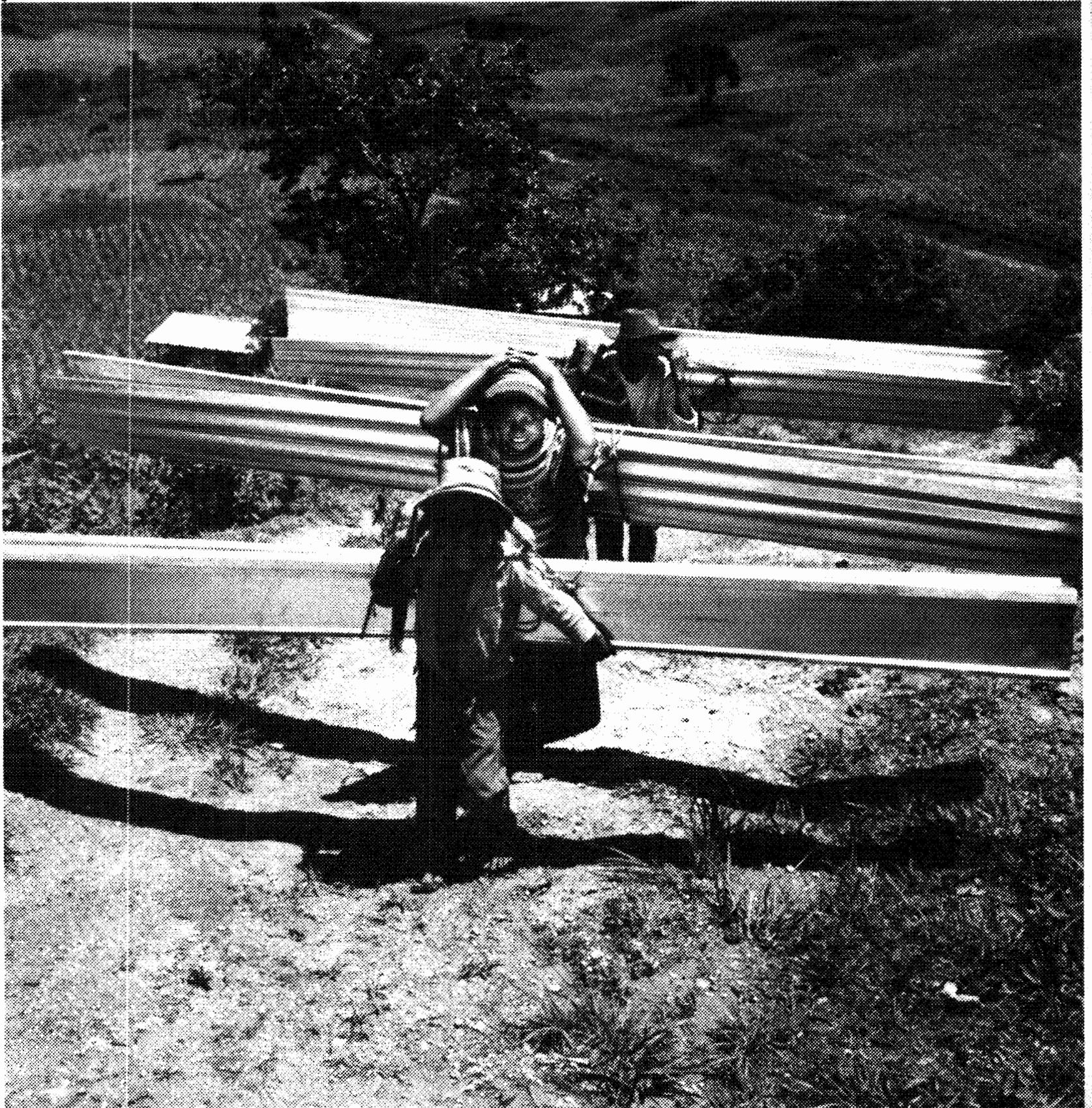


PN-ACZ-453

War on Hunger

A Report from The Agency for International Development

FEBRUARY 1977



War on Hunger

A Report from The Agency for International Development

John E. Murphy, Acting AID Administrator
Clinton F. Wheeler, Director, Office of Public Affairs



IN THIS ISSUE	February 1977	Volume XI, No. 2
'Housing for All' Peter Kimm		1
Potential for Competence A. R. Marusi		4
Octogenarian Roved World for Family Planning Marion B. Wilhelm		6
Guatemalans Building for Safety John M. Metelsky		8
In Print: Housing the Poor Paul G. Vitale		15
In Brief		16
Quotes		16
Funds Raised for IFAD		17

COVER: Guatemalan men, women and children carry *lamina*, metal sheets, to their villages. These earthquake survivors consider *lamina* a high priority need. (See page 8)

Publications Division
Office of Public Affairs, AID
Room 4886, State Department Building
Washington, D. C. 20523. (202) 632-9141

Jerry E. Rosenthal, Division Chief
Betty Snead, Acting Editor

War on Hunger is available without cost to persons who request to be placed on the mailing list. Readers are invited to submit news items, original manuscripts (including speeches) and photos on any aspect of international development. Contents of this publication may be reprinted or excerpted freely, unless otherwise noted.



The human potential for learning and producing is great. Farmers are more productive when incentives prevail. (See page 4)



A squatter settlement in Honduras. This settlement is typical of the housing situation throughout the developing world. AID's

programs seek to make it possible for low-income people to acquire better housing. (Also see pages 8 and 15.)

Housing for All'

By Peter Kimm

In our world today, there is a shortage of millions of new dwellings. The growing population adds to this crisis. In many areas of the world, and especially in developing areas, the existing population will double itself by the year 2000. The urban population in these areas will triple or even quadruple itself in that same period.

Even if the population were not to increase in future years we would still have an enormous housing deficit. The obsolescence of existing dwellings and their replacement also add to the problem.

Mr. Kimm is Director of AID's Office of Housing. This article is adapted from an address to the Fifth International School of the Building Societies Institute Conference held in Amsterdam in October 1976.

What does this all mean in global shelter figures? It is estimated that the need for shelter over the next 25 years will be 200 million new dwelling units. It is safe to assume that about two-thirds of this growth will be in the low-income sector and that most of it will be urban in character.

Apart from the obvious social and human necessity a dwelling provides, it also is important economically. Housing typically constitutes 15-20 percent of household expenditures and, for most but the very rich, it is usually the major goal of family savings efforts. Transposing this activity into the national economy, housing becomes a powerful tool for development. For investment in housing can have a significant effect on income and employment by providing needed jobs for unemployed or under-employed peoples. In countries where there are dynamic housing programs under way, housing can account for up to 20-30 percent of the total fixed capital formation.

Understanding the human needs and the economic importance of housing leads us to the first essential step required for any housing program. That step is the development and coordination of a national housing policy within a nation's overall economic plan.

