures are replaced over a period of years by permanent structures, often with fenced and landscaped yards. The bulk of the work is done by the private sector with government providing those services which people are unable to provide for themselves.



AFH for beneficiaries whose income is below the national median.

The Upgrading Sanitation subproject will unite A.I.D.'s Housing Guaranty program with the ongoing Greater Tunis and 30 Cities Projects. The A.I.D. portion of this co-financed project will fund the foreign and local currency costs incurred by the Government of Tunisia to directly benefit low-income populations and urban slum dwellers. It is estimated that the improvements will benefit 21,500 families in Tunis and 25,000 families in secondary towns throughout the nation.

ZIMBABWE

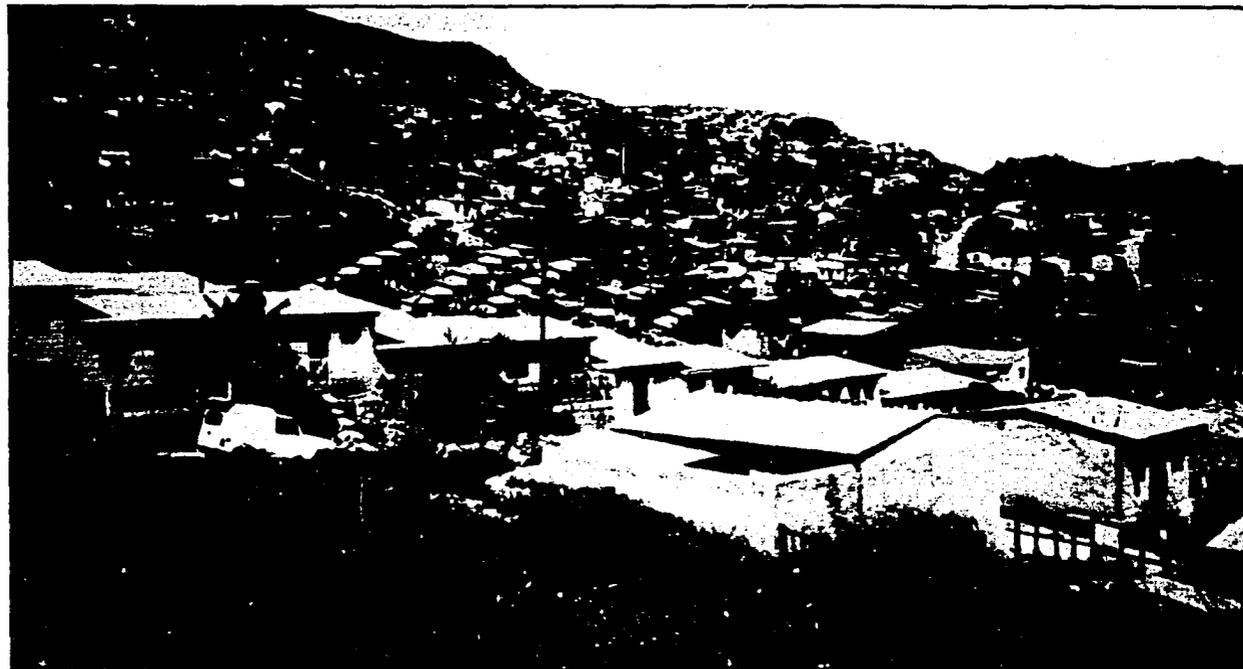
The \$14 million Housing Guaranty loan will help the Government of Zimbabwe upgrade "Epworth", the largest

squatter settlement in Zimbabwe, located near the capital city of Harare. It will also assist the Ministry of Local Government and Town Planning gain a better understanding of squatter issues and develop a policy that recognizes the contribution of the informal sector to the national housing stock.

Emphasis will be placed on the relevance of the self-help home improvement concept, a concept the residents of Epworth have accepted. This will become part of the Government of Zimbabwe program for determining future policy for urban upgrading.

The loan will be complemented by a \$400,000 technical assistance grant to support project implementation and policy formulation and make possible local and overseas training for appropriate Zimbabwean officials.

A.I.D. shelter programs are designed to respond to the enormous and rapidly mounting worldwide shortage of adequate shelter. The program assists borrowing countries to develop the capacity to provide shelter, community facilities, and related services.



HOUSING GUARANTY LOANS

FISCAL YEAR 1984

Countries in which Housing Guaranty loans were authorized in 1984 and their related program objectives:

ECUADOR: \$25 MILLION

- strengthen the capacity of the National Housing Board and Ecuadoran Housing Bank
- provide technical assistance to support the development of cost-effective shelter solutions
- incorporate private developers into the low-income housing market
- implement lower cost construction technologies and mobilize local resources

HONDURAS: \$20 MILLION

- expand private sector participation in low-cost housing development
- improve collection systems and market interest rates
- promote institutional development

INDIA: \$20 MILLION

- support the Housing Development Finance Corporation (HDFC) efforts to provide private housing finance to low-income households
- support HDFC's efforts to form housing finance corporations in rural areas

PORTUGAL: \$14 MILLION

- encourage national housing policies that provide sustained production of affordable housing to low-income families

- assist the Government in strengthening a newly created housing and urban development institution
- encourage decentralization of housing operations and increase private developer involvement

THAILAND: \$25 MILLION

- provide technical assistance to the National Housing Authority to enhance its capacity to develop and manage projects
- encourage the transfer of development responsibilities to the private sector

TUNISIA: \$20 MILLION

- prefinance the development of serviced sites and the provision of mortgage credit to low-income beneficiaries to purchase the sites and build core housing units
- assist the Government's efforts to provide urban infrastructure and upgrade low-income neighborhoods
- provide technical assistance to the Government to improve its capacity to program, manage, and plan for urban growth

ZIMBABWE: \$14 MILLION

- assist Government efforts to upgrade squatter settlements
- provide technical assistance to support urban upgrading project implementation and policy formulation

