

# war on hunger

*a report from the agency for international development*



**SELF-HELP IN BOLIVIA.**

**SEE PAGE 8.**

NOVEMBER 1977

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a report from the agency for international development

John J. Gilligan, Administrator

James W. McCulla, Director, Office of Public Affairs

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Press and Publications Division  
Office of Public Affairs  
Agency for International Development  
Washington, DC 20523    (202) 632-8351  
Edward R. Caplan, Division Chief and  
    Acting Editor

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*Moving a boulder for a road takes much muscle in Haiti Food-for-Work project.*

## Haiti: starting the climb

'Land of Mountains' faces many barriers in development

PHOTOS AND TEXT BY KAY CHERNUSH

**B**ESET with too many people, too little arable land and too few natural resources, Haiti has begun to make its way up the development ladder. It will be an arduous climb, for this small Caribbean island-nation is the poorest country in the Western Hemisphere and among the 25 poorest in the world.

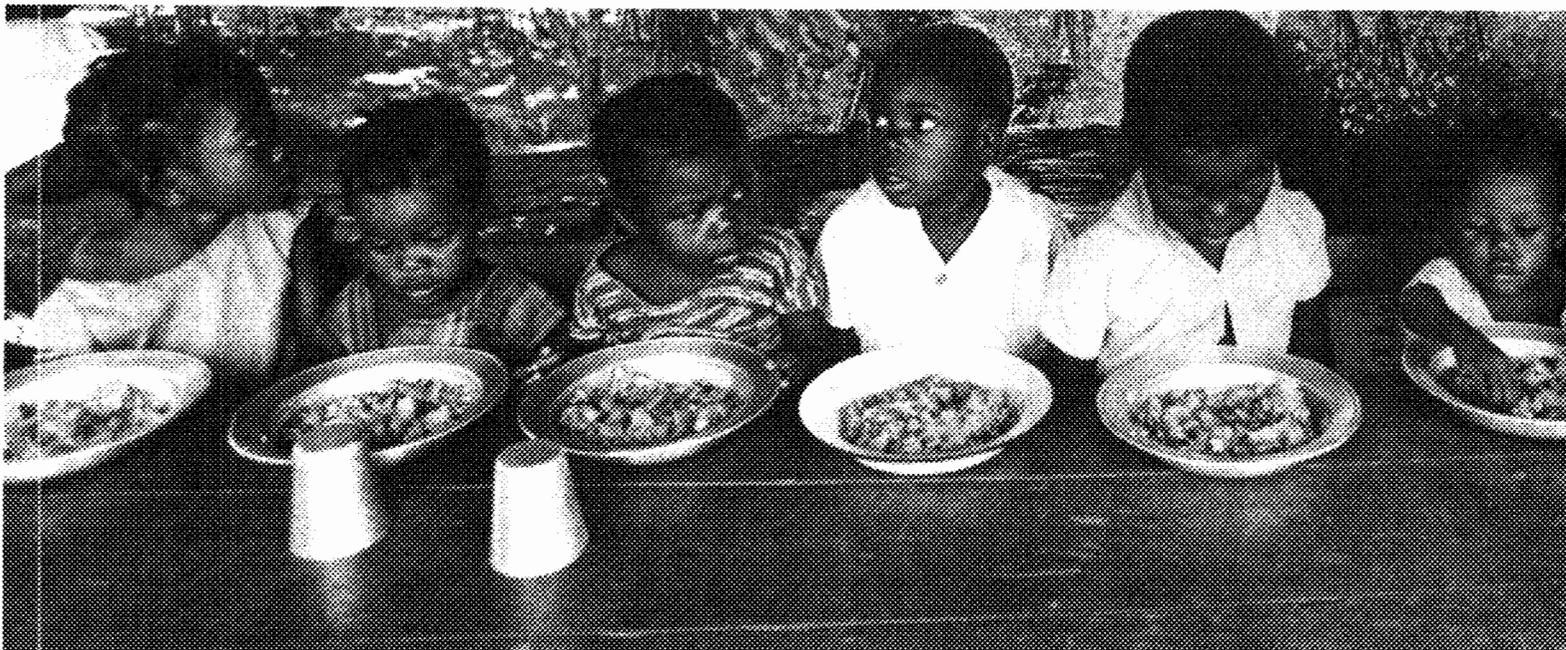
*Kay Chernush is a photographer and writer for AID's Office of Public Affairs.*

Unlike most developing countries, Haiti is not a new nation. The people for the most part are descended from African slaves who ousted their French masters in 1804 and established the world's first black republic and the Western Hemisphere's second free nation—only a few decades after the U.S. won its independence.

Haiti has a proud, if troubled, history and a unique culture—a vibrant melange of African, French and Caribbean. Paradox is everywhere. French is the official language, but the people speak Creole. Catholicism

is the official religion, but most Haitians still practice the ancient rites of Voodoo. As a people they are known for their exuberance and capacity for joy, but their daily lot is one of extreme hardship and adversity.

Haiti means "Land of Mountains" and never was a place so aptly named. Not only is the geography cruelly vertical, but the problems people face every day of their lives—the grinding poverty, overpopulation, malnutrition, disease and illiteracy—are equally monumental. A Creole proverb says it all with



*Children wait with incredible patience to sing grace before*

typical Haitian wisdom and resignation:

*'Beyond mountains, more mountains to cross.'*

\* \* \*

The country lives from agriculture—and rather badly at that. More than 80% of the working population ekes out a meager existence from the soil. Arable land is extremely scarce, averaging about half an acre per person. In rural areas, where the vast majority of Haiti's five million people live, Gross National Product per capita is said to be under \$70 a year.

Dense forests once covered the land, but for decades trees have been indiscriminately cut down to clear new farmland and to make charcoal, the island's main fuel. The result is soil erosion on a scale that seriously hampers efforts to increase agricultural production and even threatens current levels of production. According to both Haitian and American agricultural experts, people should be planting trees as a source of charcoal as well as for soil conservation, but this is not happening at anywhere near the rate that would make the land more productive. One sees whole mountainsides denuded of trees, the blackened stumps giving the impression of some unspeakable

calamity that swept over the land and left only silence.

\* \* \*

Marie Joseph, not her real name, rises at daybreak and carefully peels and eats a mango. That piece of fruit, along with some sorghum seed and maybe another mango or two, is all the 40-year-old mother of five has to sustain her for the day. Her family will fare no better. Nor will the tens of thousands like her who inhabit Haiti's rugged northwest peninsula.

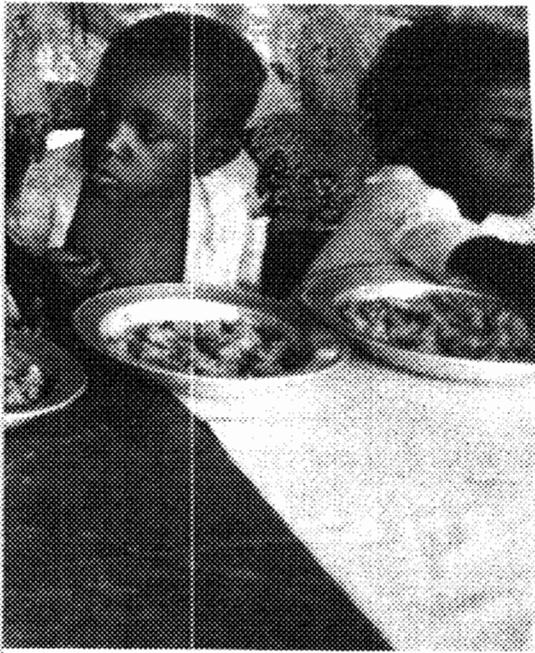
The Northwest is the poorest part of Haiti. It has the fewest government services, the least developed road system, the poorest land. In appearance the area is different from the more tropical parts to the South. Its barren open spaces, cactus-stubbed hills and mountains are reminiscent of the American Southwest.

In other respects the Northwest differs from the rest of Haiti only in degree: more malnutrition, lower income, fewer amenities and, always, less rain. The cloudless skies, which tourists love, carry the ever-present specter of drought for the Haitian peasant. A recent article in the French daily *Le Monde* notes that the last "normal" harvest in this part of the country was in 1970. Crop fail-

ures are not something out of the ordinary; drought hits the area with devastating frequency. People were just beginning to recover from the severe drought of 1975 when the rains failed again a year ago. This time not only the Northwest, but also the Southwest, outlying islands and pockets all over the country suffered.

By January it was apparent that outside help would be needed to avert widespread starvation. AID augmented its pledge of P.L. 480 (Title I) food by ordering 10,000 metric tons each of corn and rice. Emergency commodities under Title II—7,485 metric tons in all—also were authorized. And even before the emergency shipments arrived, voluntary agencies released their food stocks to augment emergency feeding programs. The shipments, which included bulgur wheat, rice, corn, dry milk and other foods, began arriving in Haiti in June.