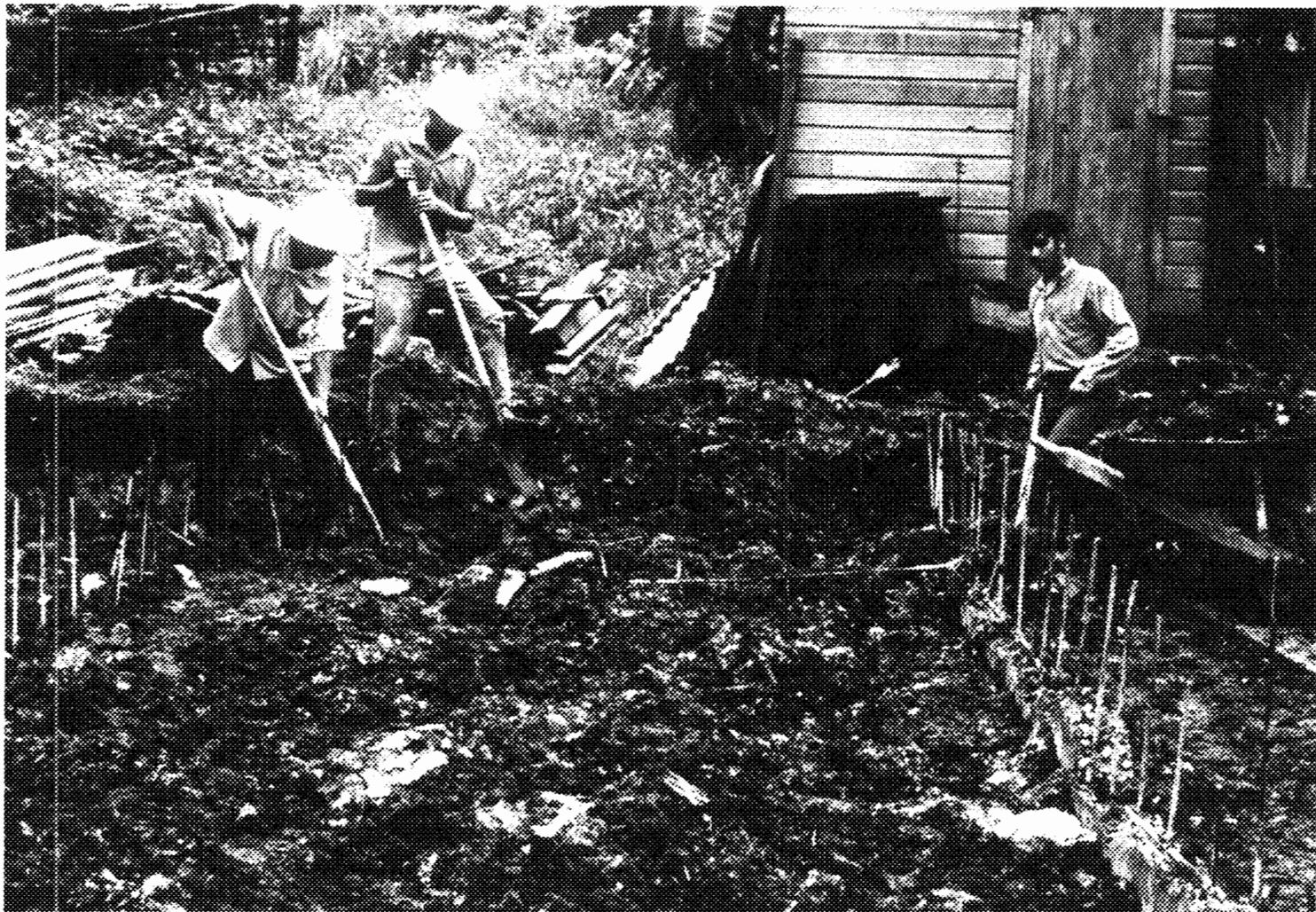
Any successful housing program requires a harmonious national economic policy. Without a national housing policy, the housing program would be piecemeal, limited, and hopelessly inadequate to meet the needs of the people.

If "housing or home ownership for all—or as many as possible"—is to be the overall objective of a housing policy, then that policy must do two things:

- Develop and/or strengthen operating systems that maximize the number of units produced by given resources.
- Develop operating systems that maximize the "recovery" of these financial resources so that they may be used again.

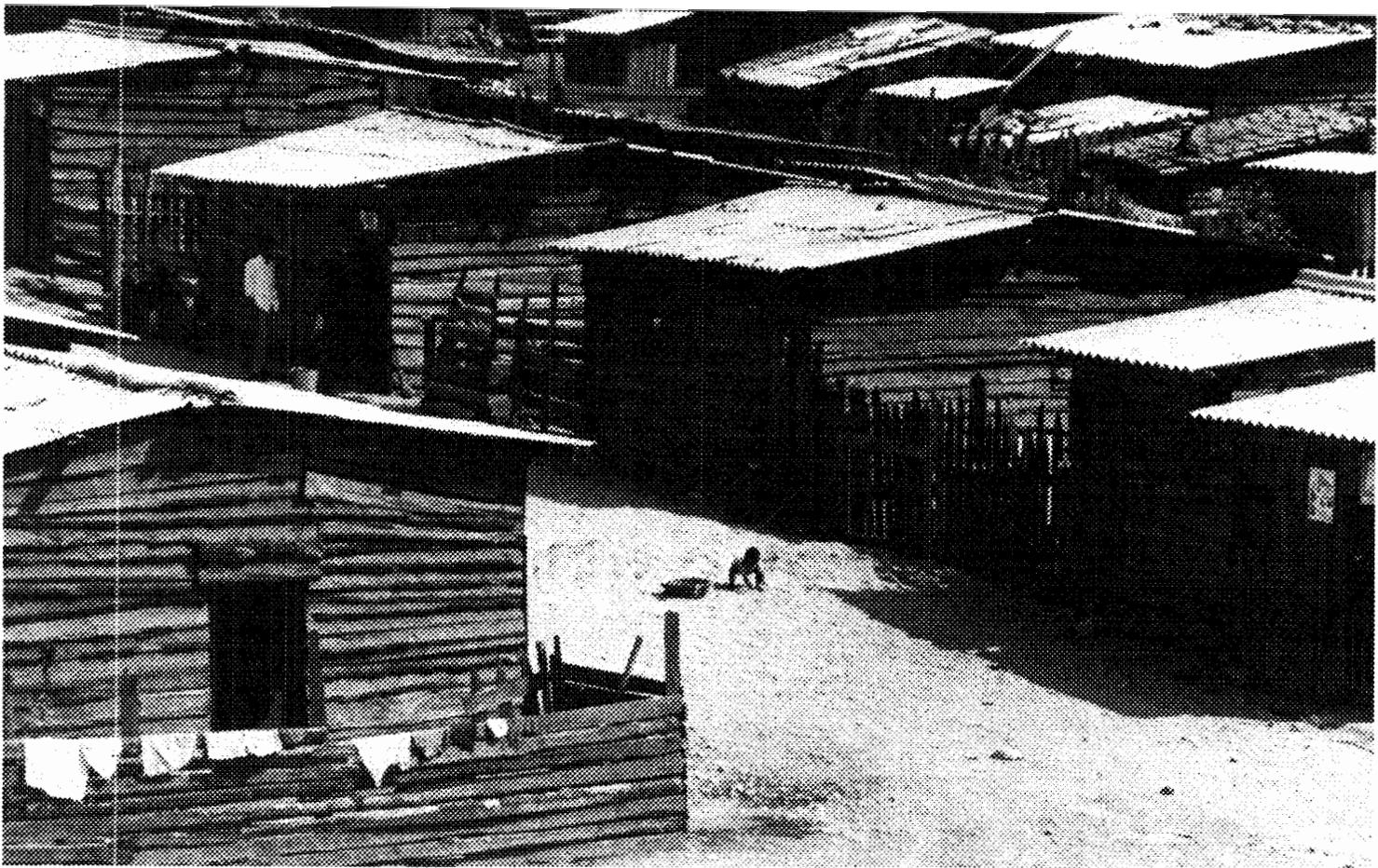
These objectives are not easy to accomplish. Let us take a closer look at the problems involved.

Assuming a viable housing policy has been formulated, the results of this policy should manifest themselves in housing programs that provide housing for the high- and medium-income sectors as well as the low-income groups. The policy criteria for these various income sectors should have been clearly defined so the framework of actual programs could begin to be structured.



A typical example of self-help housing in developing countries. The population of small communities, assisted with government

loans, are upgrading their squatter settlements with more permanent type dwellings.



The new self-help project, "La Laguna" housing settlement, is supported by the National Housing Institute of Honduras. There

are approximately 200 housing units with at least 700 people, a school, a small dispensary, and common laundry facilities.

There should be little difficulty with the high-income group providing housing for itself. This group has always done rather well. However, items such as taxes, interest rates, and volume of activity should be examined closely and coordinated with other income sectors.

The middle-income group has presented more problems. These problems have principally occurred in those areas where there were inadequate housing finance systems to provide long-term mortgage financing. Given the opportunity, this income strata have been able to consistently amortize home purchases.

Latin America serves to illustrate this point. Fifteen years ago mortgage financing was possible only for those who could make a down payment of 50-60 percent of the purchase price of a house. The balance had to be financed with a high-interest, short-term mortgage from commercial banks or private finance companies.

With local initiative and outside assistance the savings and loan industry began operation in Peru in 1961 and spread to other Latin American countries. Now it is possible for most middle-income people throughout the region to obtain long-term home mortgages.

The real challenges for a national housing policy lie in the areas of providing capital and technical assistance to lower-income people. A key aspect to any housing strategy for the lower-income group should be to distinguish between rural and urban housing

needs. Although similar problems plague both areas, there are inherent differences which should be noted:

- The cost of urban land is much higher.
- Transportation systems for rural locations do not require the access to distant employment centers that are so important for urban areas. Rural employment usually takes place close to the home.
- Rural housing densities are much less.
- Rural conditions allow for more variety in construction styles, especially in the lower-income area.
- The ecological advantages of the rural setting are obvious. Because of the low density and distance between dwellings, utility support systems such as sewer and water can be unsophisticated but perfectly adequate.
- Other rural support services such as schools and medical care have the problems of distance and transportation, while the urban problem is usually capacity.
- The availability of manufactured or processed building materials is a problem for rural locations. However, in low-income designs, local, indigenous material may be both nearby and abundantly available at a very low cost.
- Construction technology and skilled labor or even moderate sophistication may not be available in rural areas. Again, in simplified low-income designs, there may be the skilled people available and self-help programs should be considered.
- Different approaches to the servicing of mortgages should also be noted. Rural mortgage collec-

(Continued on page 11)

Potential for Competence



"The most exciting lesson of the past two decades is this: the potential for competence is everywhere. People in Asia, Africa,

and Latin America have learned new skills faster than anyone could have imagined."