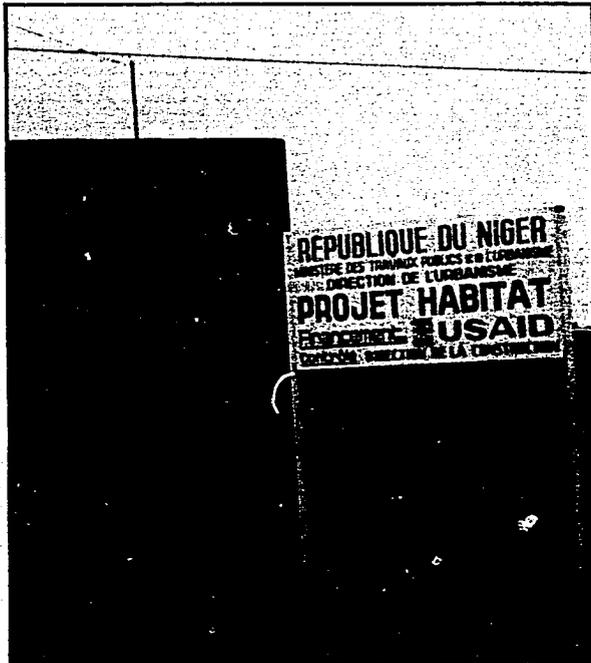
NOTE: In addition, \$12 million was authorized to complete the financing of projects approved earlier in Costa Rica and Peru and with the Central American Bank for Economic Integration (CABEI).

TECHNICAL ASSISTANCE AND RESEARCH

Technical assistance is an integral part of A.I.D.'s housing and urban programs. At all stages of project development, long- and short-term assistance is given governments and agencies designing urban programs, and planning, financing or building shelter.

The Office of Housing and Urban Programs has supported also a variety of research initiatives to develop innovative approaches to urban related and shelter sector problems. The latest efforts have been concerned with research into problems of urbanization and the formulation of methods flexible enough to be used throughout the developing world.

Urban development issues have recently become increasingly important within the agency. There is a need to build a sound urban knowledge base and give missions additional insights into the relationship between urbanization and economic growth as well as to identify characteristics of future-oriented development strategies.



URBAN PROGRAMS

Fiscal year 1984 was marked by a growing consensus among senior A.I.D. staff on a reasonable urban program orientation for the agency over the next two years. A.I.D.'s Urban Development Policy Paper provides a framework for addressing urban issues in developing countries and outlines the seven major areas that A.I.D. intends to support in urban development:

- Country development policies in support of national objectives that lead to appropriate resource allocations between urban and rural areas
- Job creation through the private sector
- Shelter policies and programs for the urban poor
- Human resource development which promotes an overall urban development strategy
- Urban institutional development at the national and local levels
- Use Housing Guaranty and Economic Support funds as the principal A.I.D. resource for urban infrastructure investments and the use of Development Assistance funds in certain exceptional cases
- Policies for safe settlements in disaster-prone areas

Over the course of the previous year, the Office of Housing and Urban Programs pursued a strategy of developing and field-testing new methods and approaches that A.I.D. missions could use to analyze urban issues. These issues include the influence of urbanization on national economic growth, urban land needs, and financial management of urban growth and service delivery.

Two important concepts underly the development of new methods and techniques of urban analysis: the need to

"assess broadly" and to "target selectively". The first emphasizes the importance of developing a much broader understanding of the relationships between urbanization, national economic growth and the dimensions of urban poverty. The second concept acknowledges the very limited capital resources A.I.D. can apply to urban program development and the need to focus those resources strategically in areas with potential for high development payoff.

To date, the Office of Housing and Urban Programs has developed a number of useful guidelines and approaches, and will be developing others. Activities in this area include:

Urban Development Assessments (UDA)

The revision of guidelines for conducting Urban Development Assessments was completed, following field tests conducted in Senegal, Somalia and Nepal. The resulting new guidelines were issued in April 1984, and then used to guide the assessments in Panama and Morocco.

This approach to urban analysis provides missions with a broad picture of the influence the urbanization process has on the national economy and outlines the key characteristics of an urban investment strategy or urban policy framework. It is therefore anticipated that in subsequent years an increasing number of UDAs will be requested.

The usefulness of a UDA is illustrated by its recent application in Nepal. The study stressed the need for this still largely rural country to consider the urban dimension of rural development. As a result, A.I.D. has provided the Government of Nepal with an urban/regional planning specialist to ensure followup of the UDA recommendations. This is the first time that long-term technical assistance will be devoted exclusively to urban issues.

The advisor will be working for two years to assist the mission in supporting the National Planning Commission as it develops urban strategies and regional plans. Assistance will be provided also to the mission and the Nepal Ministry of Local Development in formulating a workplan for the implementation of regional strategies, emphasizing rural-urban linkages and the provision of infrastructure.

Following a 1983 UDA in Somalia, various recommendations were made to improve land development practices in Mogadishu. They included a study on land subdivision and pricing policy for Mogadishu and a study on land registration procedures complemented by handbooks on the resulting new guidelines.

The studies recommend land design standards resulting in more efficient use of urban land while providing adequate space for public facilities and minimizing the cost of services. The proposed pricing policy and creation of a self-financing system for low-income families will increase the level of cost recovery, allowing a larger number of people to benefit. More economical land use advocated by the studies will give access to serviced plots to more than one million new residents.

Urban Land Studies

Guidelines for conducting Urban Land Studies were also completed this year in order to meet the field demand for systematic approaches for looking at urban land needs and markets and identifying remedial strategies.

Municipal Financial Analysis

A handbook on municipal financial analysis has been developed to assist local governments to more effectively manage their financial resources. The "Municipal Financial Analysis Handbook" will be used as a training tool and plans are underway to use it in local government training programs in Kenya, Somalia, Ivory Coast, Tunisia, Panama, and Peru.

The importance of effective local governments has grown along with the increasingly important role of cities in the development of national economies. Numerous additional activities were undertaken to meet this emerging need. These included a major assessment of the organizational structure practices and performance of a significant local public authority in Jamaica and financial assessments for six towns in the Kenya Small Towns Shelter and Community Development Project.

The purpose of the management audit in Jamaica was to determine ways of improving the administration and management of the Kingston and St. Andrew Corporation and the services provided. The audit was to make recommendations for changes that would create an efficient and cost-effective system of local government responsive to present-day needs of the citizens of Jamaica.

Seven senior consultants in municipal management, municipal finance, public administration, and sectoral service delivery conducted the audit between October 1983 and

February 1984. The report, which has been widely distributed in Jamaica, made a series of recommendations as to how more efficient management and service delivery could be achieved.