With the American Ambassador's formal declaration of disaster in May, 1977, AID's Office of Foreign Disaster Assistance swung into action and began to meet needs not covered by U.S. food aid programs. Disaster relief officers and other technicians were dispatched to the scene and millions of pounds of seed,



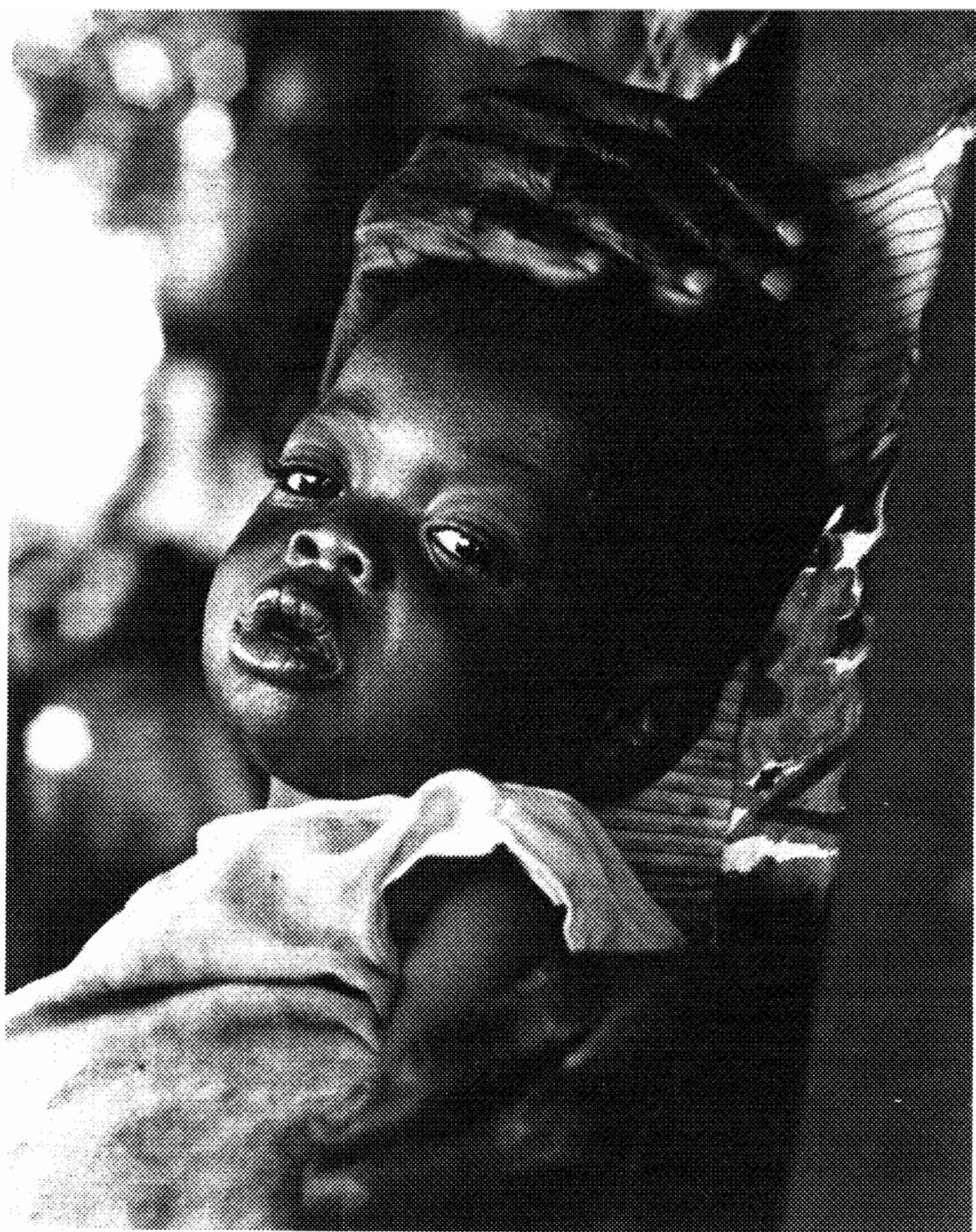
*eating at a mothercraft center.*

fertilizers, and insecticides were made available to the stricken farmers. Several U.S. voluntary agencies, including Catholic Relief Services, CARE, Church World Service, World Relief Commission and World Vision, provided food and services and distributed the commodities and supplies sent by AID. These activities were in addition to their ongoing assistance programs in Haiti.

All told, the U.S. Government relief effort totaled some \$2.9 million and unquestionably helped stave off the worst. Marie Joseph has a small supply of rice to tide the family over. Her farmer husband is helping terrace the mountainside behind their isolated village. For his work he receives a measure of bulgur and other food under an expanded Food for Peace program. For the present at least, the family no longer has to eat the seed for the next planting to stay alive.

An AID disaster team who recently visited Haiti writes:

"The general condition of the people still seems to be serious, although food—through food-for-work programs and free food distribution—does seem to be reaching those in need. Some malnutrition was apparent in almost all areas visited



*The listlessness of malnutrition shows in this Haitian child's eyes.*

and even quite pronounced in some children. Nutrition centers have increased in number and have expanded their programs in an effort to meet the increased demands. Although more nutrition centers are needed and are planned by the voluntary agencies for the longer term, the present situation does not appear to be out of control."

\* \* \*

The "longer term" has been of concern here for a number of years. More than a decade ago, a group of Haitians and Americans joined forces to do something about conditions in the Northwest. Their efforts led to the formation of the Haitian American Community Help Organization. Known as HACHO, the group's main objectives are to stimulate initiative among the rural communities, encourage self-help efforts and provide technical and material assistance for socio-economic development. Principal supporters are the governments of the United States and Haiti and private West German donors. AID funding, approximately \$550,000 a year, is channeled through CARE, the private humanitarian organization. This includes administrative and technical support as well as Food for Peace.

HACHO's orientation is integrated, grass-roots community development. Its method is teamwork. Ellis Franklin, a CARE official and formerly HACHO's American administrator (there is also a Haitian administrator), sees this as the most effective approach since infrastructure is lacking and development efforts have tended to be fragmented.

"It's like building a house," Franklin explained. "If you start with the roof and have no foundation, obviously the house is going to fall. Start with infrastructure and you don't need to pump in billions of dollars. Rather, small amounts of money—for potable water systems, irrigation, extension work, feeder roads—can have more impact and lasting effect."

When HACHO first began, its

main concern was health, with an emphasis on curative medicine. Increasingly, however, HACHO's priorities have been shifted to preventive health care and to agriculture and overall community development, which are seen as going hand in hand. HACHO now operates 15 mobile clinics and 20 nutrition or "mothercraft" centers, sponsors a small but growing family planning program, trains midwives, carries on an active prenatal program and provides for thousands of inoculations every year. In addition, working closely with community councils,

HACHO has established a demonstration farm and extension program and helped in the construction of irrigation and potable water systems, schools, covered markets and hundreds of miles of farm-to-market roads.

There is an excitement, enthusiasm and dedication among HACHO people that is infectious. This is enormously important to the program as a whole because a large part of community development work is mobilizing and organizing human resources, building local leadership, and getting people to help themselves.

*Haitians dredge and rebuild an irrigation canal and (right)*



"Sometimes HACHO can't help," remarked Chris Conrad, who recently completed two years as deputy administrator. "But there's an interaction that's going on. With HACHO, people have the feeling that they can do something. They don't feel that it's all hopeless." And, he added, ruefully, "You know, nothing ruins young people in this country more than hopelessness."

\* \* \*

The mothercraft center at Cotes de Fer consists of a small thatch hut where food is prepared and a thatched covering where the children

eat at a long wooden table.

From Cotes de Fer and the surrounding areas, as in other remote villages, children suffering from malnutrition are brought to the mothercraft center to participate in a nutrition recuperation program that lasts about three months. Sometimes it takes longer to restore a child's health, but three months is the general rule. The mothercraft center also provides nutrition education for the mothers as well as food for their children. The hope is that the training will have a ripple effect among other mothers in the community. A

trained nutritionist gives instruction on how to prepare cheap, nourishing and locally available foods. Ways to improve hygiene and sanitation also are frequently discussed.

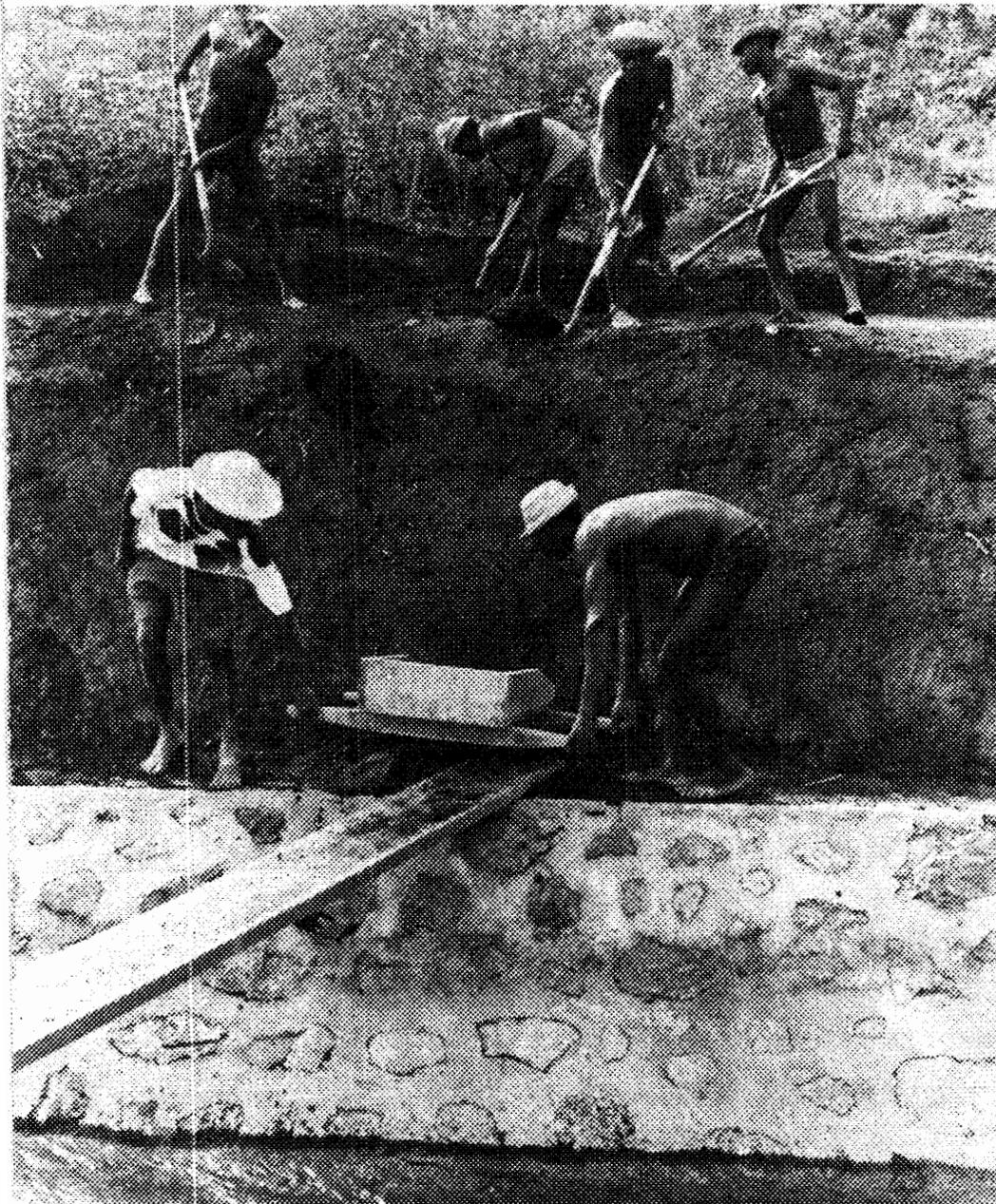
Every day the children wait with incredible patience while their mothers prepare a thick porridge—a high-protein blend of rice, corn-soya-milk and a vegetable. Sometimes a piece of meat is mixed in. By the end of the three months' feeding, except for a certain listlessness, most of them seem in pretty good shape. Their eyes widen as the steaming food is put before them, but they wait until after the nutritionist leads them in singing grace before they begin eating. Then in a few minutes the bowls are scraped clean. The bigger children who usually finish first, lean against their neighbors, eyes round, watching their every mouthful as if they were hungry still. Perhaps the kind of hunger they've known never really goes away.