By A. R. Marusi

Mr. Marusi is Chairman and Chief Executive Officer of Borden, Inc. The views expressed are his own and not necessarily those of the Agency for International Development.

If anything has characterized attempts to judge world food prospects from year to year, it is *uncertainty*—and a tendency for abrupt swings in judgment.

Over the past 20 years we have found that raising food is a very complex business, one with no short-cuts, no easy answers, and many surprises.

We found that the great blessing, irrigation, had another side: improperly managed, it has ruined millions of acres with salt. We found that the promise of the miracle seeds was tied to heavy fertilizer use; when world fertilizer prices made local supplies too costly, many countries saw their miracles wither.

We have found that weather is even more uncertain than we thought. Shifts in the monsoon and an apparent change in the jet stream have caused regional tragedies in Asia and Africa. Permanent weather changes may be under way—but we aren't sure what kind.

We have found that in agriculture everything seems to depend on everything else: bumper crops are wasted without adequate storage and transport. Farmers can't finance new seeds, fertilizer, or water without farm credit systems. And so on.

Agricultural abundance is still clearly the product of modern technology but we know now that it is far from certain that modern technology will always produce results, given the infinite variation in local soils, institutions, political realities, and weather.

On the other hand, we can now hold as a certainty what loomed as the greatest question 20 years ago about the changes for agricultural progress in the less developed countries. That question was this: can people who haven't changed in centuries learn quickly to handle new technology?

The question was critical because agricultural progress cannot be achieved by training a small elite to handle a few large, automated plants. It requires change and participation by the largest share of any less developed country's population, and there are no short-cuts. Human competence spread over a tremendously broad base is the *only* foundation for agricultural abundance.

The most exciting lesson of the past two decades, driven home by experience in country after country, is this: the potential for competence is everywhere. People in Asia, Africa, and Latin America have learned new skills faster than anyone could have imagined.

We tend to forget that 20 years is a very brief time for countries that have seen little change in millennia. Yet in that short span, tens of millions of peasants exchanged sticks for plows, learned to use new seeds, fertilizers, and pesticides. They also learned to use farm credit and farm extension systems newly created in the same brief span of time.

To appreciate the pace of human change involved here consider just one example. The 1960s saw the development of new, high-yielding "miracle" rice strains. In just five years, between 1968 and 1973, the share of total rice acreage planted to these new strains jumped to 50 percent in the Philippines, 40 percent in Pakistan, and 20 percent in India.

For a change of that magnitude to occur, it had to involve tens of millions of individual Asian peasants, supposedly passive and rooted in the past. They had to learn new methods of cultivation to use the new strains. And they had to put this knowledge to work on farm plots 80 percent of which are less than 12 acres in size. As an example of grass-roots change, that is nothing less than remarkable.

The original miracle wheat and rice strains came

from international agricultural research centers. Today, that development work is also under way in the new national agricultural research institutes of eight of the largest developing countries, and much of it is being carried out by their own people.

The millions of people with new skills on the farms, in the farm-related industries that have sprung up in the countryside, and in the new credit, research, and extension systems of Asia, Africa, and Latin America are the new resources that make me confident that the world can, after all, feed itself. Their competence is the bedrock on which the world can build an end to famine.

There is much that Americans can do to insure that this army of the competent continues to grow and live up to its promise. Through our foreign assistance programs we had something to do with its creation in the first place.

We might stop beating ourselves over Vietnam and remember some things we did well. Many of the scientists in those new national research institutes were trained in the United States. Americans from our own universities, factories, farms, businesses, and cooperatives helped to set up the new extension services and work out credit systems to spread new farm and industrial skills. American public and private aid helped to pay for these—and also for such things as irrigation systems, tube wells, farm roads, fertilizer and plants to make it locally.

Agriculture is most productive when individual incentives prevail and the free market for agricultural produce predominates. That is not a pious hope. It is a description. It describes the most productive food systems available for our examination today.

Farmers in Asia, Africa, and Latin America have shown they can move with immense speed into the adoption of new techniques—*when there is reward for their effort*. Where food production has been bureaucratized, however, very little has happened. And where states have substituted government decree for the market in pricing farm products, the result has been stagnation.

Governments are tempted to depress farm prices artificially to keep food prices low in the city. The temptation is not unknown in our own country. But the result is agricultural stagnation instead of growth—at a time when rapid agricultural growth is literally a matter of life or death.

I believe that the world *can* avoid famine. I believe that food output in the poorest countries can be increased ahead of population growth. But in many countries it is going to be a close thing, even with good policies, good weather, and good luck.

Our best hope for putting an end to human hunger is the great store of human competence built up over the past two decades in the developing world.

If we nourish that competence, rather than stifle it, we can look forward not only to survival—but to the beginnings of an abundance that everyone can share.





S. M. (Sam) Keeny, now 83, has been active in helping people nearly all his life. Although officially "retired", he remains active

writing, lecturing, and serving as a consultant to the World Bank. He was assisting family planning programs before AID.

Octogenarian Roved World For Family Planning

By Marion B. Wilhelm

"I must be in Pacitan on Saturday evening for a civil ceremony," said Dr. Wasito. "Would you like to come along?"

"Where's Pacitan?"

"It's in the far southwest corner of East Java, six hours by Land Rover—three of them over green mountains..."

Ms. Wilhelm is a senior writer in AID's Office of Public Affairs.

This conversation is from a newsletter by S. M. (Sam) Keeny, who has been roving East Asia since 1963 for the Population Council of New York and sending back progress reports on what he sees. KEENY'S NEWSLETTER is read by everybody in the population field—at the United Nations, at the World Bank, and at AID (where every copy is carefully numbered and catalogued for reference).

When he decided to retire from his travels last August, Mr. Keeny's newsletters numbered 325—and Mr. Keeny, 83.

Only those who have known him in his multiple roles around the world would vouch for his age. Sam Keeny himself—a trim, clear-eyed man with a memory for the smallest details—tells why. "If you want to get

into family planning or anything else in Asia," he said in an interview at the home of his son, Spurgeon Milton Keeny Jr., in Washington, D.C., "you have to go and see how it's done. You have to watch the program, and talk to those people. I've spent 25 years out there doing that sort of thing."

Sam Keeny got into family planning before AID did.

In 1950, after distinguished wartime service with the State Department in Washington and the U.N. Relief and Rehabilitation Agency (UNRRA) in Italy, planning and organizing the care of civilian populations liberated by the Allied Forces, Mr. Keeny was asked by UNICEF to oversee its child feeding and disease-control programs in Asia. "The first five years I was so busy getting DDT for malaria that I didn't think about the population problem," he says now, almost apologetically. "When I began to see the infant mortality rate fall during the second five years, I suggested to UNICEF that they spend half their money on family planning and the other half on looking after the living."

Although other agencies of the United Nations were to assume a role in population planning—along with

AID—Sam Keeny was several years ahead of his time. In 1963, at an age when most people are long retired, Mr. Keeny signed on with the Population Council of New York as East Asia representative in Taipei and offered his "last remaining years to family planning."

That is how he came to be in Pacitan, East Java—which has one of many Indonesian family planning programs supported by AID—at the end of a jostling mountain trip in his 80th year.

Sam Keeny told the story himself in a typical newsletter from the field: "On Friday at twilight we were in Pacitan under a huge banyan tree in front of the 30-bed hospital. We found Dr. Kusama next door looking after his private patients. We asked for the address of our hotel or guest house."

"There is no hotel," he was told. "You will stay with me."

When the doctor's last patient had gone, Mr. Keeny learned more about Pacitan. For the half-million farmers and fishermen, largely poor families scattered through a green valley facing onto the Java Sea, there are three doctors.

