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AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

This past year witnessed continuing dramatic shifts in relations within and among nations, east and west. These changes present A.I.D. with new challenges and opportunities. This Annual Report outlines A.I.D.'s response to some of these challenges.

In late 1989, Congress passed the *Support for Eastern European Democracy Act*, which authorized economic assistance to help these nations establish democratic societies and market economies. The housing sector will receive priority assistance in 1991 where we are helping to establish a private real estate market. A new section has been added to our Annual Report, which summarizes our activities in Eastern Europe.

In April, 1990, private and public sector officials from more than forty countries gathered in Washington, D.C. for the *Third International Shelter Conference* sponsored by the U.S. private sector. Thirteen countries presented case studies on their shelter problems and solutions which demonstrated how the public and private sectors have worked together effectively.

Land and infrastructure continue to be prerequisites to addressing the housing problem. Land becomes "unlocked" with the right of tenure. Tenure, in turn, unlocks individual initiative—which is at the heart of any shelter solution.

Another key factor is the division of labor between the public and private sectors. The public sector should do what people cannot do for themselves. If the public sector does that well, the private sector will do the rest. The private sector includes business, non-profits, and the individual initiative of families themselves.

We have learned that central control of governments has not worked effectively and that most governments in the world are now trying decentralization in one form or another.

This year's Annual Report outlines activities on the urban environment, the private provision of social services, a local currency guaranty, municipal management, coordination with the Peace Corps and disaster relief shelter.

The challenge facing all of us is that of applying what we are learning and making it truly work to provide decent shelter for all by the year 2000. Our work is ahead of us still.

Sincerely yours,



Peter Kimm, Director
Office of Housing and Urban Programs

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All references to 1990 in this Report are to fiscal year 1990, October 1, 1989 to September 30, 1990. All references to currency are U.S. dollars.

Program Summary

The Office of Housing and Urban Programs of the Agency for International Development (A.I.D.) addresses the shelter and urbanization needs of developing countries and administers A.I.D.'s Housing Guaranty Program. With USAID Missions and country officials, the Office develops strategies for program planning, management and capital investment to benefit low-income urban families.

The Office has seven Regional Housing and Urban Development Offices (RHUOs) to advise USAID Missions and to co-manage with them most of A.I.D.'s capital and technical assistance programs for housing and urban development. The Office also engages in dialogue with country officials to promote policies that improve municipal management and expand affordable shelter, water and sanitation services, financial services, community facilities, and training of local officials.

The Housing Guaranty Program

The Housing Guaranty Program has been A.I.D.'s primary capital resource for shelter programs and related urban activities. Through this program, the U.S. private sector provides long-term financing for low-income shelter and neighborhood upgrading programs in developing countries. Because

the U.S. Government guarantees loan repayment, private lenders charge favorable interest rates. A.I.D. charges a fee to cover its operating expenses.

A.I.D. has authorized over \$2.5 billion in loan guaranties to finance housing projects and urban programs since the program's inception in 1964. To date, U.S. investors have disbursed over \$1.8 billion for 204 projects in over 40 countries. In recent years, the Office has managed approximately \$5 million annually in centrally-funded grants for related technical assistance, research, and training. Individual country programs usually include Mission-funded technical assistance.

Other Urban Programs

In response to the rapid growth of urban areas, the Office assists A.I.D.'s Regional Bureaus and the USAID Missions to design and carry out technical assistance, training, and funding activities in the areas of municipal management, low-income shelter, and community participation. Guided by A.I.D.'s emphasis on economic growth, job creation, market forces, the private sector, and decentralization, the Office works to further a better understanding of these key policy areas and to impart the skills to implement them.

The Regional Offices sponsor at least one conference in their region each year and regional staff also participate in meetings of the United Nations, the Organization

for Economic Cooperation and Development, and regional development banks. Through these meetings, A.I.D. examines how foreign assistance can have the greatest positive impact on economic and social development in rapidly urbanizing countries.

Organization of the Office of Housing and Urban Programs

The Office of Housing and Urban Programs is part of A.I.D.'s Bureau for Asia and Private Enterprise. In addition to seven Regional Offices, in Fiscal Year 1990, the Central Office in Washington had three divisions which did the following:

- The Operations Division provided oversight and support to the Regional Offices and coordination with A.I.D.'s three geographic bureaus;
- The Program Support Division, which has been eliminated due to an Agency reorganization, managed the Office's loan portfolio, budget, personnel, and contracts, as well as the Office's publications and information systems;
- The Policy and Urban Programs Division provided advice to the Director and Regional Offices about research, policy, and training.

New Initiatives

The new initiatives explained in this section concern the environment, private provision of social services, a local currency guaranty, municipal management, Peace Corps coordination and disaster shelter.

These initiatives were developed in close collaboration with the USAID Missions and Regional Bureaus.

The Environment

Urban development affects the human environment as well as the natural environment. Unfortunately, urban growth in many developing countries has engendered myriad environmental problems, degrading land, air and water resources. In addition, there are large and growing squatter settlements where the majority of the poor live with little access to basic services. On the positive side, urbanization can allow for a more efficient provision of services and use of natural resources.

In addition to financing capital improvements, the Office has attempted to demonstrate that rapid urban growth need not always lead to sprawling informal settlements and inadequate municipal services. Training and technical assistance activities seek to improve municipal management capacity, and, thus, foster environmentally sound growth of cities.

The Office developed an urban environmental strategy and action plan in 1990, based on previously sponsored research. The action plan

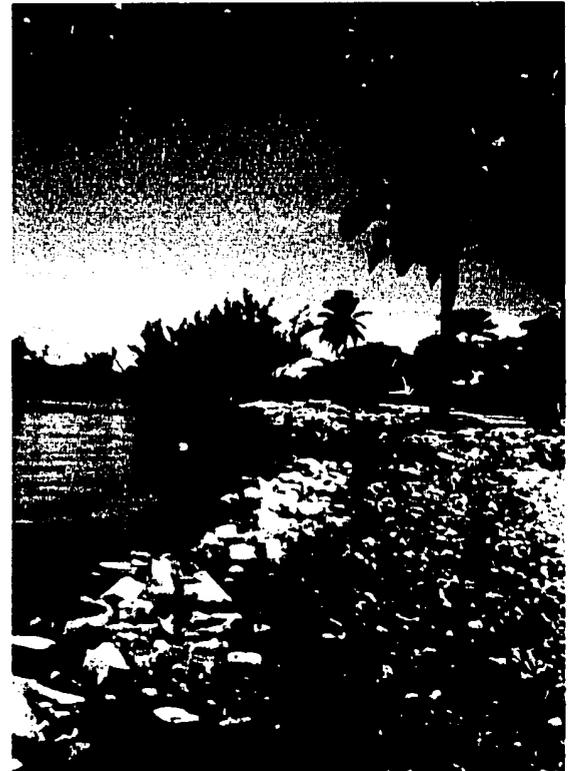
seeks to incorporate urban environmental issues into A.I.D. programming, build consensus in selected countries on addressing these issues, and conduct policy dialogue with other countries. The Office is also cooperating closely with the Offices of Health and Forestry, Environment and Natural Resources in the development of environmental control projects. This action plan will be the basis for establishing guidelines for environmentally sound urban programs.

The Office's Washington-based efforts include the incorporation of urban and industrial pollution and environmental health into A.I.D.'s strategy for the environment, *Environmental Initiatives*. The Office added three new staff members in 1990 to implement the initiatives. Subsequently, consideration of the urban environment has been incorporated into the environmental strategies of many offices within A.I.D.

Private Provision of Social Services

Local authorities frequently have been unable to meet the growing demand for basic services, particularly solid waste collection and disposal. Uncollected refuse poses serious threats to public health and contaminates valuable land and water resources.

Currently, municipalities are responsible for most solid waste collection and disposal activities, although these activities can and do



*Urban growth in many developing countries engenders myriad environmental problems, degrading land, air and water resources, such as this formerly pristine Caribbean beach. The Office of Housing addresses urban and industrial pollution and environmental health issues in its *Environmental Initiatives* strategy.*

attract private enterprises. While municipalities may expend half of their budget on these services, rarely is it provided to more than 30 to 50 percent of municipal residents. User fees, if charged at all, rarely cover the costs. These services tend to be highly subsidized on the one hand, and targeted to middle- and high-income groups on the other.

In accordance with the goal of private provision of social services, the Office designed a program to



A.I.D. responds to growing shelter and urban development needs caused by population growth, rapid urbanization, and natural disasters.

assist in the privatization of solid waste services. The program objectives are to: alleviate the environmental degradation caused by inefficient solid waste services; demonstrate the feasibility of private sector provision of these services; and strengthen municipalities' ability to provide adequate coverage through greater reliance on the private sector.

Currently, the Office is funding technical assistance to three capital projects in Botswana, Costa Rica, and Haiti, and providing technical assistance to cities in Ecuador, Morocco, Honduras, Mali, Senegal, Togo, and Tunisia.

Local Currency Guaranty

The Office is exploring opportunities for financing shelter and urban investment through mobilization of local currency. Traditionally, the Office has guaranteed dollar loans, which carry a risk to A.I.D. associated with debt rescheduling and increased debt service facing strapped governments of developing countries. The Office has conducted studies in Chile, Indonesia, Kenya, and Thailand to assess the feasibility of a U.S. guaranty for local currency lending which lacks this risk.

Through this lending mechanism, A.I.D. would guaranty loans made by eligible local investors, to local institutions such as municipalities, statutory corporations, or private entities that provide urban services. This would enhance the borrower's creditworthiness and the capacity of local lending institutions.

Stimulating local currency financing for the provision of social services and infrastructure continues to be one of the Office's long-term objectives. Creating a municipal bond market within capital markets may also mobilize significant local resources to finance vital urban activities.

Municipal Management

In 1990, the Office sponsored a new project to provide technical services to USAID Missions in the areas of municipal management, finance, and training. The International City Management Association (ICMA), a consortium of American urban management professionals, will share its expertise with municipal officials in developing countries.

These professionals will work directly with their counterparts in developing countries to resolve the day-to-day problems of managing a city, including financing physical infrastructure and controlling environmental degradation by privatizing services, and promoting citizen participation in community decision-making. The program seeks to build peer relationships among municipal officials in developing nations and in the United States and other industrialized countries while fostering the decentralization of responsibilities to the municipal level.

Peace Corps Coordination

The Office and the U.S. Peace Corps have been working on a joint urban programming exercise. The objective of the collaboration is to identify and promote programming opportunities that would lead to the placement of Peace Corps volunteers in programs that

highlight the importance of urban growth. The potential for joint pursuits among the Peace Corps, the RHUDOs, and the USAID Missions and the identification of elements crucial to such an undertaking were the components of a background paper contracted by the Office.

Disaster Shelter

In 1990, the Office agreed to coordinate disaster relief efforts with A.I.D.'s Office of Foreign Disaster Assistance (OFDA). The strategy for cooperation is two-fold; seeking better coordination of shelter-related disaster preparedness and relief as well as further integration of relief work into development strategies.

The agreement promotes teamwork through:

- participation by the Office in OFDA disaster response preparations;
- integration of disaster preparedness training into the RHUDOs' regional training activities for USAID Missions, local governments, nongovernmental organizations, and private construction groups; and
- adding two full-time, local-hire contractors funded by OFDA in RHUDO offices in Kingston and Quito.

Cooperation between the Office and OFDA is intended to

promote disaster preparation, mitigation, and emergency responses that lead to long-term development. The relationship with OFDA aims to assist countries to move beyond emergency responses to disasters to providing disaster-resistant shelter improvement.

During 1990, emergency assistance for shelter was offered by various RHUDOs to Panama and the Philippines.

Research & Policy Development

Over the years, the Office of Housing and Urban Programs has moved from direct design of housing and urban projects to assistance in reforming policies that inhibit the efficient development of shelter and urban services. Sound research identifies weaknesses in existing systems and establishes benchmarks upon which to judge the progress resulting from policy reform.

Implementing appropriate policies in a country requires that the Regional Offices undertake country-specific analysis and research. The Office's Policy and Urban Programs Division in Washington sponsors research on policy issues that are relevant to the range of programs being undertaken in the field and on emerging issues and provides the Regional Offices with guidelines

and models to assist them in designing country-specific research. This Division also disseminates the results of its studies to a wider audience by sponsoring seminars and other forums.

In the past year, the Division's research efforts have focused on the following topics described in more detail in this section:

- the urban economy;
- the role of interest rate policy and parastatal organizations in shelter and urban development;
- urbanization and environmental impacts;
- indicators to measure urban, housing, and environmental programs;
- financing physical infrastructure such as water, sewage, electricity, and roads; and,
- shelter provided by the informal sector.

The Urban Economy

Urbanization has accompanied changes brought by economic development. The economic performance of many countries is closely linked to the productivity of urban economic activities.

According to recent World Bank estimates, cities generate 60 percent of gross domestic product in developing countries, overall.

Despite this, few researchers are examining the productivity of urban areas and constraints to their productivity. The Office, therefore, has sponsored seminars and research activities to analyze policies affecting the productivity of the urban economy and to understand the linkages between urban development and economic growth.