\* \* \*

Anse Rouge is a bleak and dusty seaside town with a population of 2,000—5,000 if all the people in the surrounding area are counted. Even in the best of times many of them are always hungry. There is little if any agriculture. The villagers squeeze out a livelihood of sorts by selling charcoal and salt. Until last year, when HACHO laid out a dirt road as part of a Food for Work program, it was almost impossible to drive to Anse Rouge. Today it still takes a four-wheel-drive vehicle more than four hours to cover the 130 miles from the capital, Port-au-Prince.

Water has been the No. 1 problem at Anse Rouge for as long as anyone can remember. This is because until recently one windmill supplied the only water the community had—and that seemed to be broken more often than not. To put it charitably, said one community council member with a wry grin, the windmill functioned in "an altogether whimsical manner." Sometimes the pump would be on the

*shore up the banks against soil erosion in a Food-for-Work project.*



blink for months on end and desperate villagers had to go 30 or 40 miles to find fresh water.

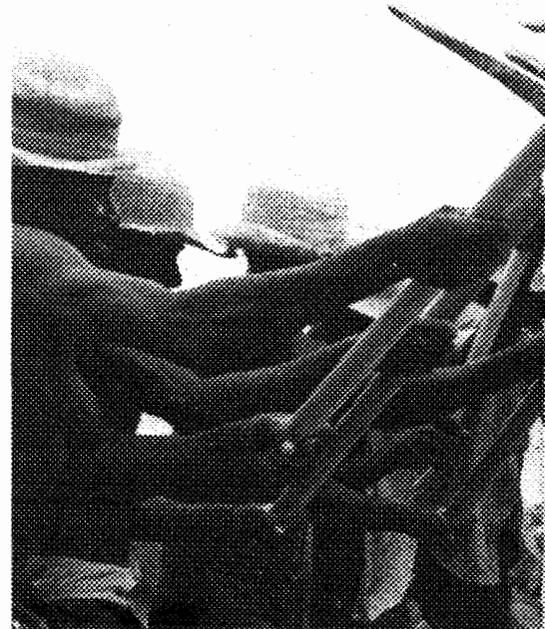
Today all that is changed. Thanks to HACHO and their own backbreaking labor, the people of Anse Rouge have fresh clean water regularly. It was an ambitious undertaking, for the water had to be piped to a reservoir on the edge of town from a mountain spring 17 kilometers away. But the story of the Anse Rouge potable water system was a story of people determined to improve their lot and help themselves.

"The Anse Rouge community council and the HACHO coordinator deserve most of the credit," explained Chris Conrad. "They were the ones who raised the money, who went to the German ambassador, the French ambassador, AID and CARE, who pushed the project in HACHO and kept pushing it. They kept everybody from getting discouraged when the cost estimate came in at \$400,000. They knew it would never cost that much because the people themselves would be providing the labor free."

Work on the system began in January, 1976, with the sealing off of a spring at Tete Boeuf. Deadlines came and went as the first reservoir was built near the source and then a four-inch pipeline was laid across 17 kilometers of mountainous terrain down to the parched little community by the sea. The problems of transporting pipes and building materials to the various work sites were enormous, but by October the pipeline had reached the edge of Anse Rouge. Finally, last March, construction of the town reservoir and public fountain was completed and water flowed into Anse Rouge. Thousands of people took to the streets in a spontaneous celebration that lasted four days and four nights. There was dancing and feasting and laughter. Most of all there was pride.

All told, the potable water system cost some \$127,000 and provides about 72,000 gallons of pure drinking water a day. "Something like this can mean so much to a community," said Chris Conrad. "Right off the bat you eliminate half the cases of people with worms and other parasites

*The pickaxes fall rhythmically as workmen in Haiti's Anse Rouge area chop a path for a water pipeline. Below: Heavy rocks to bolster the new pipeline come one by one from near-by fields.*



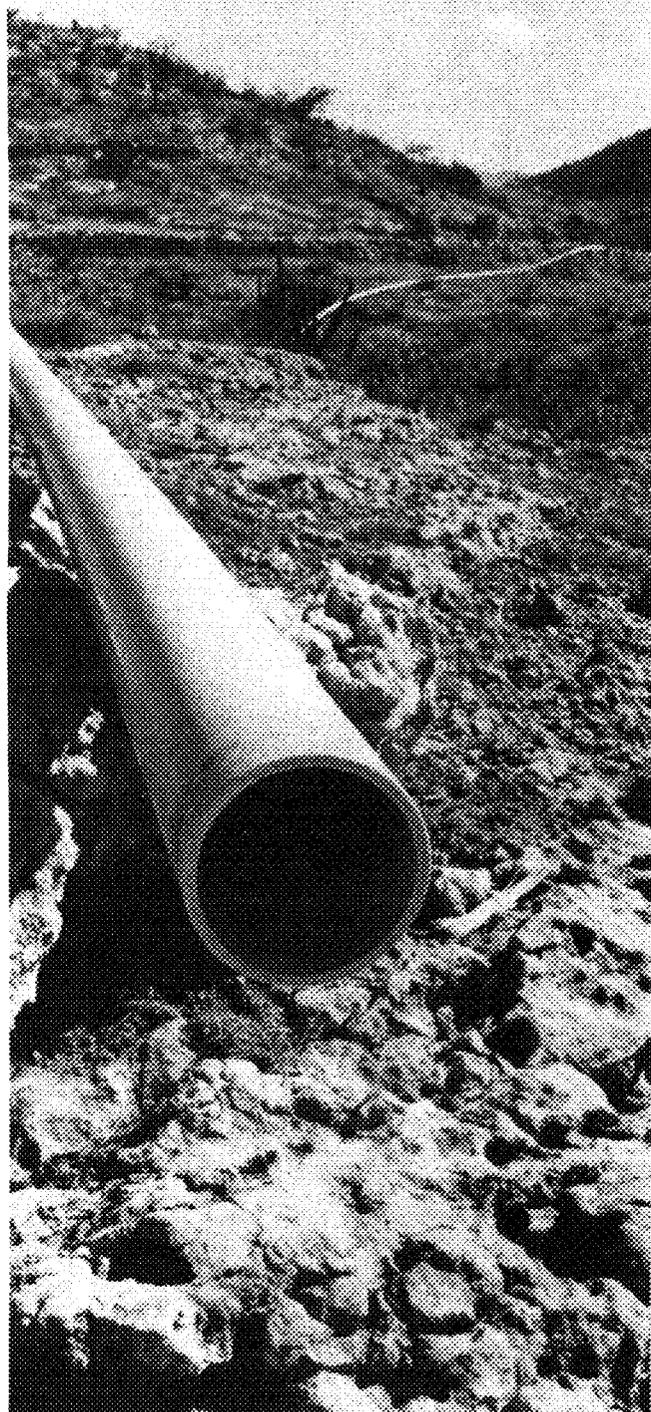
which can be so terribly debilitating."

\* \* \*

Change, when it does come, comes slowly but with an impact that involves entire communities and nourishes dreams. It is the same in other villages in the Northwest—small, and not so small, success stories that involve a covered market here, an irrigation system there, a new road, new possibilities.

