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REVISED DRAFT

TASK ORDER # 3 - PROP (FCH)

December 14, 1970

(PAGE 8 BUDGET INFORMATION TO FOLLOW)

PROJECT AUTHORIZATION

1. PROJECT NUMBER T.O. #3 598-099-3-650-4033		3. COUNTRY: INTERREGIONAL LATIN AMERICA		4. AUTHORIZATION NUMBER
2. PROJECT TITLE Foundation for Cooperative Housing (FCH)				5. AUTHORIZATION DATE
				6. PROP DATED 1-14-70

7. LIFE OF PROJECT

a. Number of Years of Funding: _____
Starting FY 19 69; Terminal FY 19 75

b. Estimated Duration of Physical Work
After Last Year of Funding (in Months): Continuing

A. FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS (thousands)		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY			
	GRANT	LOAN		Exchange Rate: \$1 =		HOST COUNTRY	
				U.S. OWNED	OTH	JOINTLY PROGRAMMED	OTH
Prior through Actual FY - 69	1,058						
Operational FY - 70	270						
Budget FY - 71	217						
B + 1 FY - 72	250						
B + 2 FY 73	200						
B + 3 FY 74	160						
All Subsequent FY's	120						
TOTAL	2,275						

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

10. CONDITIONS OF APPROVAL OF PROJECT

(Use continuation sheet if necessary)

Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, or ability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitude and any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	
	IA/DR, Stanley Baruch	
SIGNATURE		

NONCAPITAL PROJECT PAPER (PROP)

Country: Latin America-Regional

Project Number: 598-099-3-650-4033 (TC)

Submission Date: 1/15/70

Original _____ Revision No. _____

Project Title: Foundation for Cooperative Housing T.O./3

U.S. Obligation Span (3) FY 1963 through 1975

Physical Implementation Span: (3) FY 1963 through FY 1973

Gross Life of Project Requirements:

U.S. Dollars (3) \$1,920,226

U.S. - owned local currency - none

Cooperating Country Cash Contribution - none

Other Donor - none

INTER-REGIONAL PROP
FCH PROJECT - LATIN AMERICA

SECTION A - SUMMARY - TARGETS AND ACCOMPLISHMENTS OF TASK ORDER #3:

An Urban Crisis exists in Latin America which is adversely affecting its social/political and economic development. A major cause of this urban crisis is the unprecedented growth of urban populations at a time when jobs, schools, housing and community services cannot be provided in sufficient quantity to meet the demand.

The Congress has recognized this problem and the Foreign Assistance Act includes support of home ownership and cooperative housing specifically, as a major U.S. Foreign Assistance Objective.

Current AID policy on housing and urban development is described in Manual Order 1612.83.1 emphasizing seven points for selective AID support: 1) Building Institutions; 2) Providing technical and financial assistance; 3) Training; 4) Cooperatives and self-help approach; 5) Providing external capital for multiplier effects; 6) Attacking squatter housing problems; and 7) Measurement of effort. This project (T. O. #3) involves all seven points mentioned above.

Task Order #3 was initially signed in 1962. Its purpose is to provide technical services to support the creation of new institutions and programs resulting in more and better housing for low and lower middle income families using the cooperative approach.

Through this project FCH has assisted AID in the development and implementation of cooperative housing programs. The main emphasis of this project has been on institution building, demonstration cooperative housing projects and training. Key elements in project implementation have been training and the establishment of private non-profit Technical Service Organizations (TSO's) in Latin America.

ACCOMPLISHMENTS

During the course of the eight years of T. O. #3 existence, the FCH Regional Office funded under T. O. #3 assisted in:

1. ESTABLISHMENT OF TSO'S

Helped establish cooperative housing Technical Service Organizations (TSO's) in seven countries: Chile, Brazil, Colombia, Honduras, Panama, Venezuela and Jamaica.

2. DEMONSTRATION PROJECTS

Helped the TSO's develop AID supported pilot demonstration cooperative housing communities totaling more than 3,400 units and helped develop two ongoing locally financed programs (Chile and Brazil) now producing more than 8,000 units per year.*

* It should be noted that AID loans for cooperative housing during this period total only \$5.5 million as contrasted with \$150 million of AID and host government contributions for savings and loan systems in Latin America and more than \$400 million of AID and IDB contributions for other types of housing. This same amount of capital assistance for housing cooperatives could have produced many thousands of dwelling units.