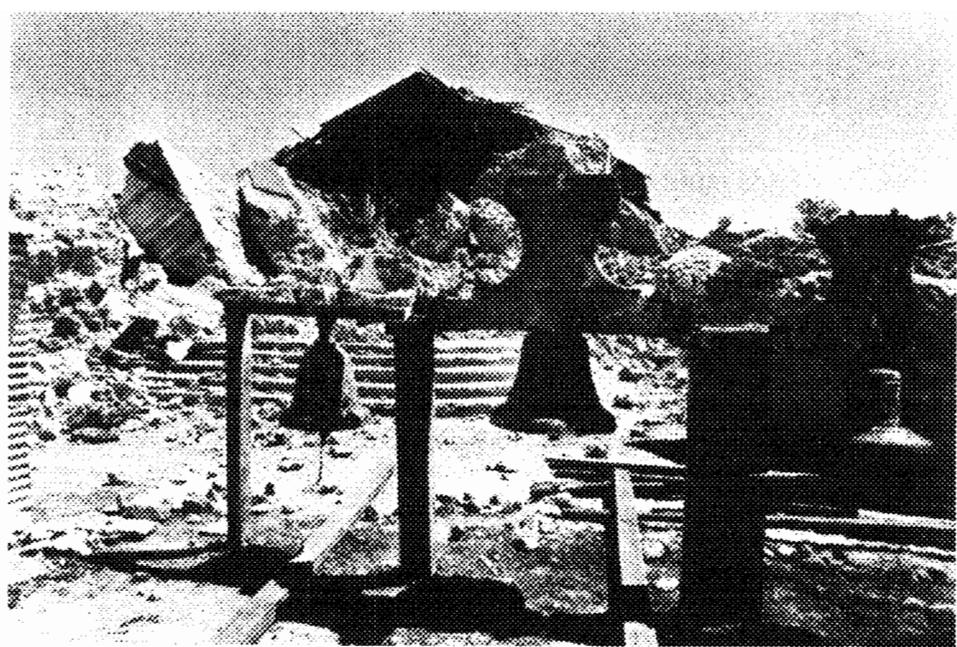
"How do you manage?" he asked.

(Continued on page 13)

The Korean family planning program has been successful. One of the slogans used by the Koreans is "Girl or boy, stop at two

and rear them well." AID assistance to Korea in family planning has been substantial. Mr. Keeny actively assisted the Koreans.





Left: Many of the 23,000 Guatemalans who died in last year's earthquake were killed when heavy tile roofs fell in on them. Above: Churches and homes were among 220,000 dwellings destroyed. Right: Cakchiquel Indians continue life at the market place.

Guatemalans Building for Safety

By John M. Metelsky

The Cakchiquel Indians work quietly and methodically, loading the long sheets of corrugated steel on the flatbed truck. Smiling women and children, dressed in multi-colored costumes, watch. To them, *lamina* isn't just a sheet of shiny metal—it could mean survival.

This group of Cakchiquels in a Guatemala village are the lucky ones. They lived through the earthquake that destroyed their homes last February. They know that the next time, living in a traditional house, they might not be so fortunate.

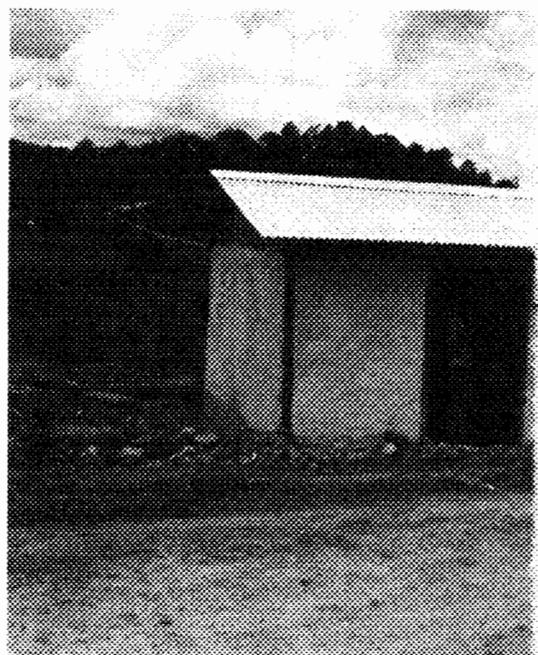
Most of the 23,000 deaths and 76,000 injuries caused by the earthquake were due to collapse of heavy adobe walls, supporting timbers and tile roofs—traditional building materials in Guatemala. One adobe block may weigh 20 pounds; one tile, six

pounds. When a dwelling built of these materials collapses, several tons of adobe, timber and tile can crush an entire family. A sheet of *lamina* 10 feet by 27 inches weighs 23 pounds. A roof constructed of the material weighs far less and can withstand more shock than tile.

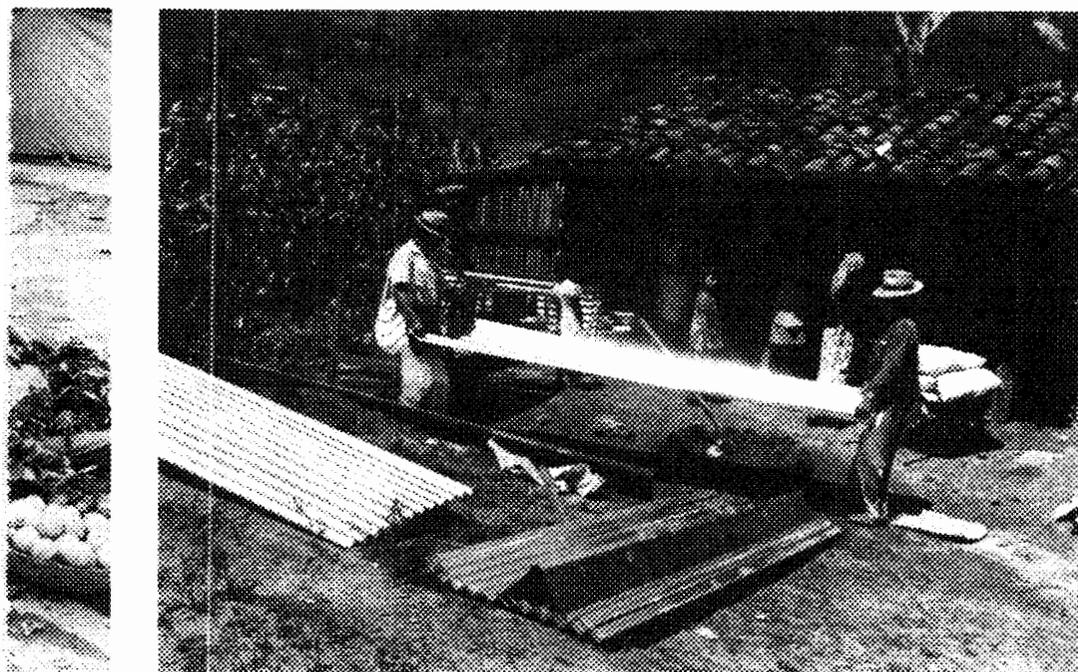
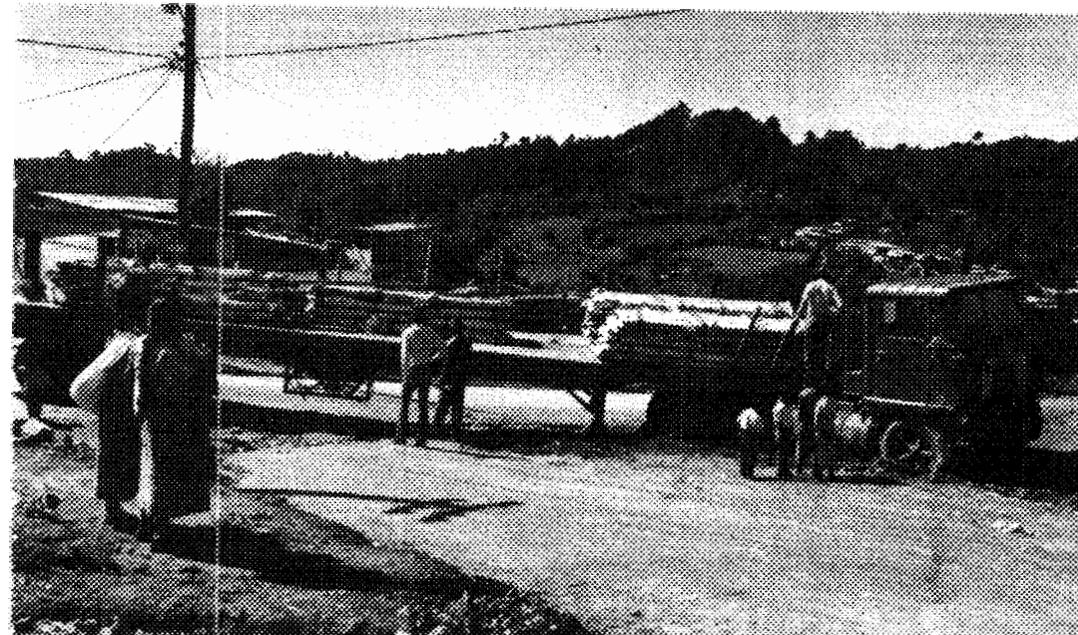
Guatemalans now are building stronger and safer homes with the *lamina*, thanks to an international rehabilitation program to which AID has contributed \$25 million.

Steel, coated with zinc to retard rusting and corrugated for extra strength, is an easy material to work with. Furthermore, it does not require heavy timber supports. It can be used for provisional shelter and reused when permanent housing is available. In the event of another earthquake, it can be salvaged and reused.