At Dos d'Ane, a mountain village (the name means "Donkey's Back"), the people are digging contour

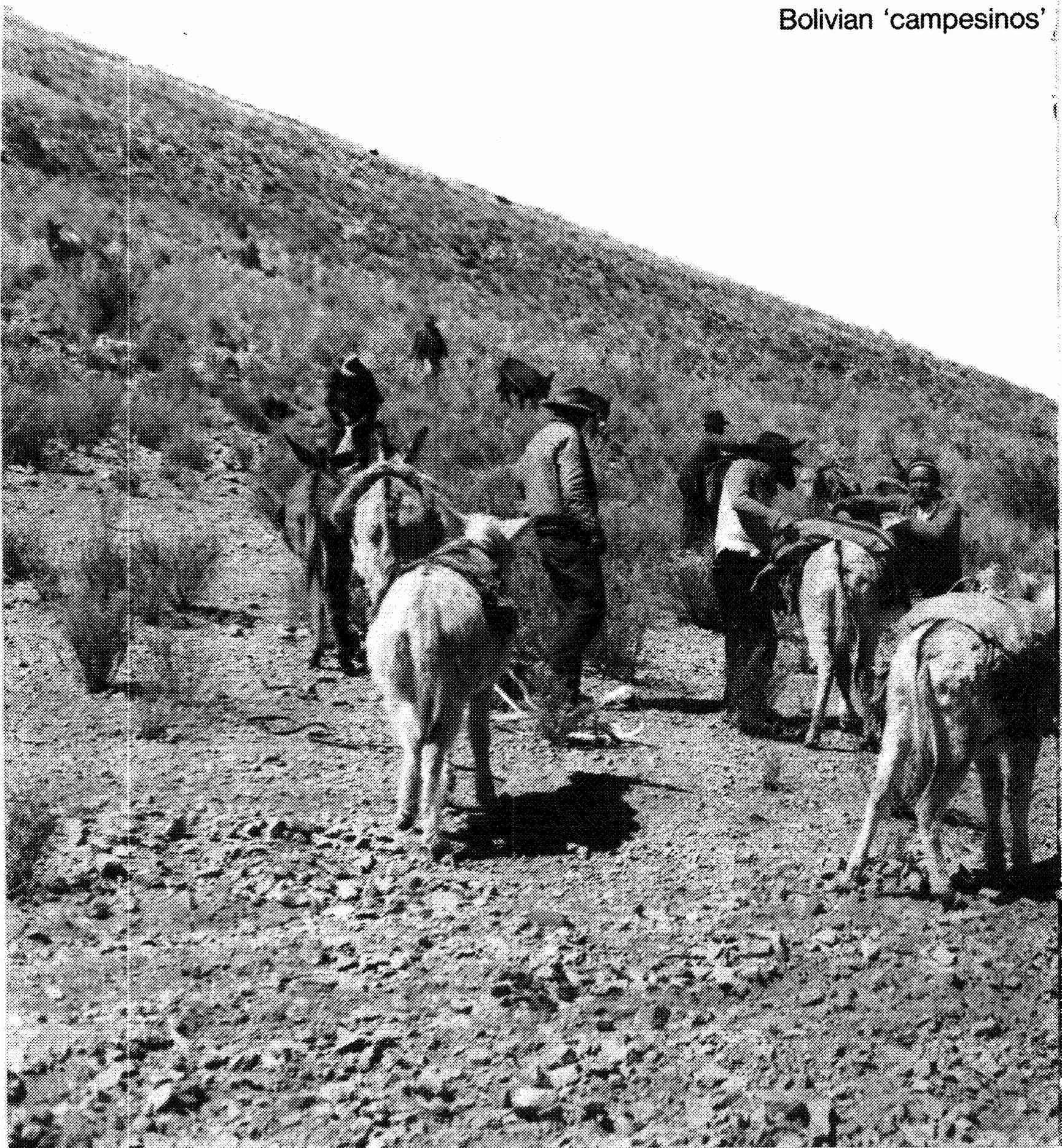
canals, a combination of terraces and ditches that ring the hillsides around the impoverished farming community. The canals serve the dual function of preventing soil erosion and raising the water table, since rainwater is trapped in the ditches and remains there, seeping slowly into the land instead of washing away and taking precious topsoil with it. From a distance the mountain has begun to take on a sculpted look, evidence that man can indeed shape his world to his purpose.



*Everybody, even the children, join in the rock hauling for the water pipeline project. Upper: The pipe travels 17 kilometers from a mountain spring to the town's reservoir.*

# Self -

Bolivian 'campesinos'



# help in action

carry sand, dig ditches to renovate schools

BY RICHARD HANDLER

**D**OZENS of people carry bags and baskets of sand 2½ miles to a construction site. Students dig ditches and carry rocks. Villagers gather sand and gravel and make adobe blocks.

These scenes are from an education project in Bolivia's valley area, where thousands of *campesinos* (ru-

ral people) are putting into practice one of the most fundamental AID development principles—self-help.

The project, supported by an AID loan, is in the Department of Cochabamba. The people there are Quechua-speaking descendants of the subjects of the far-reaching Inca Empire, which disintegrated almost five

centuries ago with the coming of the Spaniards.

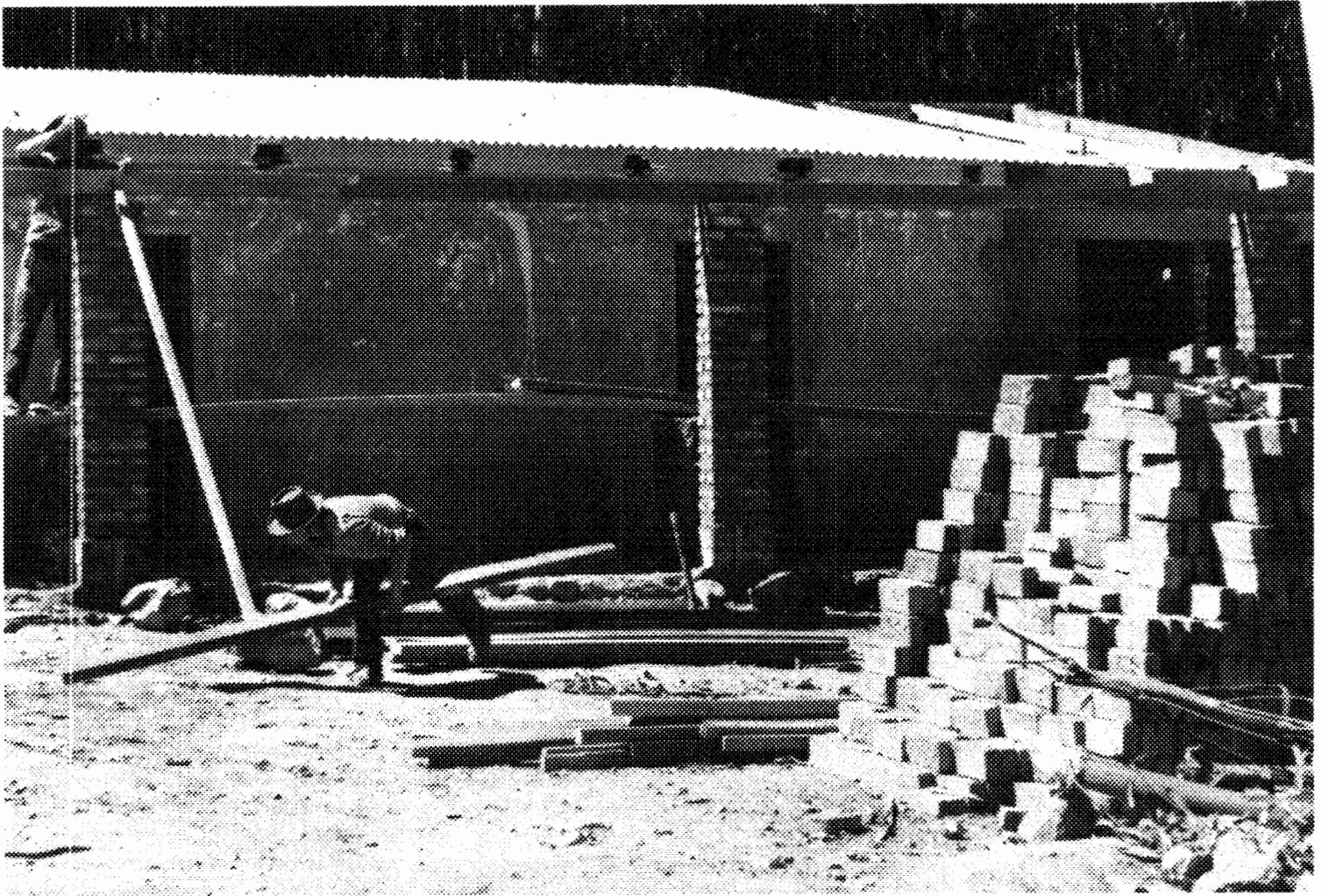
For about four hundred years after the Spanish conquest, the Indians remained in peonage until the agrarian reform movement of the early 1950s freed them from bondage. Today, although the people are legally free, their isolation, small income, and poor education keep them largely out of the national society and economy. While some of the *campesinos* in the most accessible communities are part of the money economy, others still live much the same way their ancestors did under the Incas. Ancient customs, dress, and speech remain.

Although these people would like to retain the best of the old way of life, they also want their children to learn Spanish, live more comfortably, and, above all, receive a good education. In a series of community meetings, the people have sworn their unswerving support for rural education.

The major objective of the project is to improve teachers at a rural normal school, 22 surrounding schools of grades 1-8 (*centrales*), and over 150 satellite schools of grades 1-4 (*seccionales*). Other aims are to change the curriculums or conform with the realities of the area; to introduce the bilingual approach to teaching (Quechua-Spanish); to establish non-formal education programs; and to provide better physical facilities.

*Richard Handler, an international development intern now with AID's Africa Bureau, formerly served on the staff of the Agency's Office of Housing.*





*The work on their schools may be slow, but education is important to the campesinos.*

To achieve the last aim an extensive construction program is planned. The rural normal school will be practically rebuilt: only three of the existing buildings are in repairable condition; the rest will be demolished and replaced by new ones. Workshops will be constructed at the *centrales* to teach upper level students and adults from the communities carpentry, simple mechanics, home economics, and handicrafts. Also at the *centrales*, potable water systems, sanitary facilities, and teachers' housing will be built, and general repairs will be made on the existing classrooms and other structures. At the *seccionales* repairs will be made and sanitary facilities provided.

When work began this summer the people showed their support for the project by furnishing labor and local materials at the building sites. In

the building efforts at the rural normal school, dozens of *campesinos* carried bags and baskets of sand on their backs from the shores of a small lake to the construction location for the potable water system, a distance of almost four kilometers (2½ miles); others lent donkeys to help carry materials. The normal school students helped dig the ditches for the water pipe and carried rocks to be used in the foundations for new bathrooms. At one of the *centrales*, over 300 villagers turned out to clean the area upon which construction was planned. The work, which was estimated by project engineers to require four days, took only half a day. At all of the construction and renovation sites the people have gathered sand and gravel, and in many areas they have already prepared the adobe (dried mud) blocks for buildings.

Self-help is not a new idea in Bolivia. Community activities are an integral part of the cultures of the Quechua, Aymara, and other indigenous groups. Yet the national coordinator of the project, Prof. Ignacio Paravicini Ruiz, remarked that he had never seen communal participation before on such a large scale and in such a wide area in more than 35 years of experience in working with rural areas.