Rural-Urban Linkage Assessments

Approaches to rural-urban linkage assessments were developed and tested to promote the complementary development of urban centers and their rural regions. An urban profile was completed in Zaire, focusing on the relationship between market towns and their surrounding agricultural regions. As a result of the study, the A.I.D. mission identified two new major capital investment projects in secondary and market towns. In addition, a paper entitled "The Rural-Urban Dimension" was prepared to assist in augmenting the changing role of cities in the national economy.

SHELTER PROGRAMS

Investment in the shelter sector represents the largest capital investment in urban areas. Therefore, shelter policies, planning, and programs that are efficient, affordable and seek maximum cost recovery are important components of national economic development and urban policy.

A.I.D.'s shelter objectives recognize the relationship of shelter to overall economic development. They include:

- Assist in the formulation of rational housing policy

- Demonstrate the feasibility of shelter solutions which low-income families can afford
- Facilitate the mobilization of additional local resources for financing shelter
- Develop sustainable shelter and urban service institutions
- Increase private sector participation
- Encourage the use of energy and resource efficient housing designs, technologies and standards
- Increase the survival rate of people and buildings in disaster prone areas through adoption of appropriate zoning and building regulations

Shelter Needs Assessment

To meet these objectives, the Office of Housing and Urban Programs developed a Shelter Needs Assessment Model to assist decisionmakers in the formulation of effective national housing policy. This model determines the number of units needed in the future to meet the growing demand for low-cost housing, to relieve overcrowding, and to replace unsalvageable units. The model also projects over a 20-year period the level of investment necessary to finance the addition of these units under various housing design standards. Its usefulness to policymakers is further heightened because it operates on microcomputers which makes the computation and comparison of outcomes under alternative conditions both quick and easy. The model has already been used in Kenya, Botswana, Sri Lanka, Colombia, Panama, Barbados, and Ecuador.

Site and Unit Design Handbook

The Site and Unit Design Handbook was commissioned, in early 1984, to serve as a reference manual for Regional Housing and Urban Development Officers and host country counterparts on new project design financed under the Housing Guaranty program. The document provides examples and guidance to users on site design, unit design, expandable units (horizontal and vertical) and related infrastructure. The handbook focuses primarily on site and unit design solutions that are affordable to families below the median income. The handbook illustrates basic site and unit design configurations applicable to different types of terrain and climate, as well as to different social, geographical and regional conditions. The publication draws from experience of A.I.D. staff and consultants, and from materials gathered in the field.

Technical Assistance

Technical assistance provided to meet A.I.D.'s shelter objectives includes three full-time technical advisors to work with the Ministry of Local Government and Lands in Botswana to put in place the National Housing Implementation Plan. Two of the advisors are working at the policy level to help establish a housing division within the Ministry, while a low-cost housing advisor is working directly with the Gabarone Self Help Housing Agency (SHHA). Assistance is also being given to coordinate self-help construction, improve housing subsidy and rental policy, increase private sector involvement in housing development, and formulate more modest and diverse housing standards. Additionally, the advisors will be responsible for training their counterparts within the Ministry, and for developing in-country skills training within SHHA.

Two full-time resident advisors are in Jamaica for two years to assist in and oversee Jamaica's Housing Guaranty program that is integrated with the official housing policy developed with the assistance of A.I.D. advisors. The technical assistance is geared toward improved project execution and management, institution building, and overall program development and finance.

The two advisors are located in the Ministry of Construction (Housing) where a shelter policy and planning secretariat has been established to better manage the Ministry's shelter program. Both advisors are fully engaged in the design, management, and financial aspects of overall program implementation, a portion of which includes the three active Housing Guaranty loans to Jamaica. A.I.D.'s active cooperation with the Ministry has resulted in some 20 ongoing projects that comprise roughly one-third of the total low-income housing program.

Advisors on short-term assignment to the Ivory Coast prepared a study that examines the possibility of using part of the financial assets of financial institutions to provide greater access to credit for social housing. Technical assistance was also provided to show how to use microcomputers to generate plans for housing sites in Abidjan. This represents one of the first applications of new computer programming techniques.

OCCASIONAL PAPERS

The Office of Housing and Urban Programs published four papers as part of its Occasional Paper Series focusing on recent findings in the areas of shelter, urban development, and housing finance in developing countries:

Women and Shelter

An examination of the special housing problems low-income women encounter in the urban areas of Paraguay, Honduras, and Tunisia, and possible housing solutions designed to accommodate the needs of urban women.

Informal Financial Circuits in West Africa

An examination of the channels through which credit and savings flow in the Ivory Coast, Liberia, Niger, Senegal, and Togo. This study demonstrates that formal financial institutions in these five West African nations must design credit and savings systems attractive to that segment of the urban population which now uses only informal financial networks. The relationship of financial patterns to the housing industry is a further focus of this study.

Upgrading: Concepts and Examples

An introduction to the subject of upgrading substandard urban neighborhoods in developing countries. The paper describes general concepts of upgrading as well as specific program approaches supported by the Office of Housing and Urban Programs.

Preparing a National Housing Needs Assessment

Prepared by the Office of Housing and Urban Programs as part of its contribution to the International Year of Shelter to the Homeless, it is designed to assist developing countries determine their current and future housing needs.

The Office of Housing and Urban Programs published a paper on the upgrading of urban neighborhoods as part of its Occasional Paper Series. The paper describes general concepts of upgrading and specific approaches, such as community participation, supported by A.I.D.