For example, three seminars attended by A.I.D. economists focused on a series of urban

Economic Importance of Urban Areas

	Year	% of National Population	Shares of National Output
<i>All Urban Areas</i>			
Haiti	1976	24	58% national income
India	1970	20	39% NDP
Kenya	1976	12	30% national income
Turkey	1981	47	70% GNP
<i>Individual Cities</i>			
Abidjan, Cote d'Ivoire	1985	15	70% economic & commercial transactions
Guayaquil, Ecuador	n/a	13	30% GDP
Karachi, Pakistan	1974	6	16% GDP
Lima, Peru	1980	28	43% GDP
Manila, Philippines	1970	12	25% GDP
Bangkok, Thailand	1972	11	37% GDP
Bangkok, Thailand	1985	13	86% GDP in financial sector; 74% GDP in manufacturing
Lagos, Nigeria	1980	5	40% skilled labor force

Source: Kahnert, 1987, and Research Triangle Institute, 1988.



Although most people can provide their own shelter, they are seldom able to develop infrastructure without governmental assistance. Water and sewer projects help correct the major health problems endemic to spontaneous settlements. [Bangkok, Thailand.]

economic issues and policies. The first examined the role of the urban sector in the economy, including the impact of housing policy distortions on the economy, the macroeconomic costs and benefits of decentralization, and the impact of structural adjustment programs on infrastructure investment. The second seminar focused on urbanization as it relates to various sectors. The issues reviewed included urban labor markets and the need to increase productivity, models for estimating urban productivity and its importance to national economies, and market-oriented options for stemming environmental degradation. The third seminar focused on measures to improve the efficiency of urban markets and promote economic development. Presentations centered on the impact of land policies on economic activities and on infrastructure constraints to private sector productivity.

The Division prepared three related papers: *Urban Economies and National Development*;

Statistics for Monitoring Urban Economic Development; and, *Incorporating Research into Urban Policy Programs*. The last two reports will assist the RHUDOs and USAID Missions to analyze and monitor urban policies.

The Role of Interest Rates and Parastatals

In the 1980s, strategy shifted in many developing countries from emphasis on the public sector as the prime mover in economic development to emphasis on the important role of market mechanisms and the private sector. In order to examine the application of A.I.D. policy in reducing reliance on the public sector and parastatals in providing shelter, the Office prepared a report.

Parastatal Policy in the Shelter and Urban Sectors examines evidence regarding public versus private provision of urban infrastructure and services and the contribution of parastatal deficits to the public deficit. The paper also reviews the roles of public and private

intermediate financial institutions in shelter and urban development investments.

The Division undertook an analysis of the much-debated role of interest rate policies in credit programs related to the shelter and urban sectors. The position paper, *Interest Rate Policy in the Shelter Sector*, examines the different effects of market and positive interest rates in credit programs as well as the theoretical arguments for the use of these positive interest rates. The paper also provides guidelines for introducing market-oriented mechanisms in sector financing programs and addresses the issues of affordability and subsidies.

The Urban Environment

The Office devoted substantial energy to analyzing urban environmental problems, especially critical linkages between urbanization and environmental degradation and effective measures for urban environmental management. A.I.D. and other

Projects that introduce the principles of private markets and profit seeking into the sector may have unusually high payoffs, as successful experience can trigger a much broader restructuring of institutions.

Peterson, *Parastatal Policy in the Shelter and Urban Sectors*, 1990.



Informal settlements bustle with markets and small-scale enterprise. Even modest amounts of assistance can further stimulate such activity and advance the economic development of these transitional neighborhoods.

donors debated these issues at a November 1989 roundtable conference sponsored by the Office, the World Resources Institute, and A.I.D.'s Bureau for Science and Technology. Three papers were presented: *Urbanization and Environmental Quality*, *Urban Environmental Management in Developing Countries*, and *Viewing Environmental Protection as Investment in Urban Infrastructure*. In addition, the Division prepared a brief report, *Urban Environmental Problems in Developing Countries*, to familiarize others with the issues and with the Office's activities.

The roundtable discussions established an action plan for future research to develop the following:

- a methodology to set priorities among urban environmental problems;

- a methodology to quantify economic losses due to urban environmental degradation;
- urban environmental policy guidelines; and,
- urban environmental indicators.

Subsequently, the Office secured technical and financial assistance from the U.S. Environmental Protection Agency to develop a methodology for prioritizing urban environmental problems in Bangkok, Thailand. The research is intended to assist A.I.D. and host countries in addressing environmental issues in their urban policies and incorporating these concerns into their environmental agendas.

Urban, Housing, and Environmental Indicators

While generally accepted quantitative indicators exist to monitor the performance of agriculture, industry, education,

health, and the economy, there are no widely used indicators to determine if shelter and urban conditions are improving or worsening. So, the Office developed a country-level database on shelter, environment and infrastructure which includes approximately 20 indicators for 33 countries. This database generates brief country reports along with more detailed analyses. Published sources available in Washington, D.C. provide most of the data, although supplementary information comes from the countries themselves. This information has provided guidance to the RHUDOs in their development of a set of indicators which will help them determine whether their strategies and programs are having the desired outcomes.

Infrastructure Finance

The provision of urban infrastructure is critical to housing and urban development. Traditionally, central governments in developing countries have contributed the largest investment in infrastructure, but they have been unable to meet the demand of a growing urban population. Moreover, under the pressure of international debt repayment, the financial flexibility of central governments has been considerably weakened; thus identification of alternative financing options for urban infrastructure has become critical.

To address the issue, the Office has produced two research reports in 1990. The first paper, *Financing Urban Infrastructure in Less Developed Countries*, examines options for infrastructure finance in relation to local governments and intergovernmental grant and borrowing arrangements. The infrastructure financing gap and alternative finance options are investigated. The potential for the private sector to provide infrastructure is also discussed along with the impacts of cost recovery on the poor. The second paper, *Capital Planning and Budgeting: Principles and Institutional Context*, examines public and private sector institutions that can effectively support different finance options and identifies the critical issues associated with capital investment planning and budgeting.

The Informal Sector

The growing number of informal settlements in developing countries

is a product of rapid urbanization. Thirty to sixty percent of the urban population currently resides in these informal settlements; these areas will continue to grow as urban populations increase. The Office conducted several relevant research projects in Fiscal Year 1990. One report, *The Informal Sector in Housing and Urban Development: A Review and a Road Map*, reviews RHUDO-sponsored research and presents policy and program options for working with the informal sector. The objectives in devising a strategy for the informal sector are: to identify possible policy and program initiatives; to design and implement strategies to improve the sector's access to shelter resources; and, to integrate supportive actions taken by public, private, and nongovernmental actors.

Subsequently, the Office completed three case studies looking at governmental programs in this sector in the Côte d'Ivoire, Morocco, and Kenya. The case study on Abidjan demonstrated the impact of urban infrastructure investment on informal sector employment. The study in Fez examined the critical role of community participation in regularizing informal settlements. The Kenya paper focused on the local impact of national policies in support of the informal sector.

Donor Coordination

The Office is currently participating in the Urban Management Program sponsored by The World Bank, United Nations Centre for Human Settlements, and United Nations

Development Programme. A.I.D.'s participation in 1990 consisted of a grant to conduct a comparative study of infrastructure and shelter in Gaborone, Botswana, and the Southern Africa region.

The Office and The World Bank are collaborating on the development of housing sector indicators. The data will be collected on a regular basis using existing statistics or sample surveys.

The Division prepared several position papers in 1990 for United Nations conferences. A brief paper on human settlements was

disseminated to those preparing for the 1992 *United Nations Conference on the Environment and Development*. A second paper, summarizing the U.S. position on human settlements assistance to lesser developed countries, was prepared for the 1990 *United Nations Conference on Less Developed Countries*.

Capital spending and spending for infrastructure services, in particular, have been singled out for budget cuts. A survey of 25 developing country budgets (Hicks, 1988) found that while real current spending by central governments was cut back 7.8 percent, capital spending declined by 35.3 percent. As between sectors, infrastructure spending for both capital and current purposes fell most steeply . . . some 27 percent. This far outpaced the cutbacks experienced in any other sector.

Peterson, *Financing Urban Infrastructure in Less Developed Countries*, 1990.

Training

For the Office of Housing and Urban Programs, training, like research, is seen as a tool to support A.I.D.'s programs and policies. In countries in which A.I.D. has active urban capital assistance programs, training advances policy agendas and facilitates the design and implementation of housing and urban development activities. In other countries, training is the central focus of the Office's work and serves as an outreach tool.

In Washington, the training officer directs the Office's overall training strategy and provides guidance on training and support to the RHUDOs, collaborating with other A.I.D. bureaus and other donor agencies. The training officer also manages the U.S.-based training component of the Office's worldwide training program. In 1990, for example, 96 participants from developing nations were trained in the United States. In the field, seven regional training officers manage the seven RHUDOs' training activities.



A.I.D. assisted with the convocation of the Third International Shelter Conference, which took place in Washington, D.C. in April, 1990, drawing shelter and urban professionals from 66 countries. From left to right: Dr. Wilfried Thalwitz, Senior Vice President, Policy, Planning and Research, The World Bank; Peter Kimm, Director of the Office of Housing and Urban Programs; Ambassador Mark Edelman, Deputy Administrator, A.I.D.; William North J.D., Executive Vice President, National Association of REALTORS®; Norman Flynn, 1990 President, National Association of REALTORS®; and J. Daryl Lippincott, Conference Chairman.

The primary vehicles for U.S.-based training are long-term course work toward a degree, short-term courses, observational visits and study tours in the United States, workshops, and on-the-job training experiences. The first *Annual Agenda of Short-Term, U.S.-Based Training Courses* was compiled in 1990 and Office-funded participants attended five of these

courses: the *Housing Finance Training Program* offered by the Fels Center of Government, University of Pennsylvania; Harvard University Graduate School of Design *International Training Program*; *Making Land Development Work*, a course conducted by the University of California at Berkeley and the Lincoln Institute of Land Policy; The Research Triangle Institute *Urban Financial Management Training Program*; MIT Biennial *International Shelter Workshop*, "Changing Roles? Urban Management and Housing in the Third World" (see table). The training unit played a key role in the development of a new land course, ensuring that it met the needs of A.I.D.'s host country counterparts. In response to the growing interest in urban environmental issues, a list of environmental training programs in the United States was prepared.

Participation in U.S. Short-term Training Courses in 1990

RHUDO Region	Fels Training Program	Harvard ITP	Berkeley/Lincoln Land Course	RTI UFM Program	MIT workshop	No. of Participants
Caribbean	1	0	1	1	1	4
Central America	0	0	3	0	0	3
Near East & North Africa	2	1	2	0	0	5
East & Southern Africa	3	0	0	0	0	3
Asia	10	2	7	9	4	32
Total: A.I.D. Funded Participants*	16	3	13	10	5	47

*These totals reflect only the indicated U.S. courses. Other U.S. based training courses and opportunities, such as study tours, are not included.

During 1990, the training unit in Washington managed three study tours of U.S. housing finance institutions for two groups of officials from the National Housing Bank of India and a senior policymaker from the Pakistan Ministry of Finance. The Office worked with A.I.D.'s Entrepreneurs International Program to schedule the American visit of three private housing developers from Jordan. Also, the training unit helped the South America RHUDO design a U.S.-based training program for a group of Ecuadorian urban community leaders. Interest in municipal government is increasing, and the Office assisted in the design of U.S. visits by local government officials from countries such as Algeria, Hungary, and Tunisia. The Office also discussed municipal government issues with officials from Ghana, Guinea, Indonesia, Poland, and Zimbabwe.

The training support provided by the Washington Office to the RHUDOs included reviews of the regional policy meetings,

participation in the RHUDOs' program reviews, and assistance in the design of regional training strategies. The Washington training unit sponsored evaluations of the multi-year regional training programs of the Caribbean and West and Central Africa Offices.

The Office also collaborated on integrating urban issues into the training curriculum for A.I.D. staff, including the *Development Studies Program* and the *Workshop on Planning for Environmentally Sound Economic Development*. For example, a session on environmental quality management in urban areas and coastal resource management systems was added to the *Workshop*.

The Office of Housing and Urban Programs participated as a Public Partner in the *Third International Shelter Conference* held in Washington in April 1990. This Conference Series, whose primary sponsor is the U.S. National Association of REALTORS®, began in 1984 as a result of a challenge and appeal

from the United Nations for private sector support of the *International Year of Shelter*. The Office of Housing and Urban Programs has been a partner in the Conference Series since its inception. Office staff have played leading roles in the International Shelter Coalition, which shaped the agenda of the Conference Series. The Office also helped finance the production of the *Conference Proceedings*.

The theme of the Conference was *The Key to Housing for All: National and International Public and Private Partnerships*. The Conference examined the role of private enterprise and governments in housing provision in order to meet the goal of *Housing for All by the Year 2000*. Participants analyzed 13 case studies prepared by country teams in Africa, Asia, Europe, Latin America, North America, and the Caribbean. The Conference also included case studies from the centrally planned economies of the Soviet Union and China.



Study tours, such as this one from Quito, Ecuador, constitute an important part of A.I.D.'s urban training activities. On this tour, the delegation studied a local business, Rohm and Haas, to understand the process of bringing an old industry into compliance with strict new environmental standards.

Asia

The Regional Housing and Urban Development Office for Asia, located in Bangkok, Thailand, administers programs in a large and diverse region that extends from Pakistan in the west to the Philippines in the east. The RHUDO's work in the region is managed by staff based in Bangkok and advisors located in Sri Lanka, India, Indonesia, and Pakistan.