A six member team from the University of New Mexico, headed by Dr. Joe Gandert, provides technical assistance to the Bolivian project implementation group located in the regional office of Cochabamba. "We are not novices in working with development projects abroad," he said, "but the cooperation and reception by the professionals in the Cochabamba office and from the *campesinos* is overwhelming."

# The in-between technology

Animal power may be 'appropriate' for much of the African greenhouse

BY NOEL V. LATEEF

**S**UB-SAHARAN Africa has the largest area of arable land with year-round growing potential of any continent: 724 million hectares, of which over 90% lies in the tropical belt. This land area lies in ecological zones that allow two, three, and even four crops a year. The African greenhouse could become an important supplier of food to a world confronted with critical food shortage.

The key to economic development for countries in sub-Saharan Africa lies in raising the productivity of the small farmer, who constitutes 70-80% of the population. Agricultural production can be raised by bringing more land under cultivation, by increasing the productivity of land already under cultivation, or both. Improved mechanization is a vital factor in the expansion of agricultural productivity. Mechanization falls into three categories: hand, animal, and engine powered technology. Agricultural systems can be similarly classified. When we speak of intermediate technology, we refer to a broadly defined animal-powered agricultural system, weighted in the direction of engine-powered technology where conditions are right.

After carefully evaluating the country's agriculture, the Government of Senegal concluded that engine-powered technology was inappropriate to the current level of development in most of Senegal's economy. Thus, the government retreated from a policy of actively encouraging engine-powered technology to one of more circumspect use of tractors and definite encouragement of oxen power.

Reduced running costs, low replacement of draft animals, their multi-purpose nature, and a minimal drain on foreign exchange are among the factors contributing to the appropriateness of animal power for the overwhelming majority of Senegal's small farmers. Indeed, for these reasons animal power has been found more

*Noel V. Lateef, a student in development economics at the Woodrow Wilson School for Public and International Affairs, conducted research and worked for the AID mission in Senegal.*

appropriate to most areas and to the level of understanding of most farmers in sub-Saharan Africa as a whole.

Avoiding the pitfall that entices many Third World development architects when they emphasize sophisti-

*A Peace Corps volunteer gives farmers in Togo lessons in the use of animal traction: One person should lead the animal, another should man the plow. Peace Corps photo.*



cated equipment at the expense of more realistic requirements, Senegalese officials elected to aid the small farmer within the context of his environment. At a recent meeting, the Association for the Advancement of Agricultural Sciences in Africa (AAASA) enumerated the following characteristics, which largely define this environment for all of Africa:

- Predominantly subsistence farming.
- Small size of holdings.
- Use of predominantly human labor.
- Limited cash resources.
- Widespread use of natural fallow techniques.
- Limited use of costly inputs such as fertilizers.
- Widespread practice of intercropping to minimize risks.
- Low productivity.
- Principally rainfed cultivation.
- Crop production improvement limited to cash and export crops rather than food crops.

Recognizing the need for adaptive research, the importance of an able extension service, and the long-term nature of agricultural change, Senegal established a systematic, carefully integrated and supported program of agricultural intensification. It planned a scheme of development to gradually upgrade the subsistence agriculture into a market-oriented system. Basic was the definition of different levels of progress that most farmers could reach without costly investment.

The Senegalese Government originally planned the program in three stages. The first emphasized the use of oxen for pulling carts, for plowing and for harvesting. In its four-year duration (1963-1967), the first stage succeeded in winning over some 70% of Senegal's farmers to the application of oxen power in crop production.

The second stage established a stationary agriculture by annually applying fertilizer deep into the soil of the preceding year's fallow land with the help of oxen power. Improved animal care was also stressed in this stage.

The present and third stage is the complete integration of animals and crop production. Farmers are taught crop rotation, selection and care of high-yield varieties, improved fertilization, and the production of temporary pasture.

An organization that promotes agricultural development was commissioned to work with research institutions to organize the "popularization" of the intensification program at its inception in 1963. This French firm, Societe d'Aide Technique et de Cooperation (SATEC), provided extension services until 1968, when it was supplanted by the Societe de Developpement et de Vulgarisation (SODEVA). SODEVA provides technical assistance to the small farmer and disseminates better agricultural practices through its extension service. SODEVA tailors its outreach strategies to suit the particular needs and character of each region in Senegal. The peanut basin, which has three soil and moisture zones, requires an approach adapted to each zone.

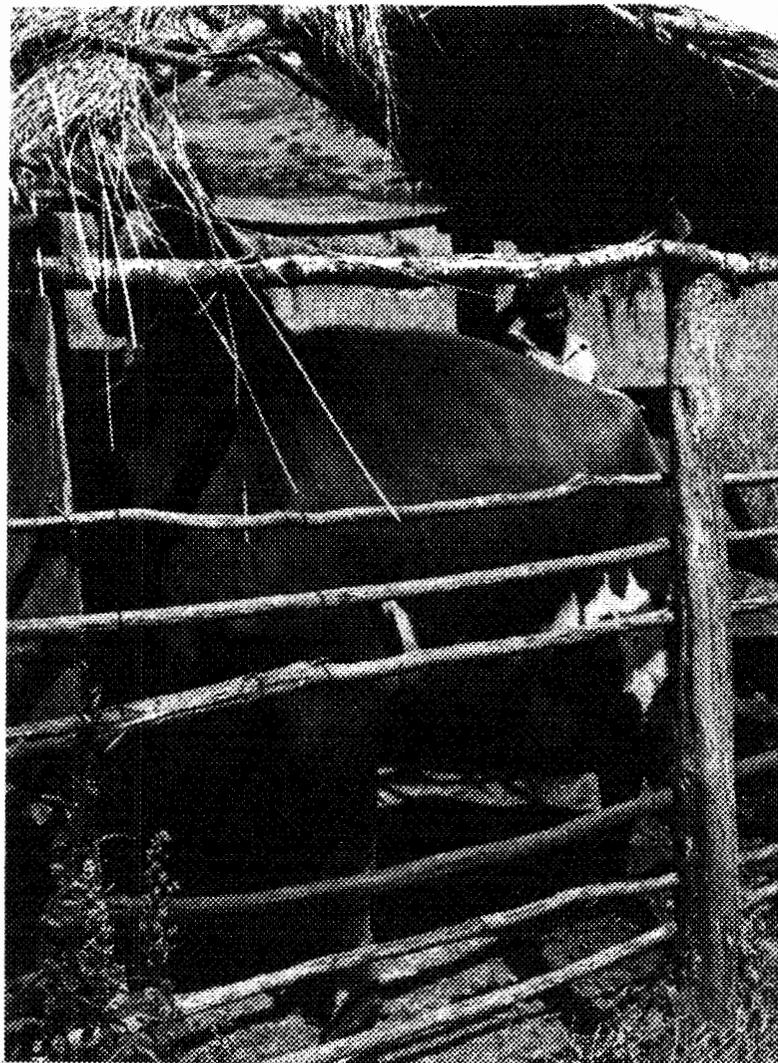
Operational programs in each region vary, but they generally promote one or both of two types of emphasis—diversification (when appropriate) and intensification.

Diversification is promoted by introducing or expanding the production of such crops as corn, millet, rice and tobacco in conjunction with the peanut cash crop. Intensification is promoted by introducing farmers to cultivation techniques that have significant socio-economic value. Individual farmers are brought into the program at various levels of intensification and are led through progressive stages of application so that they may advance from one level to the next over a period of years.

Farmers do not, however, actually receive help from SODEVA, but from their local cooperatives, an elaborate network of which has been imposed by law. There is approximately one cooperative for every five villages in Senegal. SODEVA supports and advises the cooperatives and is represented on the local board of each cooperative.

While the Government of Senegal is the principal stockholder in SODEVA, funds also come from numerous donor and international financing organizations, which agree to finance specific programs to be implemented by SODEVA. On Feb. 26, 1975, the U.S. signed

*Farm animals need care, and this Peace Corps volunteer*



an agreement with Senegal providing SODEVA with a \$3,358,000 grant for the expansion of the agriculture intensification program in Senegal's peanut basin. The AID-financed program will affect 21,408 farm operations with some 380,000 hectares devoted to millet and peanuts during the four-year period of AID financial participation.

Credit and supplies are made available to farmers at the cooperative outlet. These are provided to farmers at subsidized rates (up to 50%), which are supported by the revenues from peanuts and other crops that farmers sell to the cooperative. Credit is advanced to farmers at the beginning of the planting season and deductions are made from gross peanut revenues when these are delivered to the outlet. This credit system has been functioning for over a decade, a record for Africa.

The extension of agricultural credit and the subsequent delivery of animal-drawn equipment, seeds, and fertilizers to the cooperatives are the responsibilities of the National Office for Cooperatives and Development Assistance (ONCAD), which is also the national marketing agency for peanut and cereal crops. The Government of Senegal created ONCAD in 1966 to assure a commercial outlet for the expected increase in crop production. ONCAD purchases any amount of cash and

cereal food crops offered for sale by the farmer. ONCAD also imports and distributes staple foods when there are national shortages.

The Senegalese farmer benefits not only from supply and marketing agencies, but also from effective research and technical support. Behind all the development organizations stands the Senegalese Institute for Agricultural Research (ISRA). This institute has been conducting fundamental and applied research since the turn of the century. ISRA currently integrates the findings of 10 research stations, where scientists pursue endeavors in fields ranging from agronomy to oceanography.

One of the oldest experiment stations is the Bambe Center for Agronomic Research, founded in 1921. Bambe employs 30 French scientists who collaborate with Senegalese counterparts and assistants. A series of research projects in the early 1950s on cultivation techniques, fertilization, and implements found that animal traction was necessary for getting the fertilizer deep into the soil. The recommendations that have stemmed from the extensive research on animal-powered equipment and practices since then have been transmitted to the farmers as soon as the feasibility is confirmed by ISRA's 100 test farms in the Bambe vicinity. Among their accomplishments, the ISRA scientists can also take credit for the domestic farm equipment industry that has sprung from the new animal-powered equipment that they have devised.