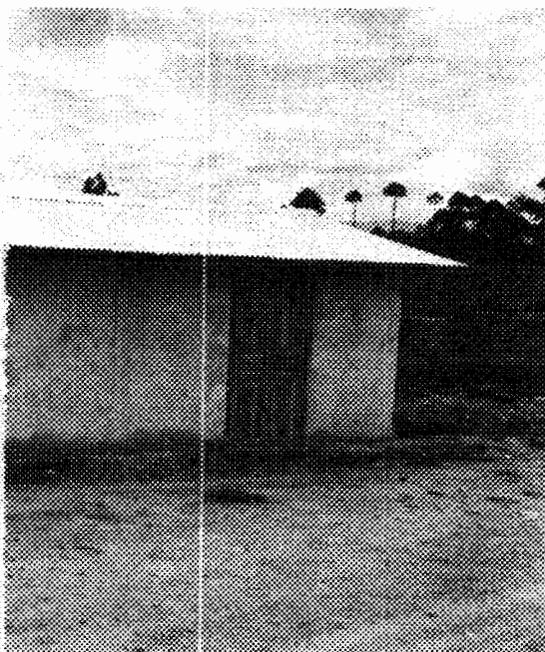
Prior to the February earthquake, some rural Guatemalans who could afford it used *lamina* to build their



Mr. Metelsky is an AID Public Information Officer. Photos are by the author.



Above left: A truck load of AID lamina to build safer homes is bound for an AID distribution center. Above: AID Assistant Mission Director Fred Schieck discusses lamina distribution with Sabina Subuyaj. Left: Villagers prepare to put on new roofing. Below: One of the earthquake-resistant homes built with a lamina roof.



homes. Earthquake survivors consider *lamina* a high priority need.

San Juan Sacatepequez is one of the many municipalities rebuilding with *lamina*. More than 700 of its 49,000 residents were killed and 2,400 injured in the quake. All of its 9,172 urban and rural homes were destroyed, leaving virtually the entire population homeless.

A trip to the AID *lamina* distribution center in the town is an important family event as well as a social happening. And although few Indians speak Spanish, the word *lamina* frequently is heard throughout their conversations.

During one day at the center, a group of Indians from a nearby village hired a small truck to pick up

the roofing sheets. After they loaded the *lamina*, the men lined up for special nails. Warehouse workers issued nine nails—each with a washer to prevent leaking—for each sheet of *lamina*.

In charge of the distribution program in San Juan is Sabina Subuyuj, a Cakchiquel Indian, who manages the local cooperative. She says the program is moving smoothly and the people are happy to be able to purchase the *lamina* at low prices.

"It will take years to rebuild, but we are strong and patient and we will finish the job," she says.

The money from *lamina* sales is pumped back into the community through a special bank account with the funds earmarked for local rein-

vestment. The local reconstruction committee in San Juan Sacatepequez, composed of townspeople and local leaders, meets with the people and selects labor-intensive projects designed to benefit the community. Projects include repairing roads and water systems and cleaning drain ditches.

"The San Juan operation is the largest *lamina* distribution center in the program," said Fred Schieck, Assistant Director of the Guatemala Mission. "The San Juan Sacatepequez program covers three counties and about 50 small villages." He noted that AID is providing 650,000 sheets of *lamina* for the reconstruction of houses throughout earthquake-affected areas of Guatemala.

"The sheets are not given away," he emphasized. "They are sold at the subsidized price of \$2.50 per sheet and each family is entitled to buy 20 sheets. On the open market the cost is about \$7 per sheet.

"Guatemalans," Mr. Schieck said, "take great pride in their self-sufficiency, and sale of the *lamina* at subsidized prices reinforces that pride and avoids creating a paternalistic relationship."

Fifty dollars for 20 sheets of *lamina* represents a large amount of money to the average rural Guatemalan. For those unable to afford the *lamina*, the work program financed from reinvesting *lamina* proceeds provides jobs and income.

Mr. Schieck explained that the *lamina* is being sold rather than distributed free based partly on the recommendation of Robert Carmack, social anthropologist from the State University of New York. The AID *lamina* program works through local leadership and provides subsidized aid so the Guatemalans can maintain their independence.

Mr. Schieck pointed to a truck loaded with *lamina*.

"That truck is taking 150 sheets to the small village of San Pedro Camino. Because that road is good enough to allow trucks into the town outside the county seat, this particular group of Guatemalans avoid carrying the *lamina* on their heads—the method of transport often used



Guatemalans traditionally use adobe bricks for building walls of their homes.

by the local villages in the mountain areas such as Joyabaj."

In addition to the corrugated metal sheets, AID is providing 1,000 sets of handtools to municipal governments and cooperatives. The villagers borrow the tools to rebuild their houses.

AID also is financing transportation within the country for materials imported by private voluntary organizations such as the Salvation Army, Catholic Relief Services, Seventh Day Adventists, World Vision, Church World Service, CARE, Penny Foundation, Mennonite Central Committee, MAP International, Missionary Service Inc., and the Community Hunger Appeal of Church World Service, among others.

Forty miles away in Joyabaj, El Quiche Province, the Save the Children Alliance is helping villagers rebuild. Ninety percent of the 32,000 population was left homeless by the quake. AID made a \$447,900 grant to the Save the Children Federation. The Alliance, which operates the reconstruction program, consists of Save the Children Federations from the United States, Great Britain, Canada, Norway, Sweden, Denmark, and Austria.

The grant is funding the training of 8,500 Guatemalans to build safe, strong houses. An important part of the training program is a 20-page free comic book entitled, "How to Build a Safer House."

The comic book stresses the importance of building houses with low, lightweight brick walls, strong wooden-corner posts and roofs of *lamina*, palm leaves, wood or an-

other light material. It recommends that doors and windows be placed in the middle of walls and opposite each other and that doors open outward. During the quake many people were trapped by jammed doors that opened inward.

"We have delivered 25,000 sheets of *lamina*, enough to provide roofs for 2,500 families, into the mountains," said Johan M. Setsaas, pointing to the glittering roofs that dot the mountainside. Mr. Setsaas, a Norwegian, is the Guatemala Coordinator for Save the Children Alliance. He noted Catholic Relief Services is providing roofing for an additional 1,500 families.

Mr. Setsaas said the Alliance has four *lamina* distribution systems.

"Under one system we sell the roofing for cash at \$3 a sheet to those who can afford it. We provide four to 12 months credit and if the people cannot afford cash or credit we offer them jobs on community projects, such as construction of schools and roads. Finally, for those who have no money or are unable to work, such as widows and the elderly, we donate the *lamina*."

As in similar projects, money from the *lamina* sales is put into a bank account and is reinvested in local community projects.

Under the Alliance program the Indians are building 60 model houses in 60 villages. Total cost of one house, including materials and labor, is \$500. The Alliance already has donated material to construct nine schools in the area, replacing ones that were destroyed.

The Alliance has trained scores of local carpenters and masons in the Joyabaj area to construct the safer buildings, according to Mr. Setsaas.

"We also have trained 20 school teachers in the construction principles. They pass the information on to their students who assist their families in building a house," Mr. Setsaas commented.

In addition, the Alliance has trained 3,400 men and about 600 women in other villages and about 300 children, ages 10 to 18, in construction principles.



Housing, from p. 3

tion procedures should be established to coincide with crop cycles when farmers are usually paid. This is especially critical with low-income groups.

A viable rural low-income housing strategy may tend to discourage some rural-urban migration.

The largest elements of the housing problem, both in sheer volume and complexity, are found in the urban areas. In this urban area, the most formidable problem is the "gap" between available disposable income and the actual costs of low-income housing. Some very quick arithmetic using an old rule of thumb soon points out the problem. This rule relates a person's income with the price of a house that can be afforded—that is $2\frac{1}{2}$ times gross income per year.

If one takes the average cost of the most economical homes built in a developing region and relates that to the annual income required to conventionally finance it (20 percent of total cost) and then compares that income requirement with the actual incomes of the population in this region—in most cases, it soon becomes evident that 50 percent or more of the population cannot afford even this most economical home!

Bridging the Gap

What can be done to bridge this gap? As mentioned previously, if a housing policy is to accomplish its goal of housing for all, it must have an operable money recovery process. Hence, some way has to be found for people, including those with low incomes, to pay for their shelter. The following are some strategies that might help this recovery process work more easily.