By the year 2000, Asia will have more megacities than any other region of the world, with 26 metropolitan areas each containing over 5 million people. Some countries have dynamic economies able to absorb high levels of capital assistance. In response to these conditions, the RHUDO stresses policy reform, and its portfolio is dominated by large Housing Guaranty loans. Each program is an integral part of the USAID Mission's activities, and is supported by substantial Mission technical assistance funds. Policy change enables countries in Asia to make better use of the available financial, material, and human resources to provide shelter and basic urban services for an increasing number of low-income households.



Zafar Iqbal, Joint Secretary of the Ministry of Finance of Pakistan, and James Norris, Director of USAID Pakistan, signed the Implementation Agreement for the second phase of this country's first Housing Guaranty Loan. This planned five-year, \$100 million loan supports the housing finance element of the Government of Pakistan's financial sector adjustment program. David Painter, RHUDO Chief for Asia, and Earl Kessler, Deputy RHUDO Chief, stand by.

COUNTRY PROGRAMS

India

A third tranche of the \$50 million program with India's National Housing Bank was authorized in July. The program stimulates the financing of shelter on a commercially sound basis and extends financing to low-income households through housing finance companies. The Bank is promoting, regulating and providing liquidity to over 20 housing finance companies operating on market principles. The Bank's refinancing scheme provides an incentive for these companies to make small loans that are affordable to families below the median income. A.I.D. funded a variety of technical assistance and training programs in India, including work on the supervision and regulation of housing finance companies.

The final evaluation of the \$95 million Private Housing Finance for Low-Income Families Project with the Housing Development Finance Corporation (HDFC), the largest mortgage lending institution in India, was completed this year. The Project demonstrated that a private sector housing finance company can serve a broad range of clients, including lower-income families. The HDFC has become a major actor in India's housing finance market as well as in the overall financial system.

The RHUDO also initiated several studies on urban land development in India, including: an examination of residential serviced land delivery processes; an assessment of the existence of and potential for: public-private partnerships in land development; and a review of the constraints affecting land market efficiency.

Indonesia

The \$100 million Municipal Finance and Shelter Program has entered its third year. The Government of Indonesia has already borrowed \$50 million under the program. In July 1990, as part of the program's second year evaluation, the government's Interministerial Team for Urban Development met with A.I.D. staff to assess progress. Highlights of the assessment include:

- new public/private partnership ventures were initiated in urban services;
- property tax system improvements led to an increase in tax yields; and
- local tax and service charges for administration and water enterprise cost recovery were improved.

Based on the government's accomplishments, A.I.D. authorized the third \$25 million installment of the Housing Guaranty loan in September, 1990.

In addition, the USAID Mission to Indonesia and the Regional Office are working with the government to revise its *Urban Policy Action Plan for 1990-1994*. The new policy objectives under consideration include the expansion of cost-recovery goals to other sectors beyond water supply, the design of improved methods for pricing local services, coordination among the agencies concerned with urban land development, and a new emphasis on strengthening local infrastructure performance.

The Mission provided four long-term advisors to three government ministries to help them

implement the *Urban Policy Action Plan*. The contractors will assist the National Planning Ministry in formulating a national urban development strategy and analyzing budget priorities. Additionally, an analysis was completed of land costs for housing in Jakarta and the effects of location, urban infrastructure, and tenure on residential plot prices; and a training course was held on market and financial strategies for housing developers.

Nepal

In 1990, an urban development policy update was completed, supported jointly by A.I.D., The World Bank, and the United Nations Development Programme, that will serve the Nepalese government to be elected in 1991. As a result of the update, senior government officials better understand the role infrastructure investment plays in national economic development. In particular, they are using a rapid urban assessment methodology to develop a market town investment strategy.

In addition, the evaluation of the Earthquake Reconstruction Program was completed with RHUDO support. The evaluation highlighted the potential of the successful home improvement and reconstruction loan program for shelter development. As a result, the Ministry of Housing and Physical Planning is developing a home improvement program to be implemented through its regional offices.

Pakistan

In September 1990, a second tranche of \$15 million was authorized under the five-year, \$100 million Shelter Resource Mobilization Project, bringing the total authorized to date to \$40 million. The project supports the housing finance element of the Government of Pakistan's financial sector adjustment program by the creation and promotion of a private sector housing finance system.

Throughout the year, the Regional Office continued its policy dialogue with the Government of Pakistan which led to the establishment of the Ministry of Finance Working Group on Housing Finance. The Working Group helped reform the policy environment for private sector housing finance companies. As a result, three Pakistani financial groups have taken steps to form private housing finance companies and the Ministry of Finance has authorized the first of these to be established. The Working Group also drafted licensing regulations for the companies and arranged for the Central Bank of Pakistan to assume responsibility for their supervision. It is anticipated that several private sector housing finance companies will be licensed and begin operation in 1991.



Workers install urban services in an informal settlement on the edge of New Dehli. This infrastructure project is supported by a recent \$50 million Housing Guaranty loan to India. The program stimulates financing of shelter, extending financing to low-income households through housing finance companies.

These efforts have been supported with a USAID Pakistan grant for technical assistance and training. In 1990, U.S. experts provided advice on revising current mortgage loan foreclosure procedures and on the policy framework needed for the licensing, supervision, and regulation of housing finance companies. The Ministry of Finance and A.I.D. co-sponsored a seminar for the Pakistani business community titled *Housing Finance: An Enabling Strategy for the Private Sector*.

The Philippines

During 1990, the Regional Office and the Government of the Philippines designed the first Housing Guaranty Program to be undertaken in the Philippines. The \$50 million, policy-based program supports decentralizing government authority in order to provide better urban services. In September 1990, A.I.D. authorized the first \$25

million of Housing Guaranty resources to achieve the following goals of the Decentralized Shelter and Urban Development Project:

- to foster a greater role for city governments, nongovernmental organizations, and the private sector in developing shelter-related urban infrastructure and services; and
- to increase low-income urban Filipinos' access to the basic infrastructure and services needed for healthier and more productive lives.

Sri Lanka

A.I.D., in 1990, assisted the Government of Sri Lanka to design its new 1.5 Million Houses Program. The revised program replaces subsidized interest rates for housing loans with a combination of grants and loans. The grant portion will reduce monthly payments to affordable levels for beneficiaries who cannot afford market-rate loans of the size

needed to meet their minimal housing needs. The new program will expand the resources of private credit unions, commercial banks, and other suppliers of housing loans. The program will be financed with \$25 million of Housing Guaranty loans already authorized and grant funds.

A.I.D.'s technical assistance was directed primarily at housing finance. A national seminar on this topic, sponsored with the Ministry of Policy Planning and Implementation, resulted in an agreement on medium-term strategies to increase housing lending.

The *Urban Sector Study for Sri Lanka* was completed at the end of 1989. This study was a first step in the development of a national urban strategy, and has been followed up by further technical assistance to the government in developing its strategy and in decentralized planning.

REGIONAL ACTIVITIES

The Regional Office supported an assessment of the potential of local currency bonds to raise capital for urban infrastructure. Study teams explored the feasibility of an A.I.D. guaranty for such lending in two countries: Indonesia and Thailand. The teams concluded that while the issuance of municipal bonds is not currently feasible, steps can be taken to prepare the credit market and municipalities for the future issuance of these bonds. These reforms involve changing local taxation policies, banking regulations, trust law, financial liberalization, and municipal financial management. Many of these issues are already being addressed by A.I.D.-funded technical assistance programs in Indonesia and Thailand.

The Regional Office held its third annual policy seminar in Chiang Mai, Thailand. The seminar, titled *Urban Land Policy Issues in Asia*, examined policy directions for addressing land problems, and the most appropriate methods for achieving efficient and equitable urban land development. The dialogue initiated in Chiang Mai led to an offer by the



During a RHUDO-sponsored policy seminar held in Chiang Mai, Thailand, participants inspect informal settlement improvements, such as this coin-operated drinking water standpipe.

Thailand

Three major technical assistance activities were completed in Thailand in 1990: the Municipal Management Upgrading Project; the creation of the Bangkok Transport Planning Unit; and the *Bangkok Private Sewerage Prefeasibility Study*. The last

examined developing a privately owned and operated system of sewage collection and treatment. Also, three new activities were initiated: a property tax study; the Chiang Mai City Planning Project to assist Thailand's second city with urban planning and growth management; and a study of the urban land and housing situation.

The third will assess the performance of urban land markets and their effectiveness in the allocation and pricing of land.

In addition, the Regional Office collaborated in a study examining the health impact of environmental pollution in Bangkok.

Land Institute Foundation in Bangkok to serve as a clearinghouse for information on urban land development, and a decision by the National Housing Bank of India to sponsor seminars on urban land development in India.

The Regional Office also sent policymakers from the region to the following training activities in the United States:

- the *Third International Shelter Conference* in Washington, D.C.;
- the *Housing Finance Training Course* at the Fels Center of Government in Philadelphia, Pennsylvania;
- the *Land Policy and Development Training Course* offered at the University of California at Berkeley; and
- the *Workshop on Access by the Urban Poor to Basic Infrastructure Services* sponsored by The World Bank's Economic Development Institute.

Caribbean

The Regional Housing and Urban Development Office for the Caribbean, based in Kingston, Jamaica, covers the Caribbean region, which includes 14 countries characterized by small islands with growing urbanization problems. Today, almost half of the 20 million people in the Caribbean live in urban areas. In the next 30 years, these urban populations will grow by 14 million people. Most of the growth will occur in the Dominican Republic and Haiti.

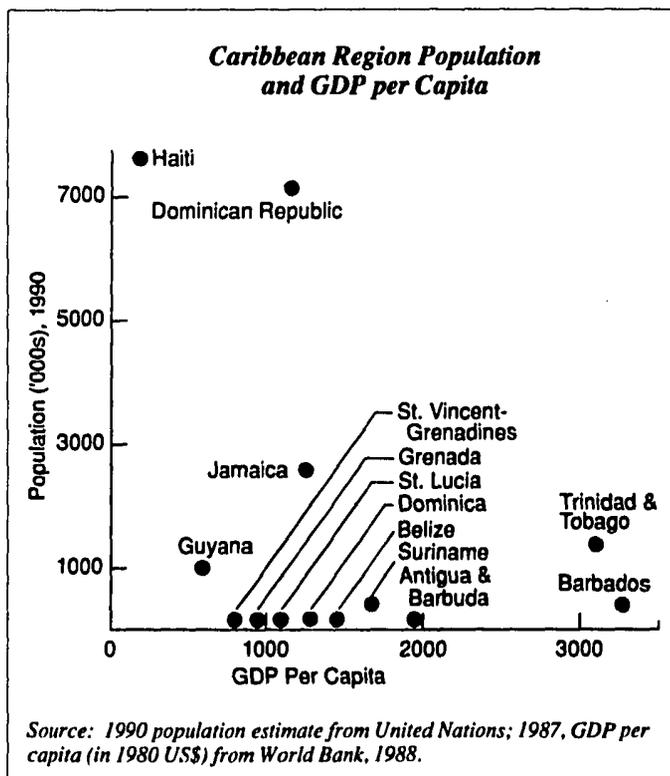
The Regional Office commissioned research on the impact of economic and demographic trends in the region and on what can be done in response. In addition to a regional overview, specific chapters of Urbanization in the Caribbean: Prospects and Management Priorities are devoted to the Dominican Republic, Haiti, Jamaica, St. Vincent, and St. Lucia.

The regional strategy has shifted from formal housing delivery to examining the relationship between poverty and environmental degradation and strengthening local capacity for land management, the provision of basic services infrastructure, and the management of urban growth.

Specific features of policy dialogue in the Caribbean include:

- *encouraging increased private formal and informal sector provision of lower cost shelter through home improvement lending, public and private sector joint ventures, and greater access to serviced land and competitively-priced capital for construction;*
- *supporting the revision of development standards, codes, regulations, and other laws which lessen the affordability of shelter and limit access to services by the poor;*
- *encouraging environmental awareness, especially of the relationship between urbanization, economic development and pollution or environmental degradation;*
- *using physical infrastructure to open land for new shelter development and promoting lower income groups' access to credit;*
- *promoting investment strategies for longer term planning and financing of shelter and urban services delivery;*
- *encouraging urban economic development investments by the formal and informal private sector to increase income generation and job creation; and,*
- *promoting land management policies that lead to better management of scarce land resources.*

The region is characterized by the frequency and magnitude of natural disasters, as well as urbanization. A new initiative addresses disasters and their impact on development, especially on the shelter sector. The RHUDO and A.I.D.'s Office of Foreign Disaster Assistance have agreed to place a shelter and infrastructure advisor in Jamaica to promote mitigation and preparedness.



The countries of the Caribbean vary greatly in population and productivity. The most populated countries have the lowest per capita GDP, while the countries with the highest per capita GDP are among the least populated.

COUNTRY PROGRAMS**Jamaica**

The RHUDO is based in Jamaica, and functions as an integral component of the USAID Mission. There are two active Housing Guaranty projects in Jamaica—the \$30 million Public/Private Sector Support Project and a \$25 million Sector Lending Program. The projects continued to expand the private sector's role in shelter provision and to address constraints that face public sector institutions involved in the delivery of shelter and urban services. One result has been the issuance of a prospectus by the Ministry of Construction offering private developers and non-governmental organizations sites for joint ventures.

The USAID Mission to Jamaica undertook a formal review of the Housing Guaranty Program and shelter sector performance in February, 1990. The assessment of

the Sector Lending Program identified land titling as a persistent deterrent to greater private sector investment in shelter. As a result, A.I.D. began a technical assistance effort to transform the land titling and transfer system to one that is based on user fees and is fully self-sustaining. The effort will complement recommendations made under the Town Planning Project to reform the subdivision approval process and to revise development standards. The results should help reduce construction costs in Jamaica, a major obstacle to providing affordable shelter for low-income families. Related aspects of the policy dialogue with Jamaican officials are budgetary allocations, institutional capacity, sustainability and environmental soundness.