Intermediate technology should not arouse unrealistic expectations. However, it may be the long-overlooked link between practices employed in the developing countries and the sophisticated, often inapplicable agricultural innovations of the industrial countries. The Senegalese experience, albeit marred by the Sahelian drought, is encouraging for other developing countries that contemplate channeling a comparable effort into intermediate technology.

Millet and sorghum production in Senegal has been increasing again in recent years with the subsiding of the Sahelian drought, surpassing peak pre-drought production. In 1973, millet and sorghum production data reached a nadir of 322,000 metric tons. Final crop production data for 1976 was an unprecedented 795,045 metric tons. The national average yield per hectare rose to 689 kilograms compared to 463 in 1963. Peanut production increased from 674,878 metric tons in 1973 to 994,222 in 1976. Rice production almost doubled from 64,340 metric tons in 1973 to 116,975 last year.

Even with climatic vagaries taken into account, much of the present increases in crop production can be attributed to the introduction of improved technology. Agricultural implements in 1976 were estimated by the Ministry of Rural Development and Hydrology to total 67,271, including 16,478 seeders, 26,140 hoes, and 12,178 plows. The 1976 inventory represents a 16.5% increase.

With this important trend firmly established, the prospects for the Senegalese farmer have never looked better.

*works as a veterinary officer in Kenya. Peace Corps photo.*



*Residents of a Peruvian squatter settlement line up their containers awaiting the delivery of water. Often this is more expensive than building a pipeline.*



# Making the squatters legitimate

Peru uses AID's housing guarantee program to upgrade 'pueblos juvenes'

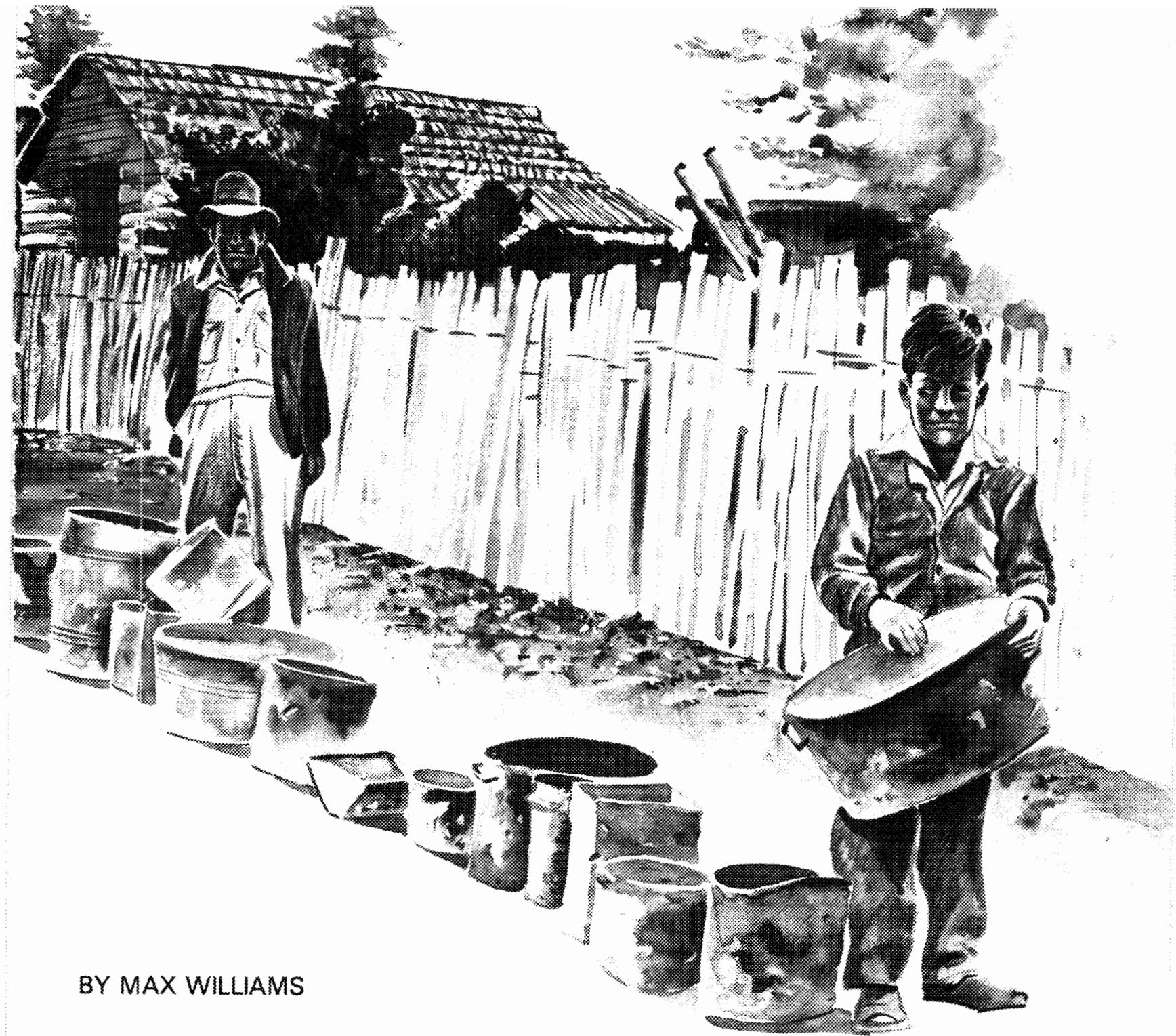
**T**HE GROWTH of the world's shelter problems prompted the United States in 1961 to develop the Housing Guaranty (HG) Program, which transfers resources and technologies to countries with shelter and related urban problems. This unique AID program enables U.S. private lenders to provide long-term financing for low-income housing in developing countries, with the United States guaranteeing repayment.

The program is administered by AID's Office of Housing, which, with its Regional Housing and Urban Development Offices, works closely with AID Missions to design and implement HG projects.

In 1974 and 1976, AID increased emphasis on problems of the urban poor. In 1974, the Agency issued a revised Policy Statement (55) on shelter, directing AID's shelter resources to projects benefitting the poorer half of a country or city. All HG projects authorized during and after FY 1975 have met this requirement. In 1976, the Agency issued another Policy Statement (67) on urbanization and the urban poor, which underscored the problems and challenges brought about by the explosive growth of urban areas and its effect on the urban poor.

Peru, for example, is experiencing staggering increases in its total population and the proportion of its people living in urban centers. In 1940 the population of Peru was 6.2 million, of which only 945,000 (15%)

*Max Williams is with AID's mission in Bolivia.*



## BY MAX WILLIAMS

lived in the 10 cities with 20,000 or more inhabitants. Today's population approximates 15.8 million, with more than 7.7 million (49%) in larger cities.

Squatter settlements—known as *pueblos juvenes*—ring every major city. While precise figures are not now available, an estimated 1.2 million people in Lima alone live in these settlements. As much as 75% of the coastal population of Chimbote, Trujillo, Chiclayo and Pirra live in squatter settlements. *Pueblos juvenes*, while lacking adequate roads, water, sewerage, electricity and shelter, are still more desired by the poor than the rural areas from which they came.

It is significant that the Government of Peru has designed programs to include these settlements in its developmental efforts. Government policy toward the

*pueblos juvenes* contrasts sharply with official and semi-official policies followed in many other developing countries. Some governments try to solve the squatter settlement problems by simple eradication. Squatter settlements around major cities are simply razed and the inhabitants resettled many miles to outlying areas.

In Peru a squatter settlement can be upgraded for legal integration into a formal city system. This requires laying out streets, subdividing, and assigning lots, based on an approved pattern. Once this is achieved, a squatter may obtain a certificate of possession of land. This legalizes the ownership of lot and home. Numerous studies show that once the squatter is assured of legal land tenure, improvement of the environment will occur. Government policy recognizes that the squatter

settlements are permanent and improving these sites is a major objective. The Sistema Nacional de Apoyo a la Mobilización Social (SINAMOS) is responsible for community planning and providing "certificates of possession" to the squatters. A resident of the *pueblos jóvenes* needs this certificate to receive utility services and home improvement loans.

AID and Peru have agreed upon an HG loan for the *pueblos jóvenes* areas that would provide loans to low-income families for utilities, basic shelter and home improvements. Emphasis has been placed on the loans' reaching urban centers outside the Lima metropolitan area where the need is great and as a means of supporting the government's alternative growth center strategy.

The \$15 million HG loan, with an 8.35% interest rate, is for 30 years. The loan agreement between the Federal Home Loan Bank of New York and the Peruvian Housing Bank (Banco de la Vivienda del Peru, or BVP) was signed in Washington on March 22, 1977. An implementation agreement was also signed between AID and BVP during the same ceremony. The first disbursement for \$1 million took place in June, 1977. Additional agreements for another \$10 million are expected early in 1979, bringing the total HG loan to \$25 million.

The HG loan will provide BVP, in association with the Ministry of Housing and Construction, utility companies, savings and loan associations, and others, money to finance the infrastructure and shelter for the low-income program beneficiaries.