3. TRAINING

Prepared and trained more than 150 selected participants in the United States. Conducted regional and national training seminars and workshops at different levels in: Chile, Brazil, Colombia, Honduras, Argentina and Central America for more than 700 Latin American technicians and officials.

4. Conducted or participated in International conferences directed at establishing new national policies for low income urban and rural housing. (Guatemala, 1965; Venezuela, 1967; Washington, D.C., 1968, 1969; Argentina, 1969; Chile, 1970; Medellin, Colombia, 1970). New programs were established in several countries as a direct result of this activity (Colombia, Panama, Honduras).
5. Assisted USAID missions in special feasibility studies in Chile, Brazil, Colombia, Honduras, Panama, Venezuela and Jamaica.
6. Provided short term, special consultant services in Argentina, Chile, Colombia, Ecuador, Guatemala, Honduras, Mexico, Jamaica, Peru, Panama and Uruguay.
7. Developed and negotiated Mission funded task orders in: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Venezuela and ROCAP.
8. Backstopped resident FCH personnel under Mission task orders in Argentina, Bolivia, Brazil, Colombia, Guatemala, Honduras, Nicaragua, Panama and Venezuela. In the countries underlined, FCH resident personnel are still serving.

9. Helped develop Intensive Review Requests and/or loan agreements in Chile, Colombia, Ecuador, Honduras, Nicaragua, Panama, Peru and ROCAP region and helped develop local currency loans in Bolivia, Brazil, Colombia, and Guatemala.
10. Through T. O. #3 backstopping of Mission funded task orders, helped administer implementation of loans in Honduras, Panama, Colombia, Brazil and Argentina.
11. Prepared, published and disseminated cooperative housing educational materials for general use in Latin America.

TARGETS

The overall target is the development of selected housing and urban development activities and institutions which have the greatest multiplier effect in helping low and low middle income families to obtain home ownership through popular participation and cooperative techniques.

FCH has identified certain areas which should be given special attention during the early 1970's:

1. Development of Technical Service Organizations:

Priority A: Strengthening of existing TSOs in Honduras, Colombia, Panama, Venezuela and Jamaica.

Priority B: Development of new TSOs in countries with high potential: Costa Rica, Bolivia, Dominican Republic, Ecuador, Guatemala, Peru and Uruguay. (Progress in this area depends upon Mission priorities and support).

Priority C: Conduct TSO feasibility studies in the following countries: El Salvador, Nicaragua and Trinidad/Tobago.

2. Training

Conduct training seminars and workshops in CY 1971 as follows: regional workshop for Technical Service Organizations from Honduras, Panama, Colombia, Venezuela and Jamaica; regional seminars in cooperation with OAS for participants from Peru, Ecuador, Colombia and Venezuela focusing on cooperative housing techniques for squatter areas and production cooperatives; regional site planning workshop in Washington, D.C. for 30 selected participants from 15 Latin American countries, and short term in-country training seminars in Uruguay, Paraguay, Peru, Ecuador and Venezuela.

3. Training Materials

Production of additional cooperative housing publications and training materials.

4. Credit Institutions

Establishment of cooperative savings and credit institutions to serve low and low-middle income families for self-help home construction and shelter improvement. (Honduras, Colombia, Ecuador and Panama).

5. Home Owners Associations

Development of community organizations such as management type housing cooperatives and home ownership associations in each Latin American country with large AID-IDB sponsored housing projects. Priority will be determined by regional surveys.

6. Conversion to Cooperatives

Conversion of government owned rental housing to private cooperative ownership, to help Government Housing Agencies avoid decapitalization due to the present poor repayment

situation by occupants of AID and IDB funded housing projects. (Panama, Trinidad, Jamaica and Venezuela have high potential).

7. Squatter Problems and Cooperative Techniques

Encourage new plans and new approaches to the squatter problem including use of cooperative housing techniques and building materials production cooperatives as part of AID supported community improvement projects.

8. Interchange Among TSOs

Encourage increased interchange of cooperative housing technical information and experience among the TSOs and assist TSOs in forming a permanent Inter-American association.