The RHUDO also received approval to proceed with preliminary design for a Housing

Guaranty project to be implemented by the National Water Commission. The project will increase the Commission's ability to deliver essential services throughout the country, increasing service to lower-income families and providing basic serviced sites for housing development. Water supply schemes throughout the island will provide water to 16,500 families, mainly in small towns. A revolving fund has been set up to provide water hookups for 2,700 families in large cities in the next year.

A.I.D. is providing technical assistance to the Ministry of Construction (Housing) to work with nongovernmental organizations in directing shelter assistance to informal settlements. A.I.D. similarly encourages economic development in those communities.

Caribbean Region Urban Population Growth

	<i>Urban Population (000s)</i>			<i>Growth (% per year)</i>	
	<i>1960</i>	<i>1990</i>	<i>2020</i>	<i>1960-1990</i>	<i>1990-2020</i>
Barbados	68	117	215	1.8	2.0
Belize	49	94	208	2.2	2.7
Dominican Republic	975	4209	8917	5.0	2.5
Guyana	165	360	855	2.6	2.9
Haiti	580	2272	8684	4.7	4.6
Jamaica	550	1452	2642	3.3	2.0
Suriname	137	192	400	1.1	2.5
Trinidad & Tobago	190	886	1502	5.3	1.8
Total	2714	9582	23423	4.3	3.0

Source: United Nations, 1987

The \$15 million Inner Kingston Development Project uses public-private partnerships to renew downtown Kingston by creating factory and commercial space, restoring buildings, awarding community grants, and supporting major infrastructure works. Evaluations were conducted to determine the impact of the four-year-old project and to make recommendations about how best to promote more private investment in downtown revitalization. So far, the project has generated 1,400 new jobs, attracted 50 million Jamaican dollars in new investment, and created 200,000 square feet of manufacturing space. The Kingston Restoration Company thus serves as a model applicable to other urban areas in Jamaica.

The RHUDO is designing a proposed \$5 million, five-year, second phase of the Inner Kingston

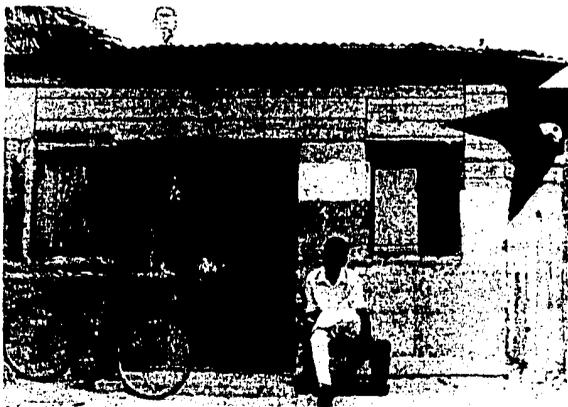
Development Project to build on the success of the Kingston Restoration Company in revitalizing buildings and expanding employment. The proposed new project aims to finance street improvements, parks, and landscaping to trigger private investments in building improvements. An example would be a building demolition program to rid the area of unsightly and unsound structures.

USAID and the Government of Jamaica approved use of \$185,000 remaining in the Town Planning Project, to prepare a new development plan for Montego Bay, one of Jamaica's major tourist attractions and areas of growth. Some of the funds were used to prepare a *Tourist Action Plan*, involving community-based organizations and business leaders, that address business development and environmental issues.

Haiti

The RHUDO has worked with the USAID Mission in Haiti for over five years. The first project provided technical assistance to found the first housing finance institution in Haiti, *Banque de Credit Immobilier* (BCI). The Bank's net portfolio has grown to \$17.5 million in five years, generating an average of 1,000 jobs per year in the construction sector. BCI also established a fund for low-income families, and a non-governmental organization is servicing mortgages for low-income families and selling the mortgages to the Bank. USAID assisted several other banks to initiate mortgage lending activities as well.

Currently, the RHUDO is helping the USAID Mission to help develop three new Mission projects: a \$12 million Financial and Credit Markets Project; a \$6



The owner of this shop in Inspector's Lands, St. Catherine, Jamaica, relaxes between attending customers. The St. Catherine upgrading program supports improvements to this area, including financial assistance to small business persons.

REGIONAL ACTIVITIES

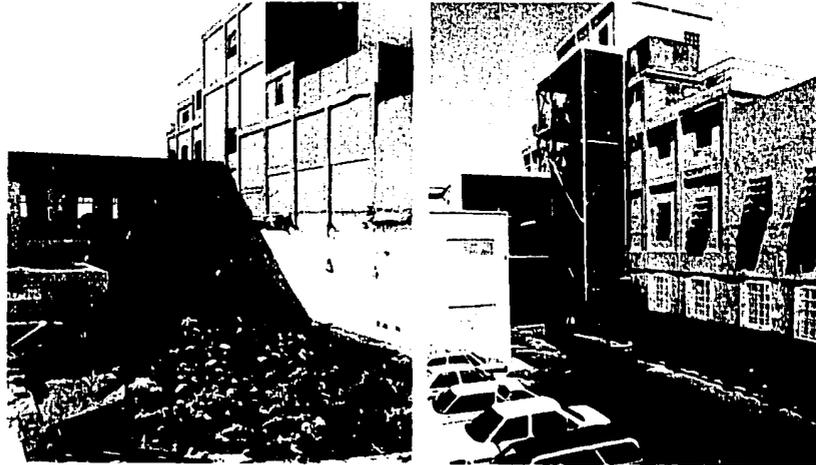
Over the last year, the Regional Office has studied the issues of poverty, environmental degradation and disaster mitigation and rehabilitation.

The RHUDO has also increased its involvement in preparing for natural disasters through a technical assistance grant from USAID's Office of Foreign Disaster Assistance. A two-day workshop on disaster mitigation and rehabilitation for the shelter sector was cosponsored by the RHUDO and the Office of Foreign Disaster Assistance and was held in Barbados in May. The workshop brought together chief housing officers and national disaster coordinators to prepare a document to advise senior policymakers on disaster preparation, mitigation, and response strategies.

As part of the agreement between the Office of Housing and Urban Programs and the Office of Foreign Disaster Assistance, the RHUDO has hired a shelter disaster advisor whose role is to assist regional officials, including USAID Missions and host country authorities, to develop shelter-related responses for disaster relief plans, including providing technical assistance to update and improve disaster preparedness and mitigation plans.

million Policy and Administrative Reform Project; and a \$1 million Privatization of Solid Waste Management Project.

The first will increase the availability of long-term capital, expand Haiti's financial markets, increase access to savings and credit, and mobilize domestic resources. Mortgage financing will be a large component. The second project aims to improve the policy environment affecting private sector growth and the efficient administration of national resources. Promoting exports will be stressed. The third project, Privatization of Solid Waste Management, seeks to establish a private solid waste organization in Port-au-Prince, the second largest city in the Caribbean after Havana. Existing informal sector operations will collect and dispose of solid waste, and new cost recovery and fee mechanisms will enhance financial sustainability.



As part of the Inner Kingston Project, this Denoes and Geddes building was converted into 30,000 square feet of manufacturing space, creating 300 jobs. The Inner Kingston Project is an on-going activity designed to create jobs and reclaim a decaying area. The two photos show the building before and after reconstruction.

Eastern Caribbean

The RHUDO assisted the USAID Mission to the Dominican Republic in preparing an urban environmental assessment for A.I.D.'s *Country Development Strategy Statement*. The RHUDO

also assisted the Regional Development Office for the Caribbean, located in Barbados, in designing several environmental management demonstration projects in the Eastern Caribbean called ENCORE.

Regional Training and Conferences

The Regional Network and Training Program (RNTP) aims to sensitize the public and private sectors to alternative policy options. In addition, the Program is conducting training needs assessments in five countries in the region. In nine countries, the Program has compiled an inventory of regional training resources and institutional capacity. The RNTP continued to publish its quarterly newsletter, *The Forum*, to keep approximately six hundred professionals and policymakers informed of policies, programs, and training opportunities.

The Regional Office sponsored its third annual shelter conference, titled *Urban Land Management: Understanding the Economic and Environmental Linkages*. The conference was held in Barbados in September, 1990, and focused on the rapid urbanization in the Caribbean and its impact on the environment.

Central America

Nearly 45 percent of the 25 million people in Central America now live in cities. By the year 2000, the countries' population will be almost 60 percent urban. Despite the fact that urban areas produce a major portion of each Central American country's gross domestic product, unemployment and underemployment rates are high, and land and housing markets are straining unsuccessfully to accommodate the growth. The informal sector has financed and produced most shelter to help fill the gap.

In this period of serious economic problems, Central American countries will only be able to achieve essential levels of economic growth

and acceptable levels of social equity for low-income households through resource-conserving policies, improved institutional efficiency, appropriate technologies, and the development of human resources. To improve the effectiveness of its investments in shelter and basic urban infrastructure, the Regional Housing and Urban Development Office for Central America is working with A.I.D. Missions to leverage assistance for those policies, programmatic changes, and institutional improvements required for sustainable increases in the delivery of serviced urban land and access to shelter credit for low-income households.

Land markets must operate efficiently and equitably to ensure sustained delivery of affordable housing. To accomplish this objective, the financial and management capacity of local governments must be strengthened, and innovative private sector financing mechanisms must be found.

The RHUDO's efforts to stimulate and support municipal development focus on:

- bringing about national legislative, policy, and institutional reforms to decentralize the financing and managing of urban development activities; and
- strengthening municipal government capacity related to policies, strategies, and programs for land use, capital infrastructure investment, revenue generation, and financial management.

The RHUDO's private sector support focuses on housing finance policies and institutions, particularly those related to:

- improvements in low-income sector households' access to formal sector credit;
- integration of the national housing finance regulatory environment within overall national finance development; and,
- mobilization and effective utilization of domestic capital to support residential construction and long-term mortgage financing.

Strengthening Democratic Processes through Municipal Development in Central America

Premises

Municipalities, as permanent institutions with elected representatives, are that component of government which is closest to the people and can be more responsive to local needs.

Democratic processes can be strengthened at the local level to the degree that:

- municipalities effectively respond to constituent needs for land and basic infrastructure and services;
- constituents actively participate in municipal decision-making.

Responses

Establish and strengthen local election processes.

Decentralize urban development finance and management.

Strengthen municipal management, finance and service delivery capacities.

Democratize municipal government decision-making processes.

COUNTRY PROGRAMS

Honduras

Regional Office activities in Honduras emphasize two projects. The purpose of the *Shelter for the Urban Poor II* is to improve private sector capacity to provide low-cost housing and to improve municipal capacity to provide basic infrastructure services for low-income families. Funding consists of \$1.5 million in technical assistance grants and \$42.5 million in capital assistance, including a \$35 million Housing Guaranty loan, a \$7.5 million local currency counterpart contribution. To date, the RHUDO has disbursed a total of \$26.4 million.

This program has provided over 2,600 housing units, nearly 30,600 urban upgrading improvements and over 500,000 days of employment. Additional Housing Guaranty dollar loans are not expected in the near term as Honduras comes to grip with its debt problem.

In 1990, A.I.D. designed and authorized the seven-year Municipal Development Program to strengthen democracy in Honduras. The Program's \$10 million in technical assistance and training resources will be used to enhance the participation of the Honduran populace in local democratic processes and to improve municipalities' capacity to meet the needs of their constituents for land, infrastructure, and public services.

A Honduran consulting firm provided technical assistance support to municipal governments

in five secondary cities to help them respond to the basic infrastructure and service needs of low-income families. As a result, the five municipalities have improved their revenue collection, budgetary and management procedures. The RHUDO also assisted the Municipality of San Pedro Sula and a local savings and loan association to design and implement a private sector mechanism to finance land and basic urban services for poor households. This program is expected to produce over 5,000 serviced sites.

Also, in fiscal year 1990, A.I.D. completed an urban development study of La Ceiba, the third largest city in Honduras, that analyzes the city's social, economic, and physical situation. The study identifies key problems and opportunities and indicates direction for further investigation and action regarding municipal administration and finance and urban land development.

The Central American Institute for Business Administration (INCAE) furthered program and policy development through its seminar on informal sector finance and shelter production attended by 51 representatives related to the informal sector. INCAE also conducted an orientation workshop for newly elected municipal officials attended by 38 new mayors.

Costa Rica

The USAID Mission to Costa Rica has dispersed \$32.5 million in

capital assistance as part of the \$50 million local currency support to the National Housing Mortgage Bank (BANHVI). To date, the Bank has financed purchase of 15,000 homes with these resources. The Central American Bank for Economic Integration (CABEI) provided an additional \$6 million in capital assistance which produced mortgages for an additional 2,400 units. This year, a contractor began providing technical assistance and training to BANHVI to consolidate and build upon previous policy, planning, and administrative changes.

In support of the policy and program development efforts of the USAID Mission and the Government of Costa Rica, a study was conducted on Costa Rica's decentralization efforts. In addition, INCAE sponsored eight training workshops and seminars for the staff of the National Institute for Municipal Development (IFAM) to strengthen its institutional capacity to assess and advise municipal governments.