- Instead of amortizing for a 15- or 20-year period, consider a longer period, say 30 years, that reduces the size of the monthly payments.
- Lower interest rates would reduce the size of the monthly payment. Perhaps subsidy could provide the difference between that and the market rate. However, most countries can ill afford a significant subsidy for a meaningful number of people.
- A substantial cost is always involved in the land. Many times the government may already own land and can be persuaded to provide it for low-income housing for a nominal sum, or lease it for 50 years or more. Of even greater importance are government policies that will keep the cost of land within acceptable limits.
- In addition to raw land costs, there are the improvements (sewer, water, streets, etc.). These could be financed through a loan amortized for 40 to 50 years, paid for through usage charges or by a stepped development scheme that upgrades the services over time.
- Good land planning and building design can increase the density of units in a project without diminishing ecological or aesthetic criteria. The

cost of the land and improvements per unit is thereby reduced.

- Modular construction on a high-volume basis is another way used to possibly reduce construction costs, but depends to a large degree on geography and local economics.
- The deferred payment plan is a popular device where payments of principal and interest are started low and then gradually stepped-up over the mortgage. This makes it easier for a family to get started and into the program. The lender, of course, bases his loan on the hope that the borrower will earn more in the future.
- The technique of the disappearing interest subsidy is used where government gives a direct subsidy to the new home owner. Instead of just reducing the price of a home, this technique eliminates the interest portion of the normal mortgage payment for the first one to five years, again making it easier to get started.
- The variable mortgage payment plan is yet another device used. It allows for the mortgage payment to be calculated as a function of market interest rates, whereby payments fluctuate with the current cost of money.

Another variable mortgage payment plan is based on the income of the mortgages, with payments changing as income varies.

- Where applicable, consideration could be given to reducing standards of building and services, both temporarily and/or permanently; for instance having communal water and toilet facilities rather than individual facilities.

Dependent on Self-Help Construction

The production of housing stock for lower-income families is, in many cases, dependent on self-help construction. This process has produced most of the affordable housing solutions for lower-income families. There are three variations of the self-help process supported in various countries which are noteworthy:

First, the *mutual self-help* where people with their own resources work on their shelter after normal working hours and weekends.

Second, the *aided self-help* where local governments support the spontaneous self-help construction of shelter.

A third method is called *sites and services* where improved land and sometimes the basic housing core are made available to a family who can "move in" and then, with materials or lines of credit provided to them, finish the house. The basic core is just barely enough to allow a family to live there.

The enormous potential of self-help construction for lower-income housing is that the cost of producing a shelter is significantly reduced because the "labor" is provided by the new homeowner.

Another technique to reduce the "gap" is a variation of the sites-and-services approach. Through this approach, squatter settlements are substantially improved by providing land improvements and more sanitary living conditions. This is accomplished by running utility networks (streets, sewer, power, water) through the squatter areas, thereby bringing the minimum of services to these areas and providing a base for further improvement.

A successful variation of this idea is to move the squatter shacks (usually on the flat-bed of a truck) to a lot on improved land. There the squatter family can live in their shack while, through self-help, they build a home on it—or the shack is improved and expanded to a much better dwelling.

Another method to minimize the "gap" is to work on the other side of the equation: to improve or increase the earning capacity of the new home owner. This is a rather intangible factor, but certainly an immensely important one. After all, a housing strategy for lower-income people should improve their quality of life and their productivity, and, therefore, should increase their earning capability.

If there is to be any semblance of a massive housing program, it is essential to recover the initial funds spent on housing so that they may be used again. There are four main components of such a recovery system:

- An effective home mortgaging system;
- Borrower stability;
- Mortgage servicing and collections; and
- Upkeep and/or maintenance of property values.

As previously suggested, providing home mortgages for upper-and middle-income people has not been a problem because, quite simply, the recovery process works.

We don't know if it works for lower-income families because most home-financing institutions are very skeptical about lending to lower-income people for housing. A climate of confidence needs to be created and, no doubt, government has to play a role as a guarantor or underwriter.

Perhaps the best institutional collection record in low-income areas has been made by credit unions. One technique employed by these local credit programs is that payments due are deducted from the worker's salary at the regular pay periods. Because of the simple and effective collection operation of credit unions some low-income housing programs are being successfully developed.

A collection system is being structured in Jamaica where a local credit union is moving its office to within walking distance of a 300-unit, self-help, low-income housing project. The credit union will serve as collection agent for the project. Of the 300 families who will be living there:

- Some are presently working in industries that the credit union serves and will have their mortgage payments deducted.



Families which previously could not afford homes in Honduras are building their own with some financial assistance.

• Those not working in industries covered by the credit union will be required to make regular payments according to their regular pay periods. That is, if a worker gets paid weekly, he will be expected to make four or more smaller payments per month. In other words, he pays as he receives money and is not allowed to fall behind very far.

In Panama there is a different, more sophisticated approach to mortgage collections for low-income housing. A law was passed several years ago enabling the national government to deduct mortgage payments at the regular pay periods, much like income tax or social security payments are deducted. Identification of the borrower is through a national identification number. All employers are required by law to deduct and transfer this payment to the appropriate governmental agency and all borrowers are required, by law, to notify the government of any change in employment. The Panamanian program is very effective and, although different from the Jamaican system, again is similar in its recovery approach.

Relative to physical upkeep and maintenance of the property, the question of living habits, education, and neighborhood or community organizations are paramount—especially when dealing with low-income groups who in all probability have never owned property before.

The success of a housing finance strategy—intended for as many as possible—can be measured by comparing the number of dwellings produced with the monetary resources used to create them. With more participation by the borrower, allowing for the recovery of funds spent, the lender and government can spread their limited resources over a larger area—creating more dwellings with the same given resources. It is in this way we can begin to approach the goal of housing for all.

Octogenarian, from p. 7

"We have 16 bidans (midwives) trained in nursing. The bidans guide the dukuns (women who attend the births of babies but have no formal training). There are 300 dukuns. We work as a team. Our death rate is no higher than the average for all of Indonesia (about 18 yearly for every thousand)—and we look after family planning as well."

"What was your target for new acceptors last year?"

"Seven thousand."

"How many did you get?"

"Thirteen thousand—85 percent IUDs."

Most of the contraceptives are supplied by AID. One of the first things Sam Keeny learned to do on every visit to the field was check the AID warehouses. "I inspected all the main warehouses on Java," he says. "There is one for every province—six in all. Pacitan gets its contraceptives from Surabaya. If the supply line is cut off at any time, the family planning program in any country comes to a halt."

Among the questions he asked for AID and its Mission in Jakarta, were: "Does the roof leak?" (Moisture and mildew can destroy condoms.) "When was the last time the warehouse was flooded?" (Flash floods are frequent in rural areas of East Asia.) "When did you last debug the place?" (White ants love to eat the packaging.)

The next morning in Pacitan, Sam Keeny met the bidans at their monthly meeting with Dr. Kusama.

One woman walked eight miles to catch a combination freight-and-passenger truck to the hospital center, paying 20 cents fare. (She earns \$15 a month from the medical program, she told Mr. Keeny, plus another \$5 for getting new family planning acceptors and \$5 more for delivering babies in her neighborhood. She charges \$1.25 a delivery.)

The doctor listed the names of the bidans and their insertions for the month on a blackboard. The lowest number of IUD insertions was 30; the highest, 111. The total of new acceptors for the month was 763. Only 53 had asked for pills. The bidans were apologetic. It was harvest time, they said, and it was hard to get the women out of the fields and into the village clinics to insert the IUDs.

But Sam Keeny, who has seen a thousand scenes like this from Taiwan and Korea to India, Thailand, and the Philippines, was favorably impressed. "East Java," he reports, "is rightly full of confidence. The program is being gradually built into the Javanese way of life. In some villages where pills are more popular than the IUD, the village chief has added a new signal to the village gong: 'Before you go to bed, take your pills.'"

All of this has happened in an isolated area among conservative Muslim women. Three out of four are functional illiterates. Those who have learned to read more than their own names and villages have at most a fourth grade education. Per capita earnings, as a family average, are far below the poverty level of \$100 annually for the nation as a whole.

AID's role in Indonesia is a vital one—AID is the key supply line for contraceptives.

"If you're going to have a successful program like this one," Mr. Keeny observes, "you have to have, first—a supply line; second—the certainty that supplies will continue; third—the foreign exchange capability to pay for them. This is the first thing that everybody wants to know when you go into a country to help them establish a family planning program. That's what the women in the markets want to know; that's what the government wants to know. The establishment of supply lines by AID probably has been the greatest incentive to national programs of anything that has happened in East Asia."

Few people outside Indonesia know that S. M. Keeny was one of the principal architects of the five-year plan that preceded AID's entry on the scene. Indonesia was the first Asian country to receive help from the World Bank and World Health Organization in setting up a family planning program. Mr. Keeny was the team leader of that effort in 1969. "To see that program grow from a paper plan to one of the great programs of Asia has been one of my greatest satisfactions," he says.