Country		Type of TA										Comments	
		Urban Policy, Concept Plans Urban Development Assessment	Socio-Economic Studies, Housing Needs Evaluation, Shelter Sector Assessment	Land Use Planning	Develop or Strengthen Public Institutions, Housing Policy	Develop or Strengthen Public Financial Institutions	Develop or Strengthen Private Financial Institutions	Housing Design or Engineering	Marketing of Units or Sales Processing	Project Management	Debt Service Analysis		Training
Africa	Botswana		●		●	●			●	●			Financial Management Analysis, Housing Needs and Finance Study, Project Management Review, Debt Management TA
	Guinea		●	●									Examination of Housing Needs and Policies
	Ivory Coast	●				●		●	●		●		Study of Housing Finance Sector, Analysis of Urban Development Issues, Institution Analysis
	Kenya		●			●	●	●	●		●		Management and Financial Institutions, Project Design Assessment of Training Institutions, Shelter Needs Assessment, Secondary Town Development Strategy
	Mali	●											Urban Rural Profile, Extend Full Remaining Assistance
	Mauritius									●		●	Country Debt Analysis, Computerization Assistance
	Rwanda					●						●	Institutional Analysis, Analysis of Human Settlement Patterns
	Sierra Leone		●										Shelter Sector Assessment
	Somalia			●	●								Review of Land Sale Policy and Infrastructure Standards
	Tunisia							●		●		●	Debt Service Analysis, Project Sanitation Component
	Uganda										●		Preparation for Housing Policy Training Seminar
Zaire	●											Urban Rural Profile	
Zimbabwe									●			Housing Project Evaluation	
Asia	India					●					●		Training Needs Assessment, Design and Implementation for HDFC
	Indonesia		●										Shelter Sector Analysis
	Nepal	●											Urban Development Assessment
	Philippines		●										Shelter Sector Strategy
	Sri Lanka		●		●				●				Analysis and Development of Management Information System

Country		Type of TA										Comments		
		Urban Policy, Concept Plans Urban Development Assessment	Socio-Economic Studies, Housing Needs Evaluation, Shelter Sector Assessment	Land Use Planning	Develop or Strengthen Public Institutions, Housing Policy	Develop or Strengthen Public Financial Institutions	Develop or Strengthen Private Financial Institutions	Marketing of Units or Sales Processing	Housing Design or Engineering	Project Management	Debt Service Analysis		Training	Other
Caribbean	Barbados					●					●			Housing Cost Study, Operational Manual for Barbados Mortgage Finance Company Promotion of Private Sector Finance Institution, TA for Haiti National Mortgage Bank Debt Service Analysis, Management Audit, Study of Housing Finance Sector, Analysis of Urban Development Issues, Institution Analysis
	Haiti					●								
	Jamaica	●			●	●					●			
Latin America	Colombia		●											Shelter Sector Analysis Shelter Sector Analysis, Infrastructure Needs Assessment, Institu- tional Analysis, Financial Analysis Debt Service Analysis, Housing Market Analysis, Analysis of Shelter Sector Policy, Financial Training Materials Financial and Economic Analysis, Debt Service Analysis, TA and Training for Municipal Financial Administration Shelter Sector Assessment Marketing Programs Development, Analysis of Housing Shortage Design of Sales Strategy for Finavi, Country Risk and Debt Service Analysis, Review of Design Standards and Specifications for Water Sewage Authorities Development of Financial Training Materials, Urban Development Assessment Urban Policy Studies Assessment
	Costa Rica		●	●	●									
	Dominican Republic			●	●					●		●		
	Ecuador		●		●					●	●			
	El Salvador		●											
	Guatemala		●					●						
	Honduras							●		●		●		
	Panama	●				●								
Peru	●													
Near East	Egypt		●											Housing and Community Upgrading Analysis TA for Development of National Housing Strategy Review of Construction Costs and Standards, Preparation of Construction Schedule
	Jordan				●									
	Portugal							●						

TRAINING AND CONFERENCES

The Office of Housing and Urban Programs recognizes the importance of training, and has funded and participated in numerous training activities including conferences and seminars, workshops, and short- and long-term technical training sessions.

A.I.D. has developed a training strategy that ensures maximum learning from available resources, and has established the following training objectives:

- to communicate and promote A.I.D. shelter and urban development policy with key host country officials
- to improve personnel skills needed for implementing programs so as to expediate the development of competent shelter and urban programs
- to promote networks of shelter and urban development professionals and local institutions in developing countries

Examples of activities designed to meet these objectives include:



TRAINING

Local Government Training and Joint A.I.D., World Bank and UNCHS Collaboration

An appreciation of the constraints faced by developing nations in managing urban growth has led A.I.D. and other international donor agencies to focus increasing attention on the need to improve the training and delivery capacities in the shelter and urban sectors. New and growing emphasis is being placed on reexamining the role of training, analyzing the priority requirements and capabilities of local authorities and considering new forms of collaboration to maximize resources and eliminate duplication of effort.

The increased attention being paid to training in the human settlements and urban development sectors was evident during the 7th Session of the UNCHS Commission meeting held in Gabon from April 30 to May 11. The Commission meeting, co-chaired by the Deputy Director of the Office of Housing and Urban Programs, John Howley, addressed the theme of training and information for human settlements. Principal among the recommendations that emerged was the need to carry out training needs assessments, develop indigenous capabilities, train trainers, and shift the role of donor agencies from direct training to supporting local training activities and institutions.

Within the spirit of these recommendations, A.I.D., the World Bank and UNCHS have undertaken a long-term training project to design and test simple methods and procedures for evaluating and addressing the training requirements of local authorities. This is the first of

what is expected to be a series of collaborative efforts between the Office of Housing and Urban Programs and other international donors aimed at establishing both a common policy on training and a common approach to filling in gaps in training systems.

Latin America Training Center

In 1984, three new seminars and training programs were designed and carried out by the Office of Housing and Urban Programs' Latin American Training Center. Courses on financial analyses of savings and loan systems, project planning and implementation, and national economic policy and the construction sector attracted more than 70 participants from countries throughout the Latin American region.

East and Southern Africa

A number of training activities are currently being implemented in East and Southern Africa under the direction of a full-time resident training specialist with the Regional Housing and Urban Development Office in Nairobi. Emphasis of these activities is on building local government capacity through: 1) training of trainers; 2) assisting local training institutions; 3) assessing local government training needs; and 4) preparing training materials. Most of these efforts are in collaboration with the Government of Kenya but limited training assistance is being provided also to the Governments of Somalia, Sudan, Uganda, Botswana and Zimbabwe. Much of the donor collaboration with the World Bank and UNCHS is occurring in Kenya with the expectation that training experience gained in this country can be shared with other countries throughout the region.

5th Annual International Shelter Workshop for Senior Professionals - Washington, DC

Thirty-nine participants from 23 countries participated in the 5th Annual International Shelter Workshop for Senior Professionals, September 30 to October 29, 1983, sponsored by A.I.D. Topics included national finance and the housing market, international financing markets, project finance and cost recovery, and a computer model for designing alternate subdivision and utility system layouts.