Guatemala

The eight private Guatemalan banks participating in the \$10 million Private Sector Shelter Project financed the production of 750 low-cost housing units during fiscal year 1990. The banks expect an additional 900 units to be submitted for financing in early fiscal year 1991.

In addition, a \$13.6 million loan from CABEI to the Sugar

Growers' Association and private banks in Guatemala was signed. The CABEL loan will finance sites-and-services and minimum shelter solutions for the employees of sugar companies along Guatemala's southern coast. The Sugar Growers' Association has

created a private foundation, called FUNDAZUCAR, to manage the program designed to benefit some 5,000 families.

Research activities during the year included: preparation of a project paper on creating a Private Mortgage Guaranty Fund for low-

cost shelter finance; initiation of a shelter sector assessment by USAID and the Government of Guatemala; and investigation by INCAE of decentralization efforts in Guatemala. INCAE's efforts included five regional workshops to assist the government in identifying

Regional Assistance Strategies

Provide support based on demonstrated interest in decentralization and municipal reform.

Pursue a "bottom-up" development process with national level interventions directed as needed to strengthen the transfer of decision-making and resources to the local level.

Target selectively on specific areas of institutional improvement and on urban centers of strategic importance to national development.

Stress substantive areas where A.I.D. has experience and capacity.

Promote donor agency cooperation and formulation and execution of complementary policies and programs.

REGIONAL ACTIVITIES

A \$4 million A.I.D. grant provides technical assistance over five years in support of the Housing Guaranty loan to CABEL. The technical assistance supports the formulation, promotion, and execution of integrated policies in each country in Central America. INCAE's research and training activities for policy dialogue are also financed by this grant.

The Regional Office funds publication of in-depth, analytical studies on major housing and municipal development issues including, in 1990, *Decentralization of Government Functions: The Devolution of Powers from Central to Local Government*, published by the International Union of Local Authorities (IULA), and *Urban Land Policy Analysis in Central America: Issues and Approaches*, published by a Honduran consulting firm. A videotape on decentralization was also produced.

Regional seminars and conferences in 1990 stressed decentralization, municipal development and democratic processes. A regional conference on decentralization organized by INCAE brought together 51 representatives of central and local governments to debate political, institutional, financial, and training aspects of decentralization.

Another 75 municipal leaders and public figures attended a regional seminar with U.S. mayors and city officials on the role of municipalities in development organized by the International City Management Association. The Regional Office organized a meeting of donor agency representatives to discuss the coordination of their municipal development policies, strategies, and programs in Central America.

ways to strengthen decentralization. Over 125 mayors, central government officials and representatives from private organizations participated.

El Salvador

A.I.D. and the Vice Minister for Housing and Urban Development

are discussing policy and action priorities. A local contractor is assisting government and private leaders study ways to strengthen the Vice Ministry and improve the efficiency and productivity of the informal sector, as well as its linkage with the formal sector.



Alla Nora Gunera de Melgar, Mayor of Tegucigalpa, Rafael Leonardo Callejas, President of Honduras, Mario Pita, RHUDO Chief for Central America, John Sanbrailo, USAID Mission Director, and Ambassador James Michel, USAID Assistant Administrator, Bureau for Latin American and the Caribbean pose for a formal picture during the inauguration of the seminar Cities in the Development Process, held in Tegucigalpa, Honduras, from September 17-20, 1990, at which 70 municipal leaders and public figures attended from the United States and Central America. Ambassador Michel spoke at the conference.

The Regional Office also co-sponsored a course on urban financial management for metropolitan areas of Latin America with The World Bank's Economic Development Institute, the United Nations Centre for Human Settlements (Habitat), IULA, and INCAE.

This year the Regional Office set up a computerized database management system to facilitate monitoring and evaluation of shelter and urban development conditions in the region. This will assist staff to identify key issues and appropriate strategies, prepare meeting reports and collect statistics.

Regional Programming Elements

Analysis and Design: supports action oriented analytical and research work to identify key issues, problems and technical assistance and training needs, including the design of strategies and programs for A.I.D. Missions and national/municipal governments.

Regional Centers of Excellence: seeks to establish a permanent regional institutional capacity to provide sustained research, technical assistance, and training.

U.S./Central America Municipal Networking: promotes efforts to develop and sustain systematic relationships and support between municipalities in the U.S. and Central America.

Publications and Promotion: designs, prepares and disseminates specific papers and publications of particular relevance to municipal development.

East & Southern Africa

The 20 countries of East and Southern Africa are urbanizing more rapidly than those in any other region, yet they are largely rural and overwhelmingly dependent on agricultural production for export income and employment. Most suffer from extreme poverty; all but five are classified as low-income countries.

Most of these countries also have poorly developed financial, urban management, and shelter delivery systems. Reliance on the private sector is increasing, but governments still play a pivotal role in these spheres. Virtually none of the shelter produced by the formal private sector is affordable to lower income households. These countries have active informal sectors, but substantial obstacles inhibit their effectiveness. Moreover, future African jobs—including those linked to the agricultural sector—will be created in major and secondary cities and in market towns.

In response to these conditions, the RHUDO's programs emphasize the private sector, local economic development, local government, strong leadership, and the environment.

Programs strengthen the national economies of participating countries. To promote the private sector in East and Southern Africa, the RHUDO is devoting attention to the informal sector in both slum upgrading and small enterprise activities, the formal sector's role in delivering and financing shelter and urban services.

A.I.D. has studied local economic development activities in market towns and economic linkages between small towns and their rural surroundings. Training and technical assistance efforts are supporting governmental decentralization, strengthening local authorities' management and improving regulatory frameworks to encourage greater private sector participation.

The small-scale construction sector, the formal housing finance system, and the contribution of the informal sector to shelter provision and land delivery have been addressed through regional research and technical assistance.



This informal market contrasts sharply with the Nairobi skyline in the background. Immigrants to Africa's major cities work in the shadows of urban areas in hopes of finding well-paying jobs and futures for their families.

COUNTRY PROGRAMS

Kenya

The Kariobangi Community Development Project started in Nairobi in mid-1990. The project provides \$1.17 million to the National Cooperative Housing Union (NACHU) to construct basic infrastructure and housing improvements in a 12-acre informal settlement of 526 low-income households. NACHU will recover construction costs from project beneficiaries and recycle these funds through a revolving fund. The project also aims to strengthen NACHU's capability as a private technical services organization and cooperative housing developer to increase the private sector's production of low- and moderate-cost shelter.

In 1990, the Government of Kenya continued to develop the institutional framework to provide mortgage financing for projects developed by the private and cooperative sectors. Negotiations are underway with the Housing Finance Company of Kenya and other housing finance institutions, including the Cooperative Bank.

In August 1990, the A.I.D. Bureau for Africa approved a concept paper for the new Market Town Development Project linked to the Mission's agricultural marketing and private sector initiatives. The project will build on the experience gained under the nearly complete \$14.5 million Small Towns Shelter and Community Development Project which is providing financing for infrastructure in 26 small towns and

technical assistance to the Ministry of Local Government and local authorities. The new project also will improve delivery of private sector support services, basic infrastructure, and shelter by local authorities. The RHUDO and the USAID Mission to Kenya sponsored a course to help trainers assess local authority training needs and design appropriate courses.

An innovative aspect of the Market Town Development Project is the initiation of Kenyan private sector financing of municipal capital development. For this purpose, the RHUDO sponsored a study of alternative financing mechanisms such as private placement of municipal debt, development of a municipal bond market, and a local currency Housing Guaranty.

Zimbabwe

This year, the Regional Office concentrated on completing the \$50 million Housing Guaranty Program, under which over 20,000 units are being produced. The RHUDO is also collaborating with the United Nations Centre for Human Settlements (Habitat) and the government to identify appropriate building standards and streamline the land development process.

The Regional Office is assisting the Government of Zimbabwe to establish a local authority revolving fund that could be tapped by the private building societies.

Botswana

Botswana has one of the highest urbanization rates in the world. The Government of Botswana is planning now to introduce over \$1 billion in urban infrastructure and new housing over the next five years. The USAID Mission to Botswana and the RHUDO's technical assistance activities have supported the government's efforts to assess land servicing requirements and consider appropriate infrastructure and housing standards under the program. A.I.D. is also designing technical assistance projects in the areas of privatized urban services and entrepreneurial development within the indigenous construction sector. The former, part of the Private Provision of Social Services Project, is described in greater detail on page 3.

Swaziland

The Regional Office continued to assist the Government of Swaziland in establishing development policies for the rapidly urbanizing Manzini-Mbabane corridor. A.I.D. and the United Nations Development Programme, cosponsored a study tour of 17 Swazi representatives of national and local government agencies and the private sector to Zimbabwe. The tour acquainted the participants with urbanization and the low-cost housing finance system in Zimbabwe. The RHUDO and the USAID Mission to Swaziland, within the context of private sector development in Swaziland, also sponsored a

workshop at which over 85 participants discussed A.I.D.'s baseline study of urbanization trends and its 1990 analysis of the small-scale construction sector. A.I.D. intends to provide technical support to small-scale building contractors as a component of its new Small Business Development Project. The RHUDO is also providing technical assistance in the design and construction of a new Town Council-owned slaughterhouse which will be privately managed.

Mauritius

In 1990, A.I.D. began an evaluation of the \$4 million Housing Guaranty Program in Mauritius and a new initiative to privatize the Mauritius

Housing Corporation. The Corporation is a successful parastatal that will become a private sector housing finance institution this year.

Malawi

The RHUDO continued to assist the USAID Mission to Malawi and the Ministry of Local Government in the design of a \$660,000 training program on municipal management and finance for local officials. In early 1990, the RHUDO and the United Nations Development Programme cosponsored the first workshop. Over 100 participants discussed key municipal management issues and identified strategies for strengthening the local government system's capacity

to address them. Inspired by the workshop, the Ministry of Local Government and The World Bank are planning a large assistance program for local governments.

Mozambique

With massive migration to Mozambique's cities, sprawling spontaneous communities have developed. Squatter residents experience severe poverty and unemployment. At the request of the USAID Mission to Mozambique, the RHUDO completed a reconnaissance of the Maputo area and recommended a series of possible interventions and is managing a \$500,000 Africa Bureau peri-urban research program in and around the capital.

REGIONAL ACTIVITIES

The governments of Kenya, Uganda, Burundi, and Lesotho have been studying the development of market towns and the linkages between urban and rural economies. In collaboration with A.I.D.'s Bureau for Africa, the RHUDO is helping to design and manage a research project to examine peri-urban economic growth in Mozambique and Botswana. The RHUDO is pursuing research and technical assistance initiatives in Swaziland and Botswana that will support the small-scale construction sector and plans to propose similar activities in other countries when appropriate.

The RHUDO has worked collaboratively with The World Bank and Habitat on their joint Urban Management Project. The RHUDO is also involved in the dialogue about The World Bank's proposed regional project for municipal development and local government training in Africa.

The major regional training event this year was the policy workshop held in Nairobi, at which 50 senior level representatives of the public and



Professor Akin Mabogunze addressed the Regional Policy Workshop in Nairobi, September, 1990, while RHUDO Director Michael Lippe listened carefully.

The RHUDO is also providing local nongovernmental organizations innovative block-making machines and training on how to use them in low-cost housing construction.

Djibouti

Work is continuing on the USAID Mission's \$5.5 million grant to the Government of Djibouti for shelter and urban services, a project cofinanced with The World Bank. Construction activities are scheduled for completion next year.

Other Country Activities

The Regional Office also supported research and technical assistance in other countries. In cooperation with the USAID Mission and Uganda's

Ministry of Local Government, the RHUDO undertook a detailed study of market towns in the country's predominantly agricultural economy, to identify potential projects. In Burundi, the USAID Mission also invited the RHUDO to assess the potential of its private sector initiatives directed toward market town development in Burundi. Finally, in Lesotho, the Office supported a study of small towns as a first step toward understanding urban issues.



The RHUDO continues its support to improvements in the Mathare Valley area of Nairobi. A member of the Kariobangi Housing and Settlement Cooperative and his family stand proudly in front of their home, which has benefited from basic infrastructure and home improvement loan funds through a \$1.17 million grant to the National Cooperative Housing Union.

private sectors explored African economic development, giving special attention to the problems and opportunities presented by rapid urbanization there.

The Regional Office supported the management training programs of the African Union of Housing Finance Institutions. Also, public and private sector officials from eight countries, some with RHUDO financial support, attended the *Third International Shelter Conference* in Washington, D.C. The RHUDO sponsored two participants in the Fels Institute course on housing finance.

Through its regional newsletter, *Urban Perspectives*, the Regional Office keeps professionals apprised of the latest developments. Typically, most newsletters this year had a unifying theme, including building materials and appropriate technology, private sector housing finance, and urbanization and health.

Eastern Europe

In late 1989, Congress passed the Support for East European Democracy Act, authorizing \$938 million in assistance over three years for programs in Poland and Hungary.

In 1990, it was expanded to cover the remaining countries in Eastern Europe. A.I.D.

administers the program in cooperation with other federal agencies under the guidance of the

coordinator for East European assistance, who is the deputy secretary of state. The program addresses two broad objectives:

- developing durable democratic institutions and
- fostering market-oriented economies.

First, \$200 million was contributed to the billion-dollar Poland Stabilization Fund. Then, Polish-American and Hungarian-American Enterprise Funds were established to encourage private entrepreneurial activity in these countries, utilizing the skills of the U.S. business community. U.S. members of the boards of directors were named in March, 1990, and Congress authorized \$60 million in enterprise funds for Hungary and \$240 million for Poland.