The HG program involves three separate but related projects:

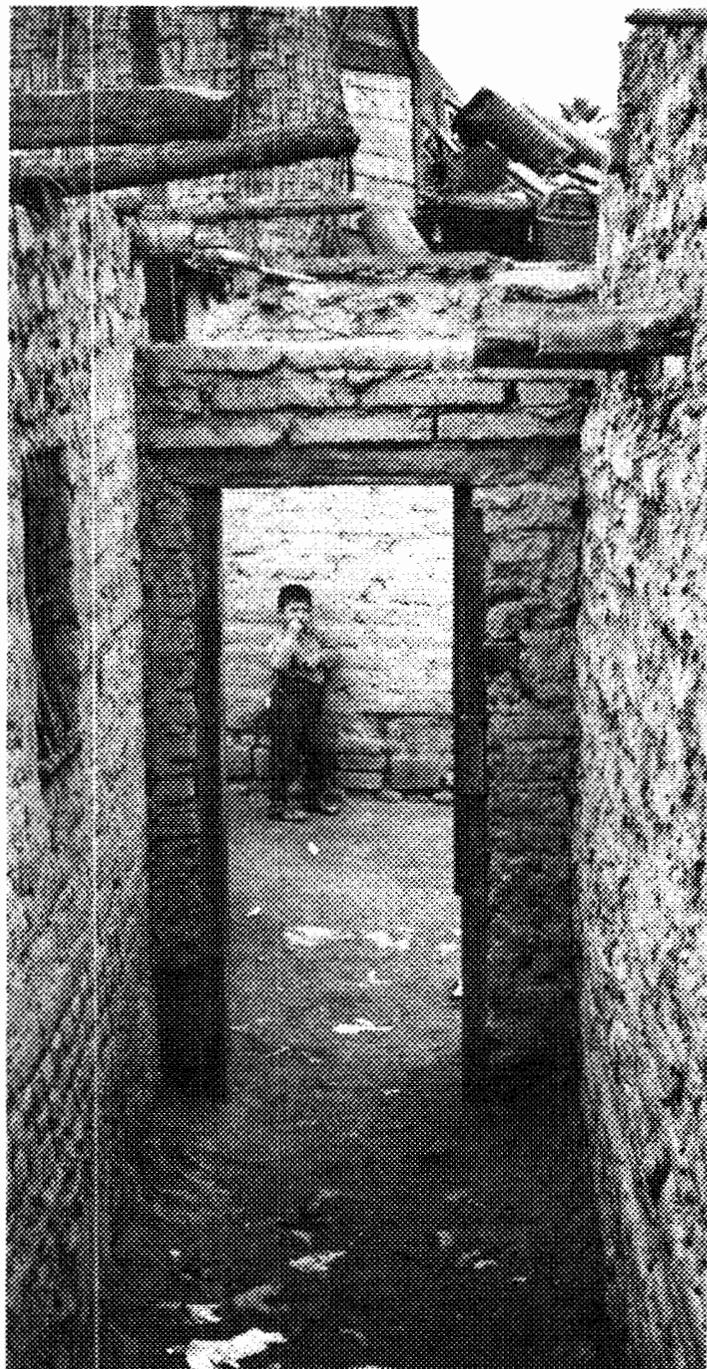
1. \$15 million will be used to develop basic services such as water, sewer, and electrical services in the *pueblos jóvenes*.

Some 41,000 loans are likely to be made—11,800 for electrical connections, 13,000 for water hook-ups, 13,000 for sewer connections, 2,500 for minimum shelter and 900 for home improvement. Since water, sewer and electrical loans are for short periods (5 to 12 years), the funds will be reinvested as loan payments are made.

2. \$8,750,000 will fund the minimum shelter program. This involves construction of approximately 2,500 basic shelter units near employment centers, community facilities and public transportation.

Most of this project's funding will be for site and services lots containing basic utilities such as water, sewerage and electricity.

3. \$1,250,000 will be used to improve, rehabilitate or expand existing housing. This loan could be used to install internal electric wiring and water and sewer pipes; finish works, including floor construction, plaster and painting; construct new building components such as walls, columns and roof slabs to expand, upgrade or complete a basic house.



*A small boy in a typical Peruvian squatter settlement.*

# in print ...

A BOOK REVIEW BY SAMUEL H. BUTTERFIELD

**T**HIS IS a book worth reading. It says important things about profound issues. It is well written (brisk and often lively). It is both comprehensive and relatively brief (219 pages of text).

Dr. ul Haq is one of the World Bank's principal policy planners and thinkers about development issues. Outside that institution he is a major spokesman for the developing world. For many years he was the architect of Pakistan's development plans.

*The Poverty Curtain* is divided into three sections. The first, "New Development Strategies," deals with national strategies which poor countries need to adopt if they are to develop. This section draws heavily on Dr. ul Haq's own experience and the evolution of his thinking as a development planner from the mid-1950s until the mid-1970s. He traces the shift in economic thinking from emphasis on growth despite inequities to emphasis on equity as vital to growth, from concentration on investment to concentration on employment.

*The Poverty Curtain's* first section also persuasively sets forth a basic theme that the market and market mechanisms in dual societies/economies should not be automatic decision-makers. Instead they should be among the tools in the hands of decision-makers. The market, Dr. ul Haq argues, will skew all resources and institutions toward the small modern sector and the wealthy of each developing nation.

In this section of "New Development Strategies," Dr. ul Haq displays his great skill as a macro-planner. He also reveals the classic flaw of most macro-planners: Because of their training and vantage point, they tend not to think about or practice listening to people.

Without question Dr. ul Haq is deeply concerned about the "poor majority." Yet at no time does he mention (let alone chart a path to achieve) the participation of the

people in identifying their problems, what they can do about them and what help they need from the government in order to deal with them.

I contend that participation is the most important requirement for sustained growth as well as for equitable growth. Without listening to the people and trying to shape policies, institutions and investments in response to what it hears, the central government cannot be the key decision-maker in the development process any more, if it ever was. The millions of small producers are the key decision-makers. What they decide to do determines if development

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**The Poverty Curtain  
—Choices for the  
Third World**, by Mah-  
bub ul Haq. Columbia  
University Press, New  
York, 1976.

The reviewer is direc-  
tor of AID's mission to  
Nepal.

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takes place. Until planners, directors and, especially, political leaders accept and respond to this proposition, they will continue to have little positive impact on the development process.

Interestingly, Dr. ul Haq sees this point with crystalline clarity in regard to the international economic order. Yet he fails to draw the parallel that if the poor nations need an effective voice in international decision-making (as they surely do), to the same extent the poor people need an effective voice in national decision-making.

*The Poverty Curtain's* second section outlines what Dr. ul Haq con-

siders to be the real issues regarding the limits of growth, the environmental threat and the population problem. This brief section provides an evaluation of each of these problem areas and lists some promising broad avenues for dealing with them.

Throughout sections 1 and 2 Dr. ul Haq links his presentation to section 3, which focuses on "A New International Economic Order." To most of us in AID this is less familiar ground than that covered in the first two sections. AID officers have concentrated in recent years on internal national concerns and have had little to do with issues of trade and payments.

In his interesting third section, Dr. ul Haq dissects the present international economic order, identifying the inequities that hamper the Third World countries and the need to parallel internal reforms by those countries with international reforms involving the rich countries.

Dr. ul Haq sees major political fights over the proposed changes in the international power structure. He points out to the poor nations that in such fights they not only have some bargaining power now but that "in the longer run, there is likely to be a dramatic shift in the balance of power between the rich nations and the Third World."

Throughout the book Dr. ul Haq fluctuates between hope for what could be a far better world, presenting strategies to help reach it, and doubt that the world is up to the task. He concludes as follows: "The outcome of the present dialogue (between the rich and the poor nations) will obviously depend, in the last analysis, on the political vision and the enlightened self-interest of the entire international community. But let us face it. Political vision is one of the most scarce commodities in the world today. We can only hope it still exists."

# 'So little increase in living standards'

*An excerpt from the annual address of Robert S. McNamara, president of the World Bank, Sept. 26, 1977*



PHOTO BY FABIAN BACHRACH

**T**HE AGGREGATE economic growth the developing countries have achieved over the past 25 years—as remarkable as it has been—has not been very effective in reducing poverty.

The poorest countries participated only modestly in the general trend of rapid growth since 1950. In the last few years, their growth rates have lagged even further behind.

Even in those developing countries that have enjoyed rapid growth, the poorest income groups have not shared in it equitably. Their incomes have risen only one-third as fast as the national average.

Taken together, these two tendencies explain why there has been so little increase in the living standards of the absolute poor throughout the developing world.

It is clear there must be a more equitable and effective sharing of the benefits of growth within both groups of developing countries.

Formulating development objectives in these terms avoids the misconception that because economic growth has not always been effective in increasing the incomes of the poor, it is somehow not really necessary.

It is very necessary.

In the countries with the greatest concentrations of the absolute poor

—particularly those in South Asia and Sub-Saharan Africa—economic growth has been particularly slow relative to the growth of population. In these conditions, there is little scope for improving the quality of life through income redistribution alone. The total national income is simply not adequate.

But let us suppose that these poorest nations were now to double the average rate of per capita growth that they experienced in the last 25 years. This is clearly an improbable target, and even if they were able to reach it, their average per capita income, by the end of the century, would only be about \$400.

**B**UT IN THE absence of effective government policies to moderate skewed income distribution, such an average level of income in itself cannot effect an extensive reduction in absolute poverty. And that would mean that hundreds of millions of the absolute poor in Asia and Africa have an interminable wait ahead of them before they can begin to lead decent lives in which their basic human needs are met.

The poorest countries, then, must do everything they can to increase per capita income growth, but they must do something else as well. They

must fashion ways in which basic human needs can be met earlier in the development process.

Is that feasible?

It is. A number of countries have made progress toward that goal. Not always very effectively, and never without some setbacks. But progress nevertheless.

Even the middle-income developing countries must not rely solely on rising average levels of per capita income to solve problems of absolute poverty. Like the poorest societies, they must attack it directly. They have far more resources with which to do so, and can cut short the time period in which their least-advantaged citizens must wait to have basic needs met.

The strategy we are discussing for attacking absolute poverty applies, therefore, both to the poorest nations and to the middle-income countries. But it obviously applies with much greater force to the poorest nations since they have no other viable alternatives.

**W**HAT ARE THE components of those basic needs which must be satisfied if absolute poverty is to be overcome? It is not difficult to list them, although the characteristics of each will vary

from country to country, from culture to culture, and from society to society. They include:

- Food with sufficient nutritional value to avoid the debilitating effects of malnutrition and to meet the physical requirements of a productive life;
- Shelter and clothing to ensure reasonable protection against the rigors of climate and environment; and
- Public services that make available the education, clean water, and health care that all members of society need if they are to become fully productive.