Housing Seminars and Workshops Massachusetts Institute of Technology

A number of officials were sent to shelter sector workshops and seminars held at MIT. The topics included urban upgrading, design evaluation of new urban settlements, and national urban policy and infrastructure planning.

Program for Housing Officials University of California at Berkeley

This is a highly individualized program in which a unique course of study is formulated for each participant based on the individual's prior training, current responsibilities, and local institutional needs. The program expanded its regional representation and included housing officials from Barbados, Colombia, Indonesia, Sri Lanka, and Thailand. Research generated in this program include papers on "Alternative Approaches to Housing Finance in Sri Lanka", "Criteria for Planning Transportation Centers and Truck Stops in Colombia", "Methods to Increase Funds for Capital Improvement and Housing Credit in Indonesia", "Course Curriculum for Mid-Career Training of Construction Managers in Sri

Lanka", and "A Proposal Package for Effective Management of Public Housing in Sri Lanka".

CONFERENCES AND SEMINARS

9th Annual Housing and Urban Development Conference - Dakar, Senegal

The current policy debate on the role that secondary cities can and should play in promoting national economic growth dominated the discussions at the 9th Annual Housing and Urban Development Seminar in Dakar, Senegal, April 9-13.

One of the highlights of the seminar, attended by 220 housing and urban professionals from 26 countries in Africa and the Near East, was a debate on the allocation of scarce national resources for urban development.

Two days were devoted exclusively to a series of workshops to examine some of the key constraints to the development of secondary cities and discussions on the merit of various solutions as well as their application.

Urban Development Assessment Seminar - Nepal

The findings and recommendations of an urban development assessment study conducted for the Government of Nepal by the Office of Housing and Urban Programs were presented at this seminar sponsored by the Nepal A.I.D. Mission, March 25-27, in Kathmandu. Participants included more than 50 representatives from the Nepalese Government as well as the World Bank and other donor agencies. The seminar produced a report which the National Planning Commission of Nepal will use in preparing its upcoming development plan.

Housing Finance Seminar - India

The seminar brought together 15 top executives from seven major private and public housing finance institutions in Asia to examine the role of the private sector in financing housing for lower-income households and the resources that are available to them. Presentations were made by representatives from Thailand, the Philippines, Korea, and Indonesia.

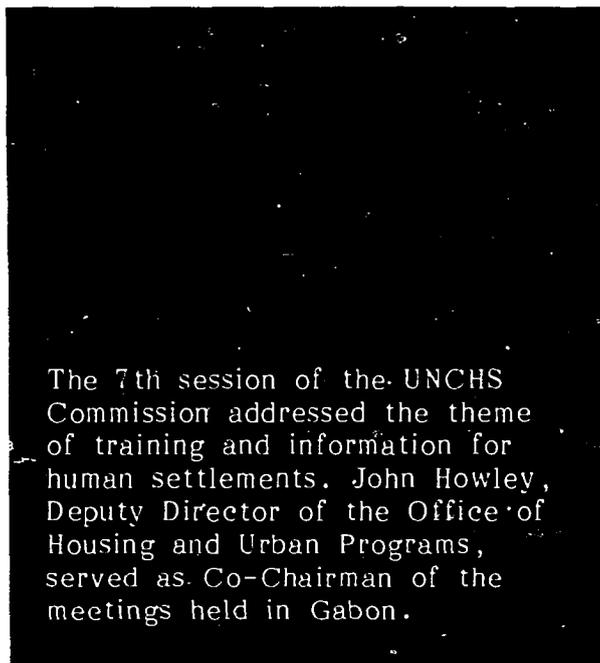
National Seminar on Housing Development Policy - Thailand

Thailand's first national seminar on housing development policy, sponsored by the National Economic and Social Development Board, was funded through urban development support services funds administered by the Office

of Housing and Urban Programs. The seminar examined the national housing policy adopted by the government in late 1983 and the ways in which public and private sectors could work together to advance the policy implementation and development process.

Inter-American Saving and Loan Union Conference

Representatives from the Office of Housing and Urban Programs participated in the Inter-American Savings and Loan Conference in Miami, Florida in May 1984.



The 7th session of the UNCHS Commission addressed the theme of training and information for human settlements. John Howley, Deputy Director of the Office of Housing and Urban Programs, served as Co-Chairman of the meetings held in Gabon.



THE PRIVATE SECTOR, A.I.D. AND THE INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS

Following a proposal made by the Prime Minister of Sri Lanka, the United Nations declared 1987 as the International Year of Shelter for the Homeless (IYSH). The principal objective of IYSH is to focus attention on the shelter problem of the poor and to develop national strategies and programs to eliminate it by the Year 2000.

The International Year of Shelter for the Homeless figured prominently this past year in the agendas of several major international conferences in which A.I.D. was an important participant. One such meeting was an International Shelter Conference hosted by the National Association of Realtors and supported by a powerful coalition of U.S. and international private sector organizations. This two-day conference, attended by more than 150 housing experts from around the world, was the first meeting of its kind sponsored by private organizations. Recognizing that available public resources are insufficient to address the worldwide demand for basic minimum shelter, the conference sought to initiate a partnership between public and private sectors to solve the world's shelter problem.

Donald Treadwell, President of the National Association of Realtors, called the meeting "the broadest array of talent ever to address the shelter issue." In his opening remarks to the conference, he read a message from President Ronald Reagan that is reproduced on the opposite page. In this message, the President confirms his belief that the problem of inadequate shelter is one of the most critical facing the world today; one which

requires the best efforts and collaboration of governments, international organizations and private sector groups. This theme was reinforced in the conference keynote address delivered by the Administrator of A.I.D., M. Peter McPherson. He emphasized A.I.D.'s belief that private individuals and organizations provide the most promising solutions to the reduction of poverty and the improvement of human settlements, and that assisting governments to become "facilitators" in the housing delivery process, as distinct from "providers", is a major focus of A.I.D. policy.

Much of the shelter conference agenda was devoted to developing and adopting specific recommendations on a variety of topics: land policy and security of tenure, building materials, standards and planning, and financial mechanisms for promoting housing and public/private sector cooperation.