To lay the groundwork for housing assistance, the Office prepared an analysis of the shelter sector in Poland and Hungary. The study evaluated each country's housing deficit, and its economic, social, and political ramifications. Shelter problems are compounded by the serious level of environmental degradation that pervades the region. The analyses:

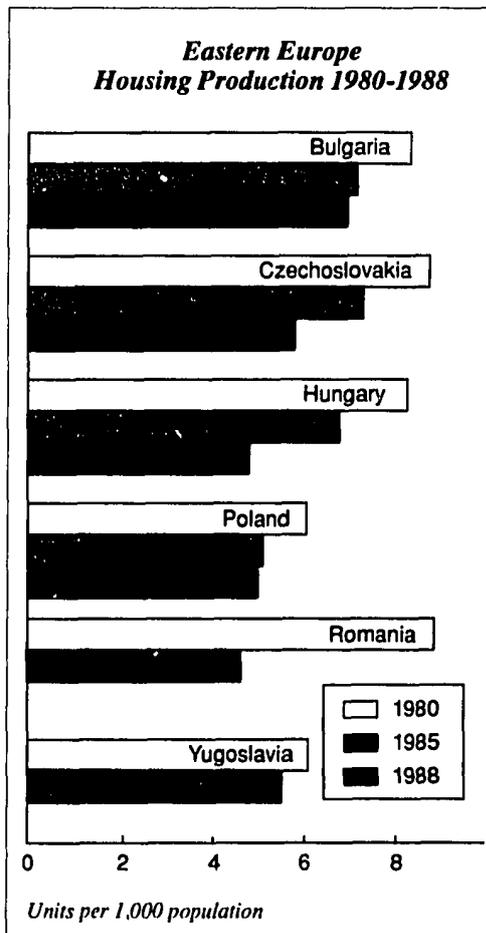
(1) identified the obstacles to improving the maintenance and management of public housing; (2) recommended targeting subsidies to those without the resources to purchase their dwellings, and (3) advocated that the private sector provide housing finance and construction, while local governments provide land assembly and infrastructure.

A legal framework for decentralized government and a regulatory environment that fosters private enterprise also are required to move from centrally planned to free market housing systems. Because most newly elected local officials have no experience with municipal government and community institutions, training is an overwhelming need.

Based on the study's findings, A.I.D. and the U.S. Department of State concluded that the housing sector should be a priority of U.S. assistance to Eastern Europe. Officials of Poland and Hungary, representatives of The World Bank, and members of Congress concur.

Office Director Peter Kimm delivered the keynote address at the Conference on Housing Finance in East and Central Europe held in Budapest, Hungary, in June, 1990. Subsequently, initial discussions were held with Hungarian and Polish officials on A.I.D. housing assistance. The following aim to increase the private sector's role in housing in Eastern Europe:

The overall strategy is to help create an effective private real estate market.



-
- *establishing a viable housing finance system that makes both construction loans and long-term mortgage financing available on reasonable terms;*
 - *privatizing the public housing stock and private sector management of remaining rental units, with modification of the rental structure so that rents more closely reflect market rates, limiting subsidies to those who need them;*
 - *improving performance of local authorities in zoning, transferring and titling land, providing serviced land, and selecting projects;*
 - *strengthening private developers and building contractors, privatizing large public building companies, and improving the operation of housing cooperatives.*



In Slupsk, Poland, the Office of Housing and Urban Programs and the International City Management Association (ICMA) meet with the newly elected mayor (third from the left) in the City Council's chambers. An ICMA advisory team worked in Slupsk later in the year.

A.I.D.'s Office of Housing and Urban Programs is working with other federal agencies and donors. For example, the U.S. Peace Corps is recruiting five urban planners to assist smaller cities in Poland, and the Office intends to incorporate the volunteers into its technical assistance program for municipalities.

Also, the Office is working with The World Bank to ensure that A.I.D.'s technical assistance will complement capital assistance programs of the Bank.

COUNTRY PROGRAMS

Poland

Local governments elected in Poland in May 1990 were faced with the decentralization of the public housing stock and the need to prepare new systems to support private real estate development, such as land titling and management and provision of infrastructure. The Office sent small teams for several weeks to one medium-sized city and one Warsaw district to help administrators in these areas.

Hungary

After the housing finance conference in Budapest, the Government of Hungary requested technical assistance, especially for a housing allowance scheme as a safety net for disadvantaged families. The activity is being funded jointly by A.I.D. and The World Bank, in anticipation of a symposium for policymakers in Hungary. The Office assisted the Government of

Hungary to organize a new housing office and develop a three-year program of training and technical assistance.

Activities in both countries prepared a framework for major technical assistance activities in 1991.

Near East & North Africa

Already, in several countries of Near East and North Africa, more than 70 percent of the population live in urban areas. Projections indicate that 60 percent of the region's total population will be urban dwellers by the year 2000, compared to 40 percent in 1980. The towns and cities of the region will also be home to an increasing majority of those with low incomes.

Increased urbanization creates the need for more urban employment, housing, social services, and infrastructure. In several countries, growing concern exists for environmental degradation resulting from urban growth.

The fundamental principle guiding the Regional Office's strategy is that national governments should enable others to provide urban housing, infrastructure, and related services rather than attempting to provide it themselves. Moreover, increased participation by the citizenry should be encouraged, and the decentralization process should be supported. In accordance with this philosophy, the Regional Office's assistance efforts stress: land, infrastructure, and housing finance; private sector provision of shelter; and municipal management and finance.



Securing water in low-income neighborhoods is a daily burden. A.I.D.'s loan assists with the provision of basic infrastructure, including water and sewage services. [Tetouan, Morocco.]

COUNTRY PROGRAMS

Tunisia

The most recent Housing Guaranty authorization in Tunisia, the \$15 million Housing Bank/Private Sector Program, revises overall policy for land development and housing finance to foster greater private sector participation. The former public Housing Savings Fund has been transformed into a full-service, autonomous, private Housing

Bank. Also, the National Land Agency is encouraged to act as a wholesaler of land to private developers and municipalities.

Using another \$48 million from A.I.D., the National Sewerage Agency is upgrading sewer systems in 30 secondary cities and the Land Agency and Housing Bank is developing serviced land and providing financing for low-income families. The RHUDO is working

with the Government of Tunisia to realign responsibilities for sewer systems between the central agency and the municipalities.

A.I.D. approved a supplemental \$15 million Guaranty Program this year to help local authorities rehabilitate deteriorating infrastructure. Municipalities will borrow funds at market interest rates and receive technical assistance to improve tax collection, enhancing their ability to repay the loans.

Morocco

A.I.D. is implementing a \$25 million Housing Guaranty Program with the Municipality of Tetouan, the National Shelter Upgrading Agency (ANHI), the Moroccan Ministry of Interior, and the Municipal Development Fund (FEC). The program is helping the municipality improve its planning and financial capabilities and is intended to be a model of efficient municipal urban services

management, upgrading and cost recovery. The project will directly impact over 100,000 beneficiaries and will also finance the construction of a sewer trunk line and treatment facility for the entire city and Mediterranean Coastal region.

In another \$20 million Housing Guaranty Program, the Upgrading Agency is creating a self-sustaining system to deliver 4,000 serviced plots of land to low-income families each year. This program aims to increase the private sector's involvement in shelter production and low-income people's access to housing finance.

Technical assistance and training grants of \$3.5 million are strengthening Tetouan's administrative, technical, and financial capacity in areas such as property tax collection, sewerage and solid waste management, capital budget programming, and the use of Geographical Information Systems for land

registry. For example, officials have developed a computerized real estate tax collection system. The upgrading agency, with a \$1.3 million A.I.D. grant is conducting baseline studies on housing and living conditions in substandard areas and simultaneously enhancing its research capacity in the areas of owner built housing, private sector building activities and the economic role of low-income housing.

Jordan

The new, \$50 million Low-Cost Housing Policy Support Program, will facilitate adoption of the National Housing Strategy. The Program places special emphasis on making more land available for the poor. A first step in reorganizing the housing sector is the creation of a central coordinating unit to monitor, coordinate, and set urban development policies. Future activities are being planned,



Private contractors install major sewer lines in the upgrading neighborhood zone in Tetouan, Morocco, as part of ongoing work under this country's first Housing Guaranty Program.

supported by \$995,000 in technical assistance and \$180,000 in training funds over two years.

The final evaluation of the RHUDO's program with the Jordan Housing Bank found that mortgage loans were made to more than 5,500 lower income families, and, despite a negative economic

climate, greater private sector participation in low-cost housing production occurred.

Through training, the Regional Office is also actively supporting the Jordan Private Developers Association, which it helped create two years ago and whose major goal is to redirect part of the private sector's activities to low-cost housing.

Portugal

In 1990, A.I.D. completed an evaluation of the \$75 million Low-Cost Housing Guaranty Program in Portugal, completed in 1989. The evaluation found that the program helped the Government get out of direct production of public housing and instead channel resources to local developers. The National Housing Institute has helped more than 200 private builders.



Participants in an A.I.D. sponsored Training of Trainers Seminar, held in February, 1990, in Tangiers.

cooperatives and municipalities expand production and reduce costs.

In addition, \$15 million was authorized for the second phase of a new \$55 million Low-Income Housing Guaranty Program. The program, aims to help introduce new credit lines to local developers and municipalities for land acquisition, infrastructure,

neighborhood improvement, and rental rehabilitation.

Other Country Activities

A.I.D. completed one study of housing finance alternatives in Algeria and initiated another of the non-financial constraints to private shelter development.

In Yemen, the Regional Office provided initial assistance to the USAID Mission to examine housing finance and capital markets there.



REGIONAL ACTIVITIES

The regional training program emphasizes strengthening local training capabilities, collaborating with other training organizations, and designing inter-country observational tours in addition to sending selected officials to courses in the U.S.

A seminar on *Training of Trainers for Municipal Management* took place in February in Tangiers, Morocco, and included participants from Algeria, Morocco, and Tunisia. The seminar was part of a three-year training program carried out by A.I.D. with the Economic Development Institute of The World Bank and the United Nations Centre for Human Settlements (Habitat).

High-level Algerian officials participating in a study tour to Portugal in June 1990 reviewed the Portuguese experience in transferring responsibility for providing low-income housing and serviced lots from the public to the private sector.

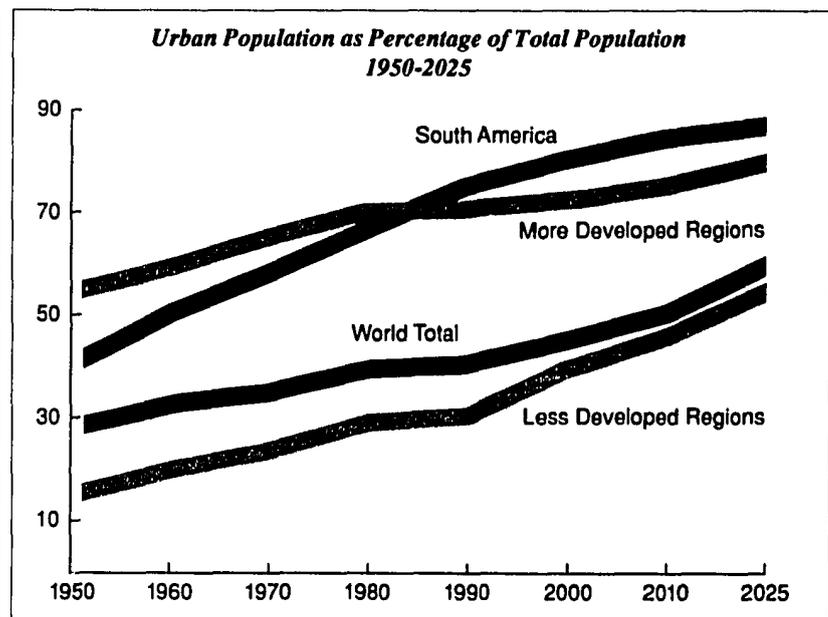
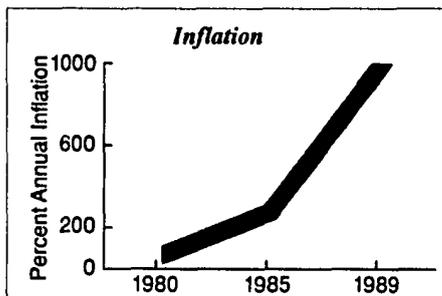
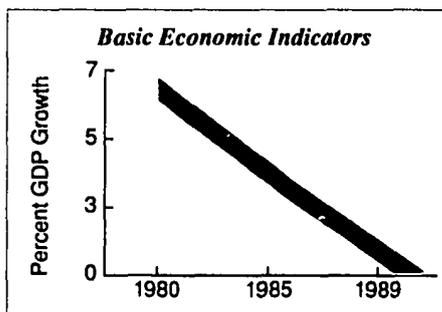
A seminar on appraising housing projects in Tunisia in September trained Housing Bank staff in their new role of dealing with private developers.

South America

The Regional Housing and Urban Development Office for South America, located in Quito, Ecuador, is active in 11 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Panama, Paraguay, Peru, Uruguay, and Venezuela. Three characteristics of the region influence the RHUDO's programs in South America: urbanization, economic adjustment, and the return to democracy.