Thailand and the Philippines are other countries to which he devoted a large part of his time in recent years.

"In the past five years," he said, "my attention largely shifted from the older, stabilized programs of Taiwan and Korea to these new ones in the Philippines, Thailand, and Indonesia. In a word, the programs of East Asia have grown in the past 12 years far beyond anything I had hoped for. Eight countries, not counting Japan, which has solved its population problem, have definite policies and targets that they are trying to reach—and usually do."

One of them is Thailand, where an important decision was made several years ago to permit nurse-midwives to prescribe pills and insert IUDs. "That decision got the program going very quickly," Mr. Keeny observes. "They have 4,000 nurse-midwives in the field equipped with small motorcycles donated by UNICEF and UNFPA (U.N. Family Planning Activities). It took away the big barrier to family planning that exists when women have to visit doctors in the cities."

The Thai program is moving ahead in spite of repeated changes in the government. "In the 25 years I've been out there," Sam Keeny recalls, "Thailand has had so many coups I can't remember how many. There were five just while I was living in Bangkok. This breakthrough in family planning is important because Thailand is such a poor country. The national income is down around \$250 a year, and nothing could be done about it."

AID is supplying most of the contraceptives, he reports, plus underwriting much of the research of the program's progress.

In the Philippines, Mr. Keeny was an AID consultant in getting the program expanded in the provinces. "AID has put more money into the Philippines than any other population that size," he reports. "The problem is that the government provided the family planning effort with a large and expensive staff in Manila with far too few people in the villages. I recommended that they hire another 2,000 women full time and send them into the field for home visiting only. Results are measured in acceptors."

One of the weaknesses of any national family planning program, he points out, is "it takes too long to get the program started. When people read of family planning, they expect to get contraceptives tomorrow. But anything you plan is two years away. What they need is people in the field so they can get going."

The problem in any country, according to Sam Keeny, "is getting the supplies to the people on time and in good condition—and close enough to where they live. There are maybe three or four doctors for half a million people. These doctors never see country people, and the people have no money to come to town. My rule is that no woman should be required to leave her own village unless she is being sterilized."

The cost of pills can be a deterrent to family planning in poor countries like these. "It costs \$3 a year to keep a woman supplied with pills," he explains. "If the country's average per capita income is \$100, this is not cheap."

Next to sterilization—widely used in India, where one state, Maharashtra, has made vasectomies compulsory for men who have fathered three children, of whom one or more is male—Mr. Keeny believes the IUD is the best method of contraception. "That's good as long as it stays in." But he has no moral objections to forced sterilization when it is needed. "I think it's a lot of hairsplitting—if a country's going to starve to death otherwise, you do it."

Korea and Taiwan are the only two countries in East Asia where IUDs are widely used, he said. In Korea, 40 percent of the couples practicing family planning use the IUD; the rest, for the most part, use pills and condoms. In Indonesia, pills are favored by 60 percent, condoms by 18 percent, and IUDs by 12 percent. The figure for IUDs is low, he explained, because personnel for inserting them is limited.

For family planning to be successful in any country, in Mr. Keeny's view, "you must involve a quarter of the women of marriageable age within five to eight years. It will take 10 to 12 years if you want half the people involved and practicing. That means a very active program."

What, he is asked, is the main thing he has learned about family planning? He replies without hesitation: "Not to be guided solely by history. The demographers generally say that a country can't lower its birth rate much until it has developed certainly economically and probably industrially. Yet I have seen some of



In the Philippines, a doctor uses humor at a mothers' class to put across a vital point in one of the family planning programs.

the poorest countries of Asia slow their population growth from 3 percent to 2 percent a year, and the outlook for continued decline is good."

Pausing for a moment's reflection, Sam Keeny has a glint of nostalgia in his clear blue eyes. "When I was young it was accepted that man could not fly," he says simply "But I have flown."

One way or another, Sam Keeny has been flying all his life. Growing up on a small farm in York County, Pennsylvania, when young boys dreamed of sailing around the world in balloons, he could not have imagined the worlds that lay ahead of him: Rhodes scholar at 23 in Oxford, England; resettlement officer in Siberia with the Czech Legion at 26 (after first setting up recreation programs for Indian troops in Mesopotamia); processing World War I prisoners through delousing stations in East Poland; and helping the American Relief Administration fight famine in Russia when he was barely 30.

By the closing days of the Second World War, he remembers, as UNRRA chief for Italy, Sam Keeny was thoroughly convinced that "the problem was pretty much the same no matter what I was doing."

Assembling 5,000 motorcycles for a family planning program in Indonesia, he says, is not much different from matching up 5,000 pairs of excess army shoes for Italian refugees. Washing off \$50,000 worth of condoms "infiltrated by white ants" in Taiwan is no worse than putting together 100,000 baby layettes shipped to post-war Italy piece by piece: "The diapers to Venice! The safety pins to Sardinia! The oil and powder to Naples!"

Except for the absence of his devoted wife Amelia, who died in 1958 after accompanying her husband to Bangkok where he served as Regional Director of UNICEF, Sam Keeny considers his years in family planning among the happiest experiences of his life. "When I left UNICEF to join the Population Council in Taipei in 1963," he says, "some of my friends in Asia commiserated with me on falling from the dignity of Regional Director to condom peddler."

Sam now lectures and writes in semi-retirement in Washington, D.C. Is he glad he took the family planning job? "Of course I am," he says. "Now I am not only respectable but seem to detect at times the gleam of an incipient halo."

IN PRINT

Housing the Poor

A Review by Paul G. Vitale

Housing for Low-Income Urban Families, by Orville Grimes, Jr. John Hopkins University Press, Baltimore, 1976. 176 pp., \$3.65 paper.

The World Bank, a leader in urban investments among the international lending institutions, commissioned a study in 1973 "to understand the role of housing in urban development and to find ways of reducing poverty in cities." The conclusions of this study, published by Johns Hopkins University Press, have made an important contribution to establishing the role of shelter in overall development of nations and in quantifying the problems of shelter within the overall context of urban growth problems.

The author notes at the outset that the perceptions among planners and policy makers regarding the role of housing in national development have been broadened. Traditionally viewed as a physical phenomenon, increasing public sector attention has been given to shelter as a focus of economic activity, as an element of urban growth and income distribution, and as a remunerative urban investment.

Utilizing U.N. population projections, Grimes estimates that by the year 1980 one-third of the people in developing countries—995 million—will live in cities. Projecting these figures to the year 2000, more than 2,000 million people, about 44 percent of the population of developing countries, will be living in urban centers—a doubling of urban Latin America and Asia, a tripling of urban Africa.

The author notes that among such variables as rate of growth, city size, income and policy, income "is the principal determinant both in a country's present housing conditions

and of its capacity for improving housing." He then briefly establishes rough categories among developing countries (i.e., high income—\$450 per capita income, middle income—\$150-\$450, and low income—per capita of less than \$150 per year) and discusses the similarities and differences in policies followed by these nations in pursuing their shelter objectives. This discussion points out that there exists great variation, not only between the categories, but also among the nations with similar development characteristics.

Largest Component of Budget

At the micro-scale, "next to food, housing is the largest component of the household budget. . . ." At the macro, it represents "20 to 30 percent of gross fixed domestic capital formation in countries in which emphasis is given to housing and about 2 to 5 percent of gross domestic product in most developing countries." These estimates, the author suggests, are understated because the value of self-help and independent contractors is often not reported or is understated.

The author argues that housing strategies must be based on the effective demand for shelter. That is, the demand for housing must be based on needs and the ability of the recipients to pay for their shelter and related support infrastructure. Need for shelter has often overshadowed the ability of governments to provide shelter and because of budget constraints has resulted in pilot efforts that accommodate only a small percentage of the poor population. Shelter strategies must be based on a realistic assessment of that portion of real income people can pay for housing. The conclusion is clear: "What-

ever the interest rate or repayment terms, reduction of housing costs to levels attainable by the urban poor is imperative."

For more than a decade the Housing Guaranty (HG) Program, under the auspices of the Agency for International Development, has facilitated U.S. private sector resource-transfers to developing countries for their shelter activities. This has been the U.S. Government's primary vehicle to assist local institutions develop their shelter programs. After AID has approved a typical HG project, the prospective borrower makes arrangements to borrow long-term credit at a commercial interest rate from an eligible U.S. investor; AID then provides a full faith and credit guaranty of repayment to the U.S. investor. The fee charged the borrower by AID (one half of 1 percent) covers the costs to administer the HG program. As of January 1977 the Agency had authorized HG shelter loans amounting to almost \$900 million.