Conference Participants

Co-Host United States' Real Estate Association	Co-Sponsor International Real Estate Associations	Participating Governments and Government Agencies
American Bankers Association American Land Development Association American Planning Association American Institute of Certified Planners Cooperative Housing Foundation Council of State Housing Agencies Housing Assistance Council Mortgage Bankers Association National Forest Products Association National Association of Home Builders National Association of Realtors® National Council of Savings Institutions United States League of Savings Institutions Urban Land Institute	International Council for Building Research, Studies and Documentation International Federation of Consulting Engineers International New Town Association International Union of Building Societies and Savings Associations Other Participating U.S. Organizations Federal National Mortgage Association Federal Home Loan Mortgage Corporation Government National Mortgage Association Federal Home Loan Bank Board	U.S. Department of State U.S. Department of Housing and Urban Development U.S. Department of Commerce National Bureau of Standards U.S. Agency for International Development Canadian International Development Agency Urban Development Corporation, Jamaica Ministry of Local Government, Housing and Construction, Sri Lanka Other Participating International Organizations United Nations World Bank International Monetary Fund



The International Shelter conference was attended by more than 150 housing experts from around the world. Below: Participants included Dr. Jack Carlson, Executive Vice President of the National Association of Realtors; Dr. Arcot Ramachandran, Executive Director of the United Nations Center for Human Settlements; and Mr. M. Peter McPherson, Administrator of the Agency for International Development (A.I.D.).



THE WHITE HOUSE
WASHINGTON

November 1, 1984

I am delighted to extend greetings to the delegates from around the world attending the International Shelter Conference and to wish you all a most successful and productive meeting.

The problem you are addressing -- that of inadequate shelters -- is one of the most critical facing the world today, and I wish to congratulate the National Association of Realtors and the other co-host organizations on undertaking this important initiative. Together, you represent a uniquely powerful group of concerned experts and institutions. I feel sure that the conclusions emerging from your deliberations will help lead the way to a better-sheltered tomorrow.

Adequate housing is a fundamental need and a right of people everywhere. When we improve housing, we don't simply promote economic growth and social progress, we also strengthen families, communities and systems of government. I know of no higher priority in national and international development.

For their part, governments and international organizations can help to solve the world's international shelter crisis; however, we will also require the best efforts of individuals and private sector organizations.

In our own United States we see how the public and private sectors have joined hands to reach goals neither could reach on its own. Again, I wish you my very best in this worthwhile endeavor.

Ronald Reagan

FINANCIAL REPORT

At the close of the fiscal year ending September 30, 1984, the Housing Guaranty Program had a net worth of \$48,454,110.

Total income from all sources for the year was \$10,633,339 which is approximately the same as the previous year.

The total Congressional Authority remained the same as last year at \$1.74 billion, of which \$1.319 billion is under contract in 137 projects. This is an increase of 4 projects and \$59 million over fiscal 1983. An additional \$463 million has been authorized for 30 projects not yet under contract. The total authority available as of September 30, 1984 was \$133.5 million, including \$172 million of Housing Guaranty loan repayments.

During fiscal year 1984, a total of \$150 million in authorizations was made for seven new projects and three existing projects.

Administrative expenses including contractual services amounted to a total of \$5.71 million before claim losses. This represented 54 percent of fee 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 1984

ASSETS

Funds with U.S. Treasury	\$ 2,323,086.42	
U.S. Obligations - Par Value	\$ 11,500,000.00	
Less: Unamortized Discount	169,379.03	11,330,620.97
Accrued Fees Receivable		2,332,321.75
Interest on Rescheduled Claims Receivable		450,427.20
Penalty Interest Receivable		2,579,635.43
Accounts Receivable		52,031.60
Advances:		
Advances to Contractors	175,774.57	
Travel & Other Advances to Employees	105,525.50	281,300.07
Subrogated Claims Receivable		22,198,568.52
Rescheduled Claims Receivable		9,692,415.77
Furniture and Equipment		628,800.60
Less: Allowance for Depreciation	227,642.81	401,157.79
TOTAL ASSETS		\$ 51,641,565.52

LIABILITIES & NET WORTH

LIABILITIES

Accounts Payable	\$ 1,509,582.59
Accrued Expenses Payable	1,103,978.17
Deferred Rescheduled Claims Payable	573,894.29
Accrued Annual Leave	270,830.00
TOTAL LIABILITIES	\$ 3,458,285.05

NET WORTH

Housing Guaranty Program:	
Capital	\$46,469,021.71
Reserve for Rescheduled and Unpaid Debt	573,894.29
Cumulative Loss - Beginning of FY	(4,325,678.88)
Operating Gain (Loss) FY84 to date	2,925,480.90
Subtotal	\$ 45,642,718.02
Other Credit Guaranty Program:	
Credit Guaranty Reserve Section 222-A(e)	2,811,392.45
TOTAL NET WORTH	\$ 48,454,110.47
UNFUNDED ACTIVITY	
Unfunded Accrued Annual Leave	(270,830.00)
TOTAL LIABILITIES & NET WORTH	\$ 51,641,565.52

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

STATEMENT OF INCOME AND EXPENSES
Fiscal Year 1984

INCOME

Fees (See Note 1)	\$ 6,436,964.59
Penalty Interest	1,625,058.88
Interest on Rescheduled Claims	687,203.05
Other	<u>116,379.56</u>
	\$ 8,865,606.08
Investment Income (U.S. Obligations)	<u>1,787,733.22</u>
Total Income	\$10,633,339.30

EXPENSES

Administrative:	
U.S. Direct Hire	\$ 2,359,499.58
F.N. Direct Hire	74,779.57
U.S. Contract Personnel	93,582.05
F.N. Contract Personnel	91,393.45
Housing	300,592.03
Operational Travel	434,910.61
Other Office Operations	529,596.41
Agency Support Costs	<u>930,700.00</u>
Total Administrative Expenses	\$ 4,815,053.70
Contractual Services	897,353.96
Total Expenses Before Claim Losses	5,712,407.66
Net Income Before Claim Losses	\$ 4,920,931.64
Claim Losses:	
Payments to U.S. Investors	\$(2,099,233.71)
Claims Recoveries	<u>190,873.50</u>
Total Net Claim Losses (See Note 2)	\$(1,908,350.21)
Fee Losses	(46,416.15)
Claims and Other Receivables Written-Off	-0-
Net Income or (Loss) for Current FY	\$ 2,966,165.28
Prior FY Adjustments	<u>(40,684.38)</u>
NET INCOME OR (LOSS)	\$ 2,929,480.90