- *South America has the highest percentage of population living in urban areas of any region.*
- *In the past decade, South America experienced the most difficult economic crisis in the history of the region, including three-digit inflation and a general deterioration of the quality of life.*
- *During 1989 and 1990, all countries in the region had democratic national elections. In addition, the direct election of local governments was initiated in those countries where that process did not previously exist.*

Many prominent South American leaders, confronted by these accelerated economic and demographic changes, are reexamining traditional development models. Leaders in housing and urban development want to redefine the roles of the public and private sectors, to decentralize authority to local governments, and to maximize the informal sector's contribution to housing production and job generation. They increasingly recognize that governments can be most effective by creating laws and regulations that support the private sector to finance and produce housing; the private sector can expand services to reach far more people; and urban residents can participate in addressing their own needs.



COUNTRY PROGRAMS

Bolivia

Bolivia is recently emerging from one of the most severe economic crises in the region. A.I.D.'s efforts in Bolivia continue to support the private savings and loan system. An A.I.D. financial advisor has helped the savings and loans begin to resolve long-standing problems, thereby enabling the system to extend housing credit more efficiently and to a broader cross-section of Bolivians. This year, the Bolivian savings and loan system has financed new houses and home improvement loans benefiting over 750 families. A.I.D. has disbursed \$1.4 million in Housing Guaranty resources during the fiscal year in support of these programs. The National Housing Fund cosponsored a seminar in La Paz to explore ways for greater public-private collaboration in financing low-cost housing.

The rapid growth of urban areas in Bolivia is stretching the limited capacity of local governments, particularly in such areas as El Alto, where A.I.D. is supporting an innovative project. Its objectives are to help the local government improve the delivery of basic services, expand employment opportunities, upgrade health care, improve nutritional standards, and involve local communities in decision making.

Ecuador

This year, two Housing Guaranty loans to Ecuador totalling \$45 million were concluded. The multi-year effort

aimed to improve performance of public housing organizations, and resulted in the government's adoption of a massive home improvement loan program. A.I.D. helped the government move away from building subsidized housing units and to more appropriate, less costly approaches such as serviced sites, progressive housing solutions and home improvement credit. Through the National Housing Bank, A.I.D. financed a total of 18,700 new shelter solutions and 5,900 home improvement loans.

A.I.D.'s current Housing Guaranty loan helps private builders and financial institutions engage in providing, selling, and servicing loans for low-cost housing for the first time. So far, 1,370 housing units and 970 home improvement loans—worth approximately \$5 million—have been produced under the Housing Guaranty loan, which has a total authority of \$35 million, with \$10 million targeted for infrastructure provision.

A.I.D.-supported credit is increasingly directed to community upgrading activities, instead of to financing of new houses, in order to reach more poor families. A recent study on user fees for water and sewerage services found that low-income families can and will pay for these services' basic infrastructure costs and that improved water and sewerage are among their highest priorities.



Jeremy Hagger, Fredrik Hansen, Mario Pita and Dennis Zuñiga, General Manager of the Municipal Water Division, inspect the installation of USAID-supported capital improvements in San Pedro Sula, Honduras.

Inflation and rising interest rates have created problems of affordability, but the Regional Office argues that rising interest rates due to inflation should not affect the affordability of housing credit if suitable approaches, such as indexing of loan payments, are employed.

The approach is being implemented first in community upgrading programs to keep them affordable for low-income families and will soon be employed by the Ecuadorian Housing Bank for individual loans.

Another initiative seeks to tap cooperative development organizations. The RHUDO helped secure grant funding from A.I.D.'s Office for Food and Voluntary Assistance for a pilot project in Quito that will support community-based approaches to organize and finance low-cost housing. The activity will also test the use of a

local currency guaranty to enable credit unions to attract a larger volume of local resources that, in turn, can be channeled into shelter sector loans. A related initiative is helping credit unions secure direct access to the resources of the formal financial sector, thereby enabling them to expand lending activities that benefit low-income families.

Working closely with the government, the Regional Office has initiated a series of comprehensive studies on urban poverty, economic mobility, migration, employment patterns, and constraints to efficient urban growth.

Also, in Quito, the Regional Office is using an existing A.I.D. research model called RAPID to identify the effects of high rates of population growth and to help demonstrate the environmental consequences of poorly-planned

urban expansion. The municipality will use the results to prepare a proposal to the Inter-American Development Bank for an environmental management program.

Chile

An elected government took office in Chile in 1990 after 16 years of military rule. During that time, A.I.D. maintained contacts with cooperative development organizations and the private sector. In 1988, A.I.D. authorized a \$5 million Housing Guaranty loan to demonstrate the ability of the private, nonprofit sector in Chile to marshal domestic resources and expand its production of low-cost housing. An evaluation in May, 1990, found that the Private Sector Cooperative Program was ahead of schedule, production was in excess of expected targets, and the goals of institutional consolidation were being met.

A.I.D. authorized another \$5 million Housing Guaranty loan in August, 1990, to help the Chilean cooperative system broaden its support of activities outside the Santiago metropolitan area and finance the development of less costly housing units. A program under discussion for this year will aim to improve the effectiveness of community-based organizations, encourage private financial institutions to invest in mortgages for low-income families, and enhance the guaranties and marketability of these mortgages by developing a secondary market for such mortgages. Furthermore, discussions have been initiated with the Chilean Ministry of Housing and Urbanism regarding A.I.D. assistance for a broader policy agenda which addresses urban and municipal development and environmental degradation.



Mayor Rodrigo Paz of Quito, Ecuador, flanked by Peter Kimm on his left and Lindsay Elmendorf on his right, attending the World Congress of Local Governments for a Sustainable Future, held in New York City, September, 1990. At this Congress, local government officials from 41 nations gathered at the United Nations in New York to establish the International Council for Local Environmental Initiatives.

REGIONAL ACTIVITIES

The Regional Office has recognized the need to develop partnerships with national and regional organizations of private builders and lenders active in housing, community based organizations such as housing cooperatives and credit unions, and local governments. Increasingly, the Regional Office is disseminating information rather than transferring resources. A.I.D. cooperative agreements with the Latin American Chapter of the International Union of Local Authorities (IULA) and the Inter-American Housing Union supported three research projects and four regional seminars on urban development, urban services and housing policy. The seminars were held in Peru, Venezuela, Paraguay, and Brazil. Three working meetings of the Regional Institutional Network were also held this year—two in Buenos Aires and one in Washington, D.C. In the cooperative agreement with the International Union of Local Authorities, an innovative multi-year program focused on the role of women in local development was integrated into this package. This program will result in the development of eight case studies and ten regional seminars in eight different countries to be jointly funded by A.I.D.'s Policy and Program Coordination, Women in Development, IULA and the Regional Office.

Panama

The U.S. military action in Panama in December, 1989, left nearly 2,500 families homeless. In addressing the needs of the families whose homes in the Chorrillo district were destroyed or damaged, A.I.D.'s goal has been to complement individual efforts of displaced families to address their own housing needs.

Each family whose home was destroyed receives grant assistance of up to \$6,500 toward the purchase of a house anywhere in Panama. Numerous private developers have responded by building houses and apartments within the \$6,500 limit. In addition, each family receives approximately \$800 for purchase of household effects for their new homes. The program is managed by the *Caja de Ahorros*, the national savings bank.

The USAID Mission to Panama and the RHUDO have



In conjunction with USAID-Bolivia's Food for Work Project, this Private Sector Low-Cost Shelter Program is providing the means to carry out a self-help housing construction initiative in low-income communities. The project pictured here received funding through the local credit union, Mutual Paititi.

agreed to reinstate the previously-authorized private sector Housing Guaranty Program to revitalize the housing finance and construction sectors in Panama. The Regional Office conducted a feasibility study and policy workshop in August and September, 1990, to review project

design and to identify the appropriate policies to guide implementation of the \$25 million project, by Panama's private housing finance institutions.

Members of the Latin America and Caribbean Institutional Network

Inter-American Housing Union
 Latin American Chapter of the International Union of Local Authorities
 Inter-American Association of Housing Cooperatives
 Inter-American Federation of the Construction Industry
 World Council of Credit Unions
 Carvajal Foundation
 Cooperative Housing Foundation
 Cevis Foundation
 Corporation for the Promotion of Municipal Communities
 International Real Estate Federation
 Chilean Corporation for Popular Housing
 Latin American Confederation of Credit Unions
 Association of Bolivian Urban Affairs Institutions
 Argentinian Confederation of Housing Cooperatives
 Peruvian Social Research Center
 Paraguayan Foundation for Development and Cooperation
 National Association of REALTORS® of the U.S. and its Latin American Chapter
 Colombian National Chamber of Popular Housing and
 Community Self-Help Housing Organization

Freddy Reyes Pérez (Peru), President
Jaime Torres Lara (Ecuador), Executive Director
Carlos Pedro Garrott (Argentina), President
Germán Molina Morel (Mexico), President
Peter Marion (USA), Regional Coordinator
Rodrigo Guerrero (Colombia), Director
Ted Priftis (USA), Vice President
Manuel Valcarcel (Argentina), President
Edgar Reveiz (Colombia), President
Carlos de Almeida (Brazil), President
Ramón Undurruga (Chile), President
Edison Silva P. (Panama), Acting Manager
Gastón Mejía (Bolivia), Manager
Nicolás Flores (Argentina), President
Angeles Murillo (Peru), Director
Astrid Gustafson (Paraguay), Program Coordinator
John T. Howley (USA), Vice President
Javier Ramírez Soto (Colombia), Executive Director

West & Central Africa

The year 1990 witnessed great political and economic change in West and Central Africa. Continuing difficult economic times induced many countries to institute major policy reforms or structural adjustment programs, moving toward more market-oriented economies. Political transformations are occurring in Benin, Côte d'Ivoire, Gabon, Nigeria and Zaire among others, moving towards an open, multiparty system. The Regional Housing and Urban Development Office for West and Central Africa has consistently advocated greater private sector involvement in urban development and broader participation of citizens in the governance and management of local affairs.

In the short term, austerity programs have reduced the already inadequate resources available to central governments for financing urban services and infrastructure. As a result of declining investments and inadequate maintenance, basic infrastructure in West and Central Africa is grossly inadequate. For example, estimates exist that, typically, from 30 to 80 percent of the urban areas lack basic services.

Compounding this problem is the fact that the continent has the highest urban growth rate in the world: more than 5 percent annually in many countries. UN projections indicate that between 1985 and 2020, the total urban population of Africa will grow by a staggering 644 million people.

The Regional Office's primary goal this past year has been to support decentralization policies, such as local means of financing and managing urban development, which promote local economic development and higher levels of employment generation in the private sector. Training and technical assistance are recognized as the most realistic vehicles for achieving decentralization when use of the Housing Guaranty Program is limited by the economic straits of most sub-Saharan governments.

The Regional Office has helped USAID Missions understand the relevance of urban concerns to their traditional programs in agriculture, health, and education. Increasingly, African and donor officials recognize contributions of secondary cities to local economic growth, decentralization, and democratization.

COUNTRY PROGRAMS

Côte d'Ivoire

Over the past two decades in Côte d'Ivoire, the Regional Office has sought to advance its objectives primarily through Housing Guaranty Loan Programs of capital investment and human resources development. An evaluation of the \$21 million Abidjan Housing and

Urban Upgrading Project

concluded: upgrading is a viable alternative to demolition; affordability can be achieved by lowering building standards; cost recovery is feasible; and private businesses can produce housing and infrastructure. An encouraging finding was an exceptional increase

in informal economic activity due to improved infrastructure in the target neighborhoods. An impact study also found new, formal sector commercial and service activities, including some by small businesses.

Another Housing Guaranty Program, the \$20 million Secondary Cities Development Project, is also nearing completion. The program, which applies principles of the Abidjan project to interior cities of Côte d'Ivoire, reinforces the government's decentralization efforts.

Current economic constraints in Côte d'Ivoire, however, have postponed a follow-on Housing Guaranty Program in more interior towns. A \$5 million Development Fund for Africa grant for technical assistance, training and construction of revenue generating public facilities will continue to improve municipal management and local finance. The RHUDO will also supply technical assistance to the Department of Local Government, for example by computerizing centralized budget operations and assisting the Department of the Cadastre and selected municipalities. The RHUDO's Municipal Management Training Program, now in its fourth year, organized workshops for Department of Local Government staff on management techniques and the use of microcomputers in preparing municipal budgets and regulations. As a result, the Department has expanded its use of computers in monitoring the performance of the Ivorian municipalities.

The Regional Office also hosted a roundtable for mayors, municipal officials, and experts from ministries and technical institutions on infrastructure investment's effects on informal activities and municipal management.

Senegal

The design and management of a simple cadastral survey in the city of Ziguinchor is the Regional Office's major technical assistance endeavor in Senegal. The goal of this three-year, \$400,000 project is more effective collection of property taxes, which should greatly increase the city's revenue. The project will begin soon with the introduction of a software program created with RHUDO assistance in Tunisia. Success will encourage the replication of this cadastral survey in other Senegalese cities.

Negotiations are continuing on a \$2 million private sector Housing Guaranty Loan Program with the Senegalese housing sector for sites and services and core housing in Dakar and Ziguinchor. Signing of the loan is expected in fiscal year 1991.

In addition, the Regional Office conducted three studies. The first, on decentralization in Senegal, examined progress in decentralizing central government authority to local governments and recommended ways that the USAID Mission could assist in this process. The final report titled, *Promoting Economic Development and Employment Generation through Decentralization in*

Senegal, was used by the Minister of the Interior in his report on decentralization to the president of Senegal.