9. Systems Approach

Study of ways to use a "systems approach" to integrate housing efforts with other urban development efforts such as job-producing activities, job training, school programs, health programs, community development and cooperative Title IX type activities.

10. Collection Techniques

Develop better collection techniques by government housing institutions.

Based on data accumulated during the time of this project and recent field visits by FCH, several countries have been identified as having especially high potential for developing ongoing self-sustaining cooperative housing programs. For example, new legislation in Peru during the past year has emphasized the advantages of the cooperative approach in improvement of the squatter areas (pueblos jovenes). Cooperative techniques can be used to make credit available for home improvement and self-help home construction and to avoid speculation

on resale of lots made available to low income families by the Government. Uruguay has also passed new housing legislation which includes strong elements of cooperative housing. (FCH assisted the GOU in preparing this new law).

Two sub-regions have high potential for regional TSOs; the Carribean sub-region as suggested in the Barall report and the Central American region as suggested in an earlier FCH study and the intensive review request developed by ROCAP with FCH assistance.

MEANS OF IMPLEMENTATION

Implementation of these targets rests upon the continued U. S. Technical Assistance service provided by FCH through T. O. #3 and related Mission Task Orders. For this purpose the following staff is funded by T. O. #3:

Latin American Programs Director

Training Officer

Chief, Publications

Field Instructor

Cooperative Community Improvement Technician

Bi-lingual Secretary

Secretary (Publications)

Clerk/Secretary

The December 1, 1970 to November 30, 1971 budget is as follows:

Salaries

Indirect (overhead and
fringe)

Travel and Allowances

Other Direct

Consultant

Subcontract (legal)

TOTAL

T. O. #3 RELATION TO T. O. #5 HOUSING INVESTMENT GUARANTY

As a result of work accomplished under T.O. #3 and complementary Mission task orders over the last eight years, housing investment guaranty funds are now being made available for construction of cooperative projects in Honduras, Venezuela and Jamaica. In general, the distinction between T. O. #3 and T. O. #5 is that T. O. #3 relates to basic program development, including establishment of the TSO, training, and development of new national housing policies and programs, while T. O. #5 relates to the development of specific physical cooperative housing projects funded under the HIG program.

Honduras provides an example of the complementary nature of T. O. #3, T. O. #5 and Mission funded task orders. Under T. O. #3 initial consultation visits and short term studies were accomplished in 1963 at the request of the GOH and Mission. Recommendations were made for the establishment of a TSO (FECHOVIL) and a AID development loan for construction of demonstration projects. A Mission funded task order was then initiated to provide for resident FCH assistance with technical and administrative backup from T.O. #3 and training assistance from T.O. #3.

After a delay due to suspension of AID to Honduras construction of the demonstration projects was completed and the FECHOVIL staff was trained.

Second phase middle income cooperative housing projects, in Honduras are now under development with funding provided through the HIG program and specialized cooperative housing investment guaranty assistance will be provided by T. O. #5. There is a continued need for additional low interest long term financing in Honduras for low-income families and rural housing, to complement the middle-income guaranty projects. Currently the Mission is funding a PCI task order to assist in developing savings and credit programs to provide permanent local financing in the future.

During the early 1970s, PCI Technical Assistance in Latin America will continue to focus on institution building, demonstration projects and training with increased emphasis on use of local financial and human resources. The service available from PCI through this project should be of a continuing nature as part of an AID continued effort to assist Latin American countries with critical housing and urban development programs.

SECTION B - SETTING AND BACKGROUND:

An Urban Crisis exists in Latin America which is adversely affecting the social/political and economic development of many countries. A major cause of this urban crisis is the unprecedented growth of urban populations at a time when jobs, schools, housing and community services cannot be provided in sufficient quantity to meet the demand.

Population in Latin America will more than double in the next thirty years and will exceed 650 million by the year 2000. The birth rate is the highest in the world (over 3% per year) and the cities are growing at the astonishing rate of 7% per year. The squatter areas surrounding most large urban areas will double during the next ten years. In some countries almost 50% of this total population are now living in urban areas. From 20% to 40% of the people in urban areas are living in slums and squatter areas. Cooperative self-help programs which enable people to help improve their homes and communities themselves, can cause far-reaching social/political and economic benefits, and help meet this crisis.