AID modified its shelter policy in late 1973 to reflect the Congressional Mandate to concentrate AID's program resources on the "poor majority." The policy, revised in October 1974, states that effectively all of the resources of the HG Program should be utilized for low-income shelter (i.e., affordable by individuals and families earning less than a median family income). Since July 1974 all new HG projects have met this basic design criterion. The new policy emphasis has led to the development of the following kinds of project activities: environmental upgrading and home improvement loans for spontaneous settlements, low-cost apartment units, low-cost housing cooperatives, and sites and services projects.

Mr. Vitale is an AID Housing Advisor.

IN BRIEF

Assistance for Israel

AID has released the first installment of \$735 million provided to Israel for fiscal 1977 to help relieve that country's trade deficit through the purchase of U.S. industrial and agricultural commodities. The financial resources, consisting of a \$245 million loan and two grants of \$490 million, will be disbursed quarterly. Israel is striving to stem non-essential imports, reduce inflation, and bolster export earnings.

AID Fights Fever

AID has committed \$150,000 to an international effort to help Zaire and Sudan diagnose and control an outbreak of infectious disease, "hemorrhagic fever," which has claimed the lives of approximately 330 people in the Equator Province of Zaire and 77 in the Western Equatoria Province of Sudan. The fever, mistakenly called "green monkey" disease, has been identified as the Ebola Virus.

AID and ERDA Coordinate

AID and the Energy Research and Development Administration (ERDA) are coordinating energy programs designed to benefit developing countries.

AID has a mandate from Congress to help developing countries alleviate their energy problems through research and development of suitable energy sources and conservation methods, pilot projects to test new methods of energy production, and collection and analysis of information concerning potential energy supplies and needs.

ERDA is charged by Congress to encourage and to participate in international cooperation involving energy and related environmental research and development.

Under the terms of the memorandum signed by AID and ERDA Administrators, these agencies will cooperate in the formulation and execution of plans, programs, and

projects of mutual interest. Activities undertaken will reflect AID's primary concern for improving the quality of life of the poor majority in developing countries and ERDA's interest in the provision of energy technology appropriate to the current and future needs of the United States and of the international community.

AID's interest in developing new power sources to help developing countries predates the 1973 energy crisis caused by the rapid escalation of petroleum prices. In 1972 the National Academy of Sciences published for AID a study on the prospects of solar energy in developing countries. As the problems caused by the increasing cost of oil became more severe, AID asked the Academy to update and broaden the scope of its study. The resultant report, *Energy for Rural Development*, considered both direct and indirect use of solar energy. Also treated in the study were the technology of geothermal energy and the problem of storing the energy produced by the various devices. Copies of the National Academy report can be obtained by writing: Agency for International Development, Technical Assistance Bureau, Office of Science and Technology, Washington D. C. 20523.

Better Transportation for Egypt

AID is assisting Egypt in upgrading its public bus and commercial transport system through funds made available under the Commodity Import Loan Program.

Contracts were signed to supply Egypt with one thousand 40-passenger intercity buses at a cost of \$24,904,000 and for \$8.7 million worth of tractor-trucks, trailers, and micro-buses from three American truck firms: Mack Truck Company, General Motors, Inc., and the Beejay Company of Oakland, California.

Under the terms of the truck contract, the firms are supplying Egypt with 434 pieces of transport equipment which includes 18 micro-buses, 212 trailers, and 204 tractor-trucks to bolster the country's cargo-carrying capacity.

QUOTES

"The imponderable now is time. Certainly, it is in short supply if we hope to improve the world's prospects for food production."

*Morris D. Whitaker and
E. Boyd Wennergren*

*Science
October 29, 1976*

"The rich nations aren't guilty, and they shouldn't be afraid. Yet they should be doing more than they are about Third World poverty. The United States, at least, has a clear long-range interest in seeing the rest of the world prosper. To begin with, prosperity in the Third World serves our own economic interests: 36 percent of our exports already go to Third World nations, and our future growth depends to some extent on theirs. And the things we value for their own sake—our compassion, for instance, and our freedom—will not long survive in a world teeming with people on the verge of starvation."

*Fortune
November 1976*

"The goal of educational policy in poor countries is usually twofold: to facilitate economic growth by wiping out illiteracy and upgrading technical skills, and to promote economic equality and equality of educational opportunity. To achieve these aims, most underdeveloped nations have more or less patterned their schools' systems after the apparently successful systems in the advanced industrial societies. In light of the experience in the United States, we believe that these systems have indeed advanced economic growth. But they have failed to promote economic equality and therefore may be inappropriate models for educational development in many poor countries."

*Samuel Bowles, Herbert Gintis,
John Simmons*

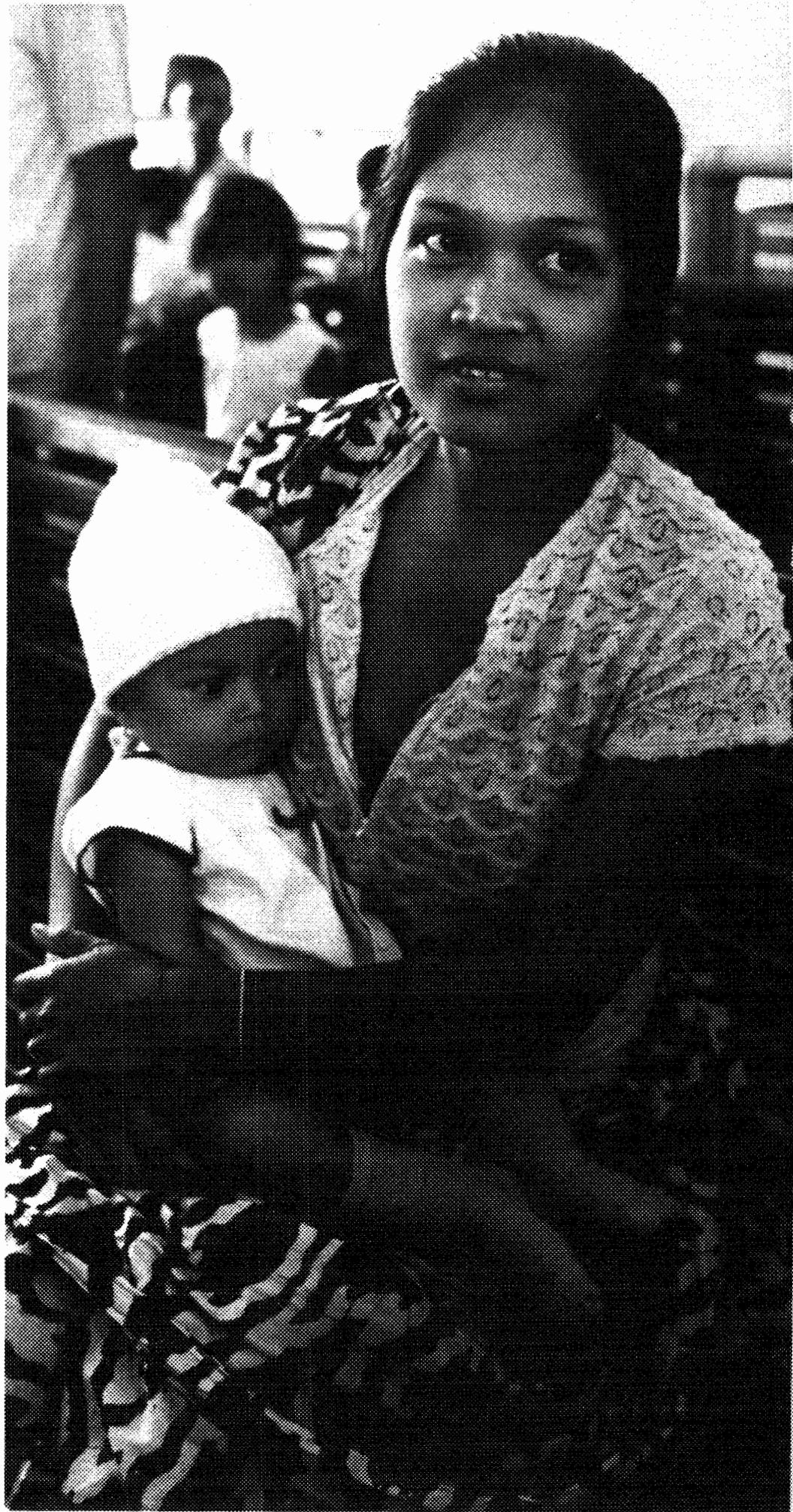
*International Development Review
June 1976*

DEPARTMENT OF STATE
Agency for International Development
Office of Public Affairs
Washington, D. C. 20523

AN EQUAL OPPORTUNITY EMPLOYER



POSTAGE AND FEES PAID
AGENCY FOR
INTERNATIONAL DEVELOPMENT



Indonesia has an encouraging family planning program. In 1969 Sam Keeny was the team leader who helped to set up family planning programs in that country. He was 76 years old at the time. (See page 6)