The second study, *Demographic and Urbanization Trends in Senegal*, analyzed the latest census and argued that such geographic differences should be taken into account in formulating national economic development strategies and in targeting capital investments. This study is being drawn upon by those developing A.I.D.'s strategy for the next five years.

The third report, *Senegal Urban Program Strategy*, contains detailed proposals for action in the areas of policy reform and structural adjustment, private sector development and employment



These photos graphically demonstrate the gradual transformation of neighborhoods receiving upgrading assistance through Housing Guaranty Programs, such as this one in Abidjan, Côte d'Ivoire.

generation, strengthening rural-urban economic linkages, and urban environmental protection. The report also is being tapped by those preparing A.I.D.'s *Country Program Strategy Plan*.

Over the past two years, the RHUDO has trained officials of the greater Dakar municipality in administrative writing, techniques of expression, health and safety in the workplace, and budget preparation and procurement. Over 150 municipal employees benefited from these activities of the Regional Municipal Management Training Program. Subsequently, officials requested the Regional Office to conduct a training needs assessment for the metropolitan government.

Guinea

The Regional Office designed a study of market towns in Guinea to examine the nature of rural-urban linkages and the developmental role of market towns. The study found

that inadequate investment in rapidly growing towns constrained regional and rural development. Recommendations included development of: a national training strategy to improve local government management; credit mechanisms for small businesses; and a detailed analysis of transport problems. This study, too, will help A.I.D. formulate its *Country Program Strategy*.

A national conference on market towns and rural development was co-sponsored by the Ministry of Interior and Decentralization and the Regional Office. The conference, held in Conakry, drew 140 participants, mostly central and local government officials from Côte d'Ivoire and the Central African Republic. Participants debated the market town study, the role of women and entrepreneurs in market town development, and investment strategies for rural development.

The RHUDO also conducted a seminar for top-level officials of 25 ministries on effective public administration.

Ghana

The RHUDO designed and managed another study on urban-rural linkages with Ghana's Ministry of Local Government. The study identified, as major constraints to local economic development, lack of credit, inadequate infrastructure, and the local governments' inability to mobilize resources of the local private sector. This study, like others, will provide input into A.I.D.'s country strategy.

Burkina Faso

The Regional Office organized a national conference on financing and managing decentralization, sponsored by the head of state, Blaise Campaore. The conference

REGIONAL ACTIVITIES

The training program in municipal management and public administration promotes the RHUDO's major policy initiatives on decentralizing urban development responsibilities, increasing the role of the private sector in urban service delivery, and strengthening indigenous public and private training institutions. This has been accomplished through several regional and national-level conferences on such themes as local government resource management, market towns and rural development, and local economic development and employment generation, as well as through smaller scale training events on various local government management issues.

The training program's principal regional activity was a conference on local economic development and employment generation, held in Abidjan, Côte d'Ivoire, and attended by 50 participants from Burkina Faso, Côte d'Ivoire, Guinea, Mali, Niger, Guinea-Bissau, and Tunisia.



A participant receives his certificate at this Decentralization Seminar held in Burkina Faso.

recommended A.I.D. support of decentralization, specifically training in urban services management. Subsequently, A.I.D. formulated a five-year training program for all levels of Burkina Faso's public institutions. The RHUDO will participate actively in the implementation.

Mali

The RHUDO's technical assistance program explored the feasibility of decentralization and local government training, peri-urban research, and urban environmental management. A Regional Office report on the status of decentralization in Mali proposed studies on training needs, local

government finance, and the role of cooperatives in local development. Another Regional Office report on urbanization trends recommended investment in urban sanitation infrastructure and services, if proposed health programs are to be effective. The RHUDO also participated in a national conference on housing policy.

Niger

In Niger, too, the Regional Office conducted an assessment of the economic development potential of market towns. The study found that the level of economic activity in Niger's secondary cities is extremely low and recommended remedial measures similar to those found in other market town studies: improvement of farm-to-market roads, credit programs for small-scale entrepreneurs, and training for local government officials.

The Regional Office also continued to collaborate with the African Development Bank by assisting it in the development of urban policies. A resulting report, *Policy Statement of the African Development Bank Concerning Urban Development*, recommends the following urban policy guidelines: appropriate and affordable building and design standards; balanced investment of secondary city development; and greater support of the informal sector as a generator of employment and producer of goods and services for the poor. The RHUDO also helped the Bank prepare a policy statement on the water supply and sanitation sector. Subsequent assistance includes preparing operational manuals and a 1991 training seminar.

By distributing its periodic newsletter, *African Urban Optic*, throughout West and Central Africa, the RHUDO keeps officials and researchers informed on urban-related issues.

Financial Report

**OFFICE OF HOUSING AND URBAN PROGRAMS
FINANCIAL HIGHLIGHTS
As of the end of the Fiscal Year**

	1990	1989
Net Worth	63,914,663	121,436,789
Total Congressional Authority	2,558,000,000	2,158,100,000
Total Guaranty Loan Repayment-Active Loans (see footnote 1)	252,652,366	266,797,985
Total Projects Authorized and Under Contract	1,871,081,696	1,839,021,280
Total Number of Projects Authorized and Under Contract	173	177
Total Projects Authorized Not Yet Under Contract (see footnote 1)	469,730,750	458,230,750
Total Number of Projects Authorized Not Yet Under Contract	41	36
Total Projects Authorized	2,340,812,446	2,297,252,030
Total Number of Projects Authorized	214	213
Total Guaranties Issued and Outstanding (Principal Amount of Guaranties)	2,088,160,088	2,054,226,271
Total Authority Available	69,839,912	103,773,329
Total A.I.D.'s Contingent Liability	1,590,726,793	1,555,392,941
Total Disbursements (by U.S. Investors)	1,852,198,282	1,822,190,926
Subrogated Claims Receivable	109,226,650	95,576,732
Rescheduled Claims Receivable	62,974,940	44,143,260
Guaranty Fee Income Earned During Fiscal Year 1990 ²	8,553,085	9,047,558
Claim Losses Written Off (Net) During Fiscal Year 1990 ²	1,308,917	1,656,650

1. US\$400 million (1990) of this is available solely for providing housing infrastructure in Israel for Soviet Refugees.

2. Excludes fee income waived on four housing projects in Peru, as well as the portion of the claim offset by the waiver of the guaranty.

**STATEMENT OF INCOME AND EXPENSE
October 1, 1989 through September 30, 1990**

FEE INCOME		
Fees	\$ 8,553,085	
Late Charges	10,342,696	
Interest on Rescheduled Claims	<u>8,119,778</u>	
GROSS INCOME		\$ 27,015,559
ADMINISTRATIVE EXPENSES		
Personnel: Direct Hire	\$ 2,460,041	
Contract Personnel	294,361	
Housing	527,380	
Operational Travel	374,032	
Other Office Operations	991,058	
Agency Support Costs	988,991	
Contractual Services	458,666	
Operating Expenses Subtotal	6,094,529	
Interest on Treasury Borrowing	5,856,054	
Provision for Doubtful Accounts	<u>30,995,637</u>	
TOTAL EXPENSES BEFORE CLAIM LOSSES		\$ 42,946,220
NET INCOME		
Total Operating Income		\$ (15,930,661)
Net Loss from Claims Payment		<u>(1,308,917)</u>
Net Income for the Current Fiscal Year		\$ (17,239,578)
Prior Fiscal Year Adjustments		<u>(1,719,131)</u>
NET INCOME		\$ (18,958,709)

STATEMENT OF FINANCIAL CONDITION
As of September 30, 1990

ASSETS

Funds with U.S. Treasury (see note 1)	\$ 1,776,230	
U.S. Securities Less Unamortized Discount	3,958,522	
Fees Receivable Less Allowance for Uncollectibles	11,612,234	
Accounts Receivable	77,496	
Travel and Other Advances to Employees	53,266	
Claims Receivable Less Allowance for Uncollectibles	45,698,687	
Furniture	1,779,779	
Allowance for Depreciation	<u>(1,041,552)</u>	
TOTAL ASSETS		<u><u>\$ 63,914,662</u></u>

LIABILITIES

Borrowing from U.S. Treasury	\$ 82,000,000	
Estimated Net Claim Liability - FY 1991/90 (see note 2)	35,500,000	
Estimated Net Claim Liability - FY 1992/91 (see note 3)	37,000,000	
Accounts Payable	307,035	
Accrued Expenses Payable	1,572,241	
Unapplied Receipts/Reapplication of Funds	1,811,353	
Interest Payable-U.S. Treasury	3,236,226	
Accrued Annual Leave	<u>303,670</u>	
TOTAL LIABILITIES		<u>\$ 161,730,525</u>

NET WORTH

Capital	\$ 87,042,916	
Cumulative Gain-Beginning of Year	(169,631,432)	
Net Income Fiscal Year 1990	(18,958,709)	
Section 222-A Guaranty Reserve 222-A (e)	4,035,033	
Unfunded Accrued Annual Leave	<u>(303,670)</u>	
TOTAL NET WORTH		<u><u>\$ (97,815,863)</u></u>
TOTAL LIABILITIES AND NET WORTH		<u><u>\$ 63,914,662</u></u>

Notes to Financial Statements

1. The Housing Guaranty Program has unlimited authority to borrow from the U.S. Treasury. Funds with Treasury are being maintained at a lower level to minimize interest costs to the program.
2. This estimated claim liability is the anticipated minimum losses for the next fiscal year from claim payments.
3. This estimated claim liability is the anticipated minimum losses for fiscal year 1991 (for fiscal year 1989) and for fiscal year 1992 (for fiscal year 1990).
4. As of September 30, 1990, project reserve funds were held by various agents in the amount shown below:

	Total Amount of Reserve	Restricted	Fungible
AID Central Fiscal Agent (Riggs National Bank)	619,362	-0-	619,362

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. During Fiscal Year 1990, the Financial Statements (W-239) for the period ending September 30, 1989 have been restated to reflect an upward adjustment of \$106,823,507.80 in the allowance for doubtful accounts, based on current data, to more nearly reflect the current value of various receivables.

Housing Guaranty Loan Process

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

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 terms that reflect the prevailing

interest rates for U.S. securities of comparable maturity. 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, and lender's 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

Upon the signing of a loan agreement, A.I.D. will sign a contract 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 as of September 1990 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 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 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.

Lenders are selected by host country borrowers, typically selected through a competitive negotiation process. 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* and 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.

Management & Support

Portfolio Management System

The development of the Housing Guaranty Portfolio Management System (HGPMs) neared completion in fiscal year 1990. The HGPMs is designed to automate the tracking of approximately 150 loans amounting to over \$2 billion. It is being developed jointly by the Office and A.I.D.'s Office of Financial Management to handle accounting ledgers associated with the Housing Guaranty Program and to generate reports based on loan data. HGPMs will be fully operational in fiscal year 1991 and will produce all financial reports.

Claims Recovery Program

The Office has in place a claims recovery program to secure paid claims from borrowers and host country guarantors and has developed a program of remedial action on lender claims.

Restructured Fiscal Agent Agreement

A restructured agreement was negotiated with Riggs National Bank to continue its services as A.I.D.'s fiscal agent for the next three years. In this capacity, Riggs National Bank will continue to serve as the paying and transfer agent and as the escrow agent for new loans requiring these services.

Loan Terminations

The Office has been involved in closing out a number of 30-year loans that had been fully repaid during the fiscal year and arranging for the proper distribution of funds that remain.

Financial Model

The Division developed an automated financial model to provide an accessible, standardized data base of Housing Guaranty Program financial data; forecast the effect of specific changes on Housing Guaranty Program finances; and manipulate assumptions to compare outcomes of various economic scenarios. The model facilitates analyses of the impact of loan reschedulings and new loans on the Housing Guaranty Program's portfolio, generates a long-term financial plan, and aids in the preparation of annual budget tables and financial analyses.

External Audit

During fiscal year 1990, Price Waterhouse was engaged to audit the future financial statements of the Housing Guaranty Program. The Agency also established a loan loss reserve based on country listings and a portfolio classification system.

Presidential Management Intern Program

The Office has continued its two-year association with the Presidential Management Intern Program, hiring three more interns this year. The program is designed to attract promising graduate students from a range of disciplines to the management ranks of the federal government. During the two-year program, interns at A.I.D. transfer from assignment to assignment to gain broad exposure to the agency's operations. Upon completion, they are eligible for career A.I.D. positions.

Publications

In addition to the annual report, the Office publishes a substantial number of documents that are available to the public. *Abstracts*, published semiannually, provides abstracts and ordering information for all currently available publications.

In fiscal year 1990, featured publications included:

- *Decentralizing Urban Development Programs: A Framework for Analyzing Policy*, May 1990.
- *Urbanization and the Environment in Developing Countries*, July 1990.
- *Transformation of the Housing Sector in Poland and Hungary*, March 1990.
- *Selling Eastern Europe's Social Housing Stock: Proceed with Caution*, July 1990.
- *Evaluation of Umoja II: An Experimental Housing Project in Nairobi*, January 1990.
- *The Informal Sector in Housing and Urban Development*, March 1990.
- *Market Towns Intervention Assessments Methodology, and Guidelines*, November 1989.

To subscribe to *Abstracts*, write the Information Officer, Office of Housing and Urban Programs, USAID, SA-2 Room 401, Washington, D.C. 20523.

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Photo Acknowledgment

We appreciate the efforts of all staff
and friends of the Office of
Housing and Urban Programs who
have supplied photos for this year's
Annual Report. These photos not
only help inform our readers about
our programs, but they help
illustrate the human dimensions of
our efforts.