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

CONTRACT ISSUING AUTHORITY
as of September 30, 1984

1. CONGRESSIONAL AUTHORITY

Worldwide Housing Guaranties		
a. FAA 1969 (Section 221 and 222)	\$1,718,000,000	
b. Prior Authority (Section 223 d)	25,100,000	
TOTAL CONGRESSIONAL AUTHORITY (Section 221,222, 223 d)		\$1,743,100,000

2. REPAYMENTS

a. Section 221, 222, and 223 d	\$188,515,054	
b. Less: Section 223 d (Not available for new guaranties)	16,613,544	
NET PAYMENTS		171,901,510

3. PROGRAM STATUS: Total Projects Authorized

	No. of Projects	Dollar Amount
a. Total Projects Authorized and Under Contract:		
Africa	14	\$ 121,467,064
Asia	13	165,753,566
Latin America	94	721,917,595
Near East	16	<u>308,992,798</u>
TOTAL	137	\$1,318,131,023
b. Total Projects Authorized Not Yet Under Contract:		
Africa	9	\$ 118,000,000
Asia	4	64,000,000
Latin America	12	184,400,000
Near East	5	<u>97,000,000</u>
TOTAL	30	\$ 463,400,000
c. Total Projects Authorized:	<u>167</u>	<u>\$1,781,531,023</u>
4. TOTAL AUTHORITY AVAILABLE (Section 221 & 222)		133,470,487

**NOTES TO FINANCIAL STATEMENTS
as of September 30, 1984**

1. Fee Income

Total Fee Income excludes \$8,852 and \$11,775 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 \$8,852 and \$11,775 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		\$1,105,183,323
Project reserve funds	\$ 5,007,242	
Prepayments on hand	201,385	5,208,627
Balance		\$1,099,974,696
Host country guaranties	\$943,278,006	
Other guaranties	149,069,278	1,092,347,284
Balance		\$ 7,627,412

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 \$7.6 million.

4. Project Reserve Funds

As of September 30, 1984, 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>
A.I.D. Central Fiscal Agent (Riggs Natl Bank)	\$ 329,395	\$ -0-	\$ 329,395
U.S. Investors and/or their Agents	3,539,731	3,539,731	-0-
Project Administrators	<u>1,138,116</u>	<u>1,138,116</u>	<u>-0-</u>
	\$ <u>5,007,242</u>	\$ <u>4,677,847</u>	\$ <u>329,395</u>

These funds are used to cover delinquencies and protect against activating the A.I.D. 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, 1984, the following payments have been made from fungible reserves held by the Central Fiscal Agent, to cover deficiencies:

<u>Country</u>	<u>Project No.</u>	<u>Amount</u>
Costa Rica	515-HG-003	\$ 35,670
	515-HG-004	40,285
	515-HG-005	35,141
Dominican Republic	517-HG-005	51,717
	517-HG-006	145,717
Ecuador	518-HG-003	43,495
El Salvador	519-HG-005	58,985
Guyana	504-HG-002	8,302
Jamaica	532-HG-001/B	20,806
	532-HG-002	70,662
	532-HG-008	33,592
Mexico	523-HG-006	12,677
Nicaragua	524-HG-001/B	5,814
	524-HG-003	237,755
Panama	525-HG-004	29,774
	525-HG-005	22,643
Venezuela	529-HG-008	<u>36,661</u>
TOTAL		\$ 889,696

RECOVERABLE CLAIMS
from inception to September 30, 1984

Country	Project No.	Subrogated Claims Outstanding 9/30/84
Argentina	510-HG-003	\$ 1,007,217
	510-HG-004	502,029
	510-HG-005	1,035,938
	510-HG-006/7	619,627
Bolivia	511-HG-003	82,927
	511-HG-004	258,348
	511-HG-005	239,600
Costa Rica	515-HG-006	1,539,345
Dominican Republic	517-HG-005	28,586
	517-HG-006	650,861
	517-HG-007	139,016
	517-HG-008	487,519
Ecuador	518-HG-003	278,128
	518-HG-004	150,312
	518-HG-005	1,085,283
El Salvador	519-HG-001	68,852
	519-HG-002	394,881
	519-HG-005	289,113
	519-HG-006/B	62
Ethiopia	663-HG-001	742,730
Guyana	504-HG-001	123,820
	504-HG-002	158,985
Honduras	522-HG-004	74,101
Ivory Coast	681-HG-001	94,467
	681-HG-002	311,278
	681-HG-003	388,625
	681-HG-003/B	631,400
	681-HG-004	1,178,988
Jamaica	532-HG-009	728,823
	532-HG-010	1,309,500
	532-HG-011	1,193,714
Kenya	615-HG-001	63,011
Mexico	523-HG-004	67,394
Nicaragua	524-HG-002	2,177,725
	524-HG-003	2,425,637
Panama	525-HG-004	39,652
	525-HG-005	487,436
Peru	527-HG-003	40,325
Senegal	685-HG-001	407,891
Tunisia	664-HG-001	23,005
Venezuela	529-HG-006	157,417
TOTAL		\$22,198,568

NON-RECOVERABLE CLAIMS/LOSSES
from inception to September 30, 1984

Country/Project	Project No.	Cumulative Losses Incurred* (less reimburse- ments to 9/30/84)
Argentina Parquefield	510-HG-001	\$ 5,220,254
Costa Rica	Desarrollo Urbano 515-HG-003	620,179
	Desarrollo Urbano 515-HG-004	702,141
	Desarrollo Urbano 515-HG-005	317,598
Dominican Republic COINFO	517-HG-003	650,000
Jamaica	Independence City 532-HG-001/A	2,084,048
	Independence City 532-HG-001/B	322,545
	Ensom City 532-HG-002	2,371,766
	Montego 532-HG-008	760,389
Mexico Matamoros	523-HG-006	330,971
Nicaragua	Desarrollo Urbano 524-HG-001/A	1,226,160
	Desarrollo Urbano 524-HG-001/B	82,026
Peru	Apollo 527-HG-001/A	366,936
	Apollo 527-HG-001/B	602,321
	Jardines Viru 527-HG-002	2,274,590
	Salamanca 527-HG-004	1,256,004
	Banco de la Vivienda del Peru 527-HG-006	307,969
TOTAL NON-RECOVERABLE CLAIMS		19,496,897
TOTAL ALL CLAIMS		\$ 41,695,465