**T**HE FIRST requirement for meeting these basic needs is that the absolute poor must be able to earn an adequate income with which to purchase on the market such essential goods as the market can supply: food, for example, and shelter.

Assisting the poorest groups in the society to find earning opportunities and to enhance their own productivity is essential since they are the very groups that are so often bypassed by the traditional development process.

To the extent that the poor possess some tangible assets, however meager—a small farm, a cottage industry, or a small-scale commercial operation in the urban sector—it is possible to help them to become more productive through better access to credit, extension assistance, and production inputs.

The experience of Malaysia, Kenya, Malawi, Taiwan, Korea, Nigeria, and other countries demonstrates that the productivity of small farms can be significantly enhanced through such programs, and the Bank itself is committed to this objective through its new rural development projects. We have over the last three years initiated projects which will approximately double the incomes of about 40 million individuals living below the poverty line in both the poorest and middle-income countries.

**B**OOTH THE developing countries themselves, and the Bank, have had less experience in creating off-farm earning opportunities and in assisting cottage industries and small-scale entrepreneurs, but it is clearly important to try to do so. Two-thirds of the employment in the industrial sector of the developing world still originates in small-scale enterprises. Their expansion and increased productivity is vital to the overall growth of the economy and to the incomes of the poor.

We in the Bank are still in the early stages of launching an increased effort to finance such labor-intensive activities—activities that can provide productive employment at low unit capital costs. By 1980 we intend to increase our annual financial commitments to these types of operations to roughly \$300 million (in 1976 prices). We plan to work through (and, where necessary, to create) local financial institutions for that purpose. Urban and rural development projects will increasingly include such operations as components of the investment plan.

This is already being done in projects in Tanzania, India, and Indo-

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*“It is poverty itself  
that is a social liability,  
not the people who  
happen to be poor.”*

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nesia. In Madras, for example, an urban development project will create 5,000 jobs in cottage industry activities in slum areas at an average investment cost of \$225 per job. Thus, the earning capacity of the urban poor will be increased with only a modest investment of scarce capital.

Equally essential to expanding the capacity of the absolute poor to purchase market goods are the redesign and expansion of public services.

Health care, education, public transportation, water supply, electricity, and similar public services are of course the concern of devel-

oping countries everywhere. Over the past 25 years their governments have been faced with increasing pressures to satisfy demand as overall populations have nearly doubled and urban inhabitants have quadrupled.

Inevitably some mistakes have been made. Wealthy urban and rural families, often constituting a very small but politically influential and elite group, have frequently managed to preempt a disproportionate share of scarce public services.

It is a very old story in human affairs and far from being an attribute of developing countries only. But wealth and privilege have made their influence felt in these matters, and almost always at the expense of the poor.

**P**IPED WATER allocation, the availability of electricity, the cost and routing of public transportation, the location of schools, the accessibility of public health facilities—all of these are national and local government decisions that are critical to the living standards of the very poor, who have no margin for alternatives and no political access to policymakers.

Not only are essential public services often out of financial and geographical reach of the poor, but such facilities as are in place may be so inappropriately designed as to be virtually irrelevant to their needs: impressive four-lane highways, but too few market roads; elaborate curative-care urban hospitals, but too few preventive-care rural clinics; prestigious institutions of higher learning, but too few village literacy programs.

Public services that are not designed modestly and at low cost per unit will almost certainly end by serving the privileged few rather than the deprived many.

**T**O REVERSE this trend, governments must be prepared to make tough and politically sensitive decisions and to reallocate scarce resources into less elaborate—but

more broadly based—delivery systems that can get the services to the poor and the poor to the services.

It always comes down to a question of priorities: More foreign exchange for importing private automobiles or an expanded bus fleet. Elaborate government offices or squatter settlement upgrading. A new generation of jet fighters for the air force or a new generation of infants who will live beyond their fifth birthday.

No government can do everything. To govern is to choose. But poverty will persist and grow if the choice too often favors the peripheral extravagance over the critical need.

Basic human needs are by definition critical. And for governments to assist the poor to satisfy them is not public philanthropy but a wise investment in human capital formation.

It is poverty itself that is a social liability, not the people who happen to be poor. They represent immense human potential. Investing in their future productivity—if it is done effectively—is very sound economics.

Certainly what is very unsound economics is to permit a culture of poverty to so expand and grow within a nation that it begins to infect and erode the entire social fabric.

Poverty at its worst is like a virus. It spreads the contagion of bitterness, cynicism, frustration, and despair. And little wonder. Few human experiences are more embittering than the gradual perception of oneself as a trapped victim of gross social injustice.

No government wants to perpetuate poverty. But not all governments are persuaded that there is much that they can really do against so vast a problem.

But there is.

Moving against the roots of poverty: assisting the poor to become more productive, and hence more an integral part of the whole development process; redirecting economic growth and public services more toward meeting basic human needs: these are practical and attainable objectives.



## 'These are uncharted waters'

*Secretary of the Treasury W. Michael Blumenthal in a speech to the World Bank and International Monetary Fund*

**W**E MEET at a time of doubt about the world's economic future. The legacy of the oil shocks of 1974, inflation, and the deep recession of 1974 and 1975 poses questions of whether our system of international economic cooperation can endure.

The main points I want to make are these:

—The world economy has begun to recover from staggering blows.

—We have in place a strategy for sustained recovery, and that strategy is working.

—And we will succeed—though success takes time—if we continue to act together and do not lose our nerve.

The effective functioning of the institutions that bring us together today—the Bank and the Fund—is a critical part of that cooperative effort...

The international economic system is under stress because of the need to adjust to wide variations in national economic performance, high energy costs, and large imbalances in international payments positions.

A broad strategy to facilitate these adjustments has been agreed to in international discussions. The guiding principle of that strategy is cooperation.

It calls on countries in strong payments positions to achieve adequate demand consistent with the control of inflation.

It calls for symmetrical action by both surplus and deficit countries to eliminate payments imbalances.

It calls on countries in payments difficulties to deploy resources more effectively so as to bring current accounts into line with sustainable financing.

One point is clear. If this strategy is to succeed, the oil-exporting countries will have to show restraint in their pricing...

**T**HE UNITED STATES has formally consented to the increase in its quota agreed to in the Sixth Quota Review. We urge others to act promptly so that the increased quotas can be put into effect without further delay.

We welcome the new Supplementary Financing Facility to provide an additional \$10 billion for nations whose financing needs are especially large. We intend to press for prompt legislative authorization of U. S. participation.

A permanent expansion of IMF resources for the longer term is also needed. We will work for agreement

on an adequate increase in Fund quotas during the Seventh Quota Review.

The second requirement is that the fund use these resources to foster necessary adjustment. As the Supplementary Financing Facility recognizes, serious imbalances cannot be financed indefinitely. . . .

**I**N TODAY'S circumstances, that process will in some cases require a longer period of time. Consequently, the United States supports the provisions in the new Facility that introduce flexibility in determining the pace of adjustment. . . .

Third, we must bear in mind the influence of the actions of the Fund on the flow of private capital. It is inevitable and right that the private capital market will continue to play the dominant role in financing imbalances.

At the same time, banks, in their lending policies, are increasingly looking to the existence of stand-by arrangements with the Fund. These arrangements, with their stipulations about domestic economic and external adjustment policies, can considerably strengthen nations' creditworthiness. . . .

The responsibility of the Fund goes beyond its operations in support of countries in payments difficulty.

The amended Articles give the Fund an important, explicit, role in overseeing the operations of the system as a whole and in exercising surveillance over the exchange rate policies of its member governments. . . .

**I**BELIEVE we all acknowledge that in carrying out these new provisions the Fund will have to approach its task cautiously. These are uncharted waters. History is by no means an adequate guide to the future. Only by experience will it be possible to test the principles we have established and to modify them where it is proven necessary. . . .

I believe the Fund is in an excellent position to undertake this new role. It is now time for the member countries of the IMF to act by approving the amended Articles and bringing these provisions into effect.

Establishing conditions for sustained growth and strengthening the financial adjustment processes are the most pressing intermediate-term issues facing the world economy. The critical long-term problem, however, is to assure economic growth with equity in the developing world. . . .

Action is required by both industrial and developing countries.

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**“** Foreign assistance will not have the support of the American people unless . . . it is . . . improving the lives of the poor **”**

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The most important contribution the industrial countries can make is to achieve adequate, sustained economic growth in the context of an open international economic system.

A substantial increase in the transfer of official capital to developing countries is necessary. The United States will do its share. The Congress has authorized over \$5 billion in contributions to the international development banks and has supported a sizable increase in bilateral assistance. We are prepared to begin formal negotiations in the Board of Directors of the World Bank leading to a general increase in its capital.

We must work together to strengthen arrangements for stabilizing earnings from raw material exports.

We must also approach the management of international indebted-

ness, not as a crisis, but as a short- and medium-term balance of payments problem. . . .

**A**CTIONS BY the industrial countries are only part of the story. The real payoff lies in the policies adopted by the developing countries. This is not surprising. Four-fifths of the investment capital of developing countries is mobilized from domestic savings. Domestic policies will determine not only how much savings can be mobilized in the future but also how efficiently resources are used and how effectively the developing countries can take advantage of an expanding international economic environment.

The development partnership requires not only healthy global economic conditions that will enable the developing economies to grow, but also efforts by the developing countries to assure that the benefits of growth are enjoyed by their poorest citizens.

In this connection, my government strongly supports the new directions charted by the World Bank in financing social and economic development. . . .

In supporting this expansion, the United States will urge:

—More emphasis on food production, expanding employment opportunities, and other measures to improve the lot of the world's poorest people.

—Increased lending to expand energy resources in developing countries.

—Using the Bank's resources to facilitate the adoption of sound economic policies in the developing countries.

**I**AM convinced that foreign assistance will not have the support of the American people unless they perceive it is making a real contribution to improving the lives of the poor.

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

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POSTAGE AND FEES PAID  
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INTERNATIONAL DEVELOPMENT

Rebuilding their schools is  
a community project for the  
*campesinos* in Bolivia's  
valley area. See page 8.