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

**PROJECTS DEAUTHORIZED DURING
FISCAL YEAR 1984**

Country	Project Number	Amount Deauthorized
Cameroon	631-HG-001	\$10,000,000
Dominican Republic	517-HG-009	15,000,000
Korea	489-HG-004	5,000,000
	489-HG-006	5,000,000
	489-HG-008	25,000,000
Liberia	669-HG-001	10,000,000
Paraguay	526-HG-002	8,000,000
Togo	693-HG-001	15,000,000
Zambia	611-HG-001	10,000,000
TOTAL		103,000,000

CLAIMS AGAINST GUARANTY

The devaluation of the currency of some countries and other occurrences have resulted in shortages in payments received from the administrators or borrowers by the lenders for a few projects. These lenders have made claims to A.I.D. to make payment for the amounts of the deficiencies. In addition, A.I.D. made full payment of the outstanding loan balance to the lender on one loan.

Some of these claims are deemed to be fully recoverable by virtue of host countries guaranties to reimburse A.I.D. for any payments it makes. In the instances where A.I.D. made full payment of the outstanding loan balance to the lender, a portion of the loan is recoverable from the remaining payments due from the individual homeowners. Other claims not covered by host country guaranties are judged nonrecoverable when applicable resources are exhausted.

**PROJECTS AUTHORIZED AND UNDER CONTRACT
as of September 30, 1984**

Country	Number of Projects	Amount Authorized	Amount Disbursed	Outstanding Balance	Reserve Balance in	
					USA	Overseas
AFRICA						
Botswana	2	9,900,000	9,900,000	9,900,000	-0-	-0-
Ethiopia	1	1,541,202	1,541,202	929,447	(32,741)	-0-
Ivory Coast	5	53,032,792	53,032,792	49,234,171	-0-	-0-
Kenya	3	16,993,073	16,993,073	15,031,490	-0-	-0-
Senegal	1	4,999,997	4,999,997	2,196,822	103	-0-
Zaire	1	10,000,000	10,000,000	7,784,526	-0-	-0-
Zimbabwe	1	25,000,000	25,000,000	25,000,000	-0-	-0-
SUBTOTAL	14	121,467,064	121,467,064	110,076,456	(32,741)	-0-
ASIA						
Republic of China	1	4,793,417	4,793,417	503,036	1,212,603	-0-
India	2	30,000,000	30,000,000	30,000,000	-0-	-0-
Korea	7	95,000,000	95,000,000	92,225,008	-0-	-0-
Sri Lanka	1	21,000,000	21,000,000	21,000,000	-0-	-0-
Thailand	2	14,960,149	14,960,149	11,291,869	270,582	664,812
SUBTOTAL	13	165,753,566	165,753,566	155,019,913	1,483,185	664,812
NEAR EAST						
Israel	7	200,000,000	200,000,000	187,726,175	-0-	-0-
Lebanon	2	30,000,000	30,000,000	30,000,000	-0-	-0-
Portugal	2	40,000,000	40,000,000	40,000,000	-0-	-0-
Tunisia	5	38,992,798	38,992,798	33,437,445	15,851	-0-
SUBTOTAL	16	308,992,798	308,992,798	291,136,620	15,851	-0-

PROJECTS AUTHORIZED AND UNDER CONTRACT (continued)
as of September 30, 1984

<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>
LATIN AMERICA						
Argentina	5	39,721,394	39,721,394	25,076,812	41	-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	11,678,989	-0-	-0-
CABEI	9	114,888,377	108,036,250	101,692,688	-0-	-0-
Chile	2	55,000,000	55,000,000	55,000,000	-0-	-0-
Columbia	3	26,866,084	26,866,084	3,993,561	-0-	-0-
Costa Rica	6	25,552,485	23,002,398	20,192,836	(111,096)	-0-
Dominican Republic	5	16,309,726	16,309,726	7,762,346	39,515	-0-
Ecuador	3	27,396,726	27,396,726	25,705,782	8,579	(43,495)
El Salvador	4	21,407,615	21,407,615	16,755,162	(58,985)	-0-
Guatemala	1	1,500,000	1,500,000	1,030,576	16,145	118,368
Guyana	2	1,603,480	1,603,480	423,737	7,839	(8,302)
Honduras	6	42,864,785	42,864,785	38,010,939	781,459	83,319
Jamaica	7	54,333,546	54,333,546	44,257,679	(125,060)	-0-
Mexico	2	10,760,032	10,760,032	797,536	(12,677)	-0-
Nicaragua	3	15,924,915	15,924,915	9,115,469	(243,569)	-0-
Panama	11	63,172,213	59,672,213	52,920,919	18,194	409,191
Paraguay	1	4,000,000	4,000,000	3,880,630	-0-	-0-
Peru	9	117,665,659	106,135,126	90,874,258	-0-	-0-
Venezuela	9	51,350,659	51,350,659	21,753,415	875,190	389,985
SUBTOTAL	92	677,087,247	673,587,247	534,175,712	2,817,893	570,418
TOTALS ALL REGIONS	137	1,318,131,023	1,293,698,377	1,105,183,323	3,225,617	1,138,116
INTEREST HELD					643,509	
GRAND TOTAL	137	1,318,131,023	1,293,698,377	1,105,183,323	3,869,126	1,138,116

*Interest Guaranty Deposits

PROJECT DEVELOPMENT METHODOLOGY

The Housing Guaranty Program involves collaboration with a 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, the Office of Housing and Urban Programs, working with host country officials, will prepare a shelter sector assessment. Based on this analysis, the office 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, the Office of Housing and Urban Programs and the borrower enter into an Implementation Agreement defining the use of the loan. Disbursements under the loan will be 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.A. 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 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 (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 lent 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 also are 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.

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