The Congress has recognized this problem. The Foreign Assistance Act includes support of home ownership and decent housing as a major U.S. Foreign Assistance Objective and, since 1961 has specifically directed the use of housing cooperatives as a means of achieving this objective. Title IX of the Foreign Assistance Act also recognized the need for U.S. support of democratically controlled institutions such as housing cooperatives, in developing countries. This Congressional policy is reiterated as AID policy in Manual Order 1612.83.1

PAST AND SUPPORT FOR THIS PROJECT

Past AID support for this project has consisted of regionally and mission funded technical assistance through FCH Services, Inc., a subsidiary of the Foundation for Cooperative Housing, a private non-profit organization. FCH has developed successful housing cooperatives in the United States for low and moderate income families with a total value of more than 500 million dollars. In the United States FCH also conducts cooperative housing training programs and is doing pioneer work in rural self-help housing. FCH is the only U.S. organization with international experience in this field.

AID financial input for FCH technical assistance in Latin America has come from three sources: the Latin American Regional Task Order (T.O. #3), the Investment Guaranty funded Task Order (T.O. #5) and Mission funded Task Orders.

Under this task order FCH does the preliminary work of research and development at mission request to bring the projects in the individual country to the stages of funding by the host country and the AID missions.

A principal goal of this project has been to assist AID and the Latin American housing and cooperative institutions in finding solutions to their housing problems.

The most significant overall accomplishment of this project has been the creation of a framework of new institutions, new laws, trained technicians and educated policy-makers which can serve as a base for new programs to meet crises ahead.

AID supported FCH efforts under this program during the first phase have produced the following results:

1. The establishment and strengthening of private non-profit cooperative housing technical services organizations (TSO) in several countries which are now carrying out active cooperative housing programs and providing homes for low and low-middle income families. The TSO's provides a broad range of technical and organizational services to promote, develop, execute and manage cooperative housing programs including site selection, architectural and engineering work, arranging for construction, contracting, cooperative organization and legal matters, education and training. Such institutions are self-supporting in nature and derive their income from fees for services rendered to the housing programs themselves. TSO's have been assisted or created in Chile, Brazil, Colombia, Panama, Honduras, Venezuela and Jamaica. In addition the development of such an organization is well underway in Guatemala.
2. The construction of cooperative housing demonstration projects in urban and rural areas supported by AID grants and loans in Brazil, Colombia, Guatemala, Panama, and Honduras. Under this program some 3,450 dwelling were completed and about 2,450 are in the design or construction stage.
3. Training Latin American Technicians and leaders in cooperative housing techniques.

Under the regional program (T. O. #3 and preceding T. O. #11) FCH in collaboration with the OAS has conducted three, 2 or 3 month training courses for about 86 selected cooperative housing leaders and technicians, many of whom are now in policy making positions in their own countries.

Four regional seminars (including one held under T. O. #11) have also been held for cooperative leaders, government officials, representative of international organizations and others concerned with housing and urban development. These were attended by about 450 persons.

Workshops have also been held in Colombia, Panama and Honduras which have cooperative housing programs funded by AID. These were designed to train full time technicians working in the field of cooperative leaders. Some 200 people were reached through these workshops.

FCH also assisted AID in developing the agenda and providing lecturers for the Housing Management workshop and the Workshop on Squatter Settlements which reached some 80 high level officials.

In addition FCH has provided training to a substantial number of cooperative leaders, technicians and officers in some ten Latin American countries both through visiting consultants and through on-the-job training in the U.S. FCH has also prepared some 18 reports, training publications and manuals, most of which are both in English and Spanish for use in educational programs.

4. Special studies on financial and legal housing aspects which in turn have resulted in new laws and procedures affecting housing for low income groups.

In some cases FCH associated counsel (Krooth & Altman) has not only recommended, but assisted in the drafting of legislation dealing with cooperatives, land tenure and savings institutions in several Latin American countries. (Colombia, Panama, Honduras, Chile and Uruguay).

5. Assisted on community development and Title IX aspects of AID supported housing activities.

While housing cooperatives by their very nature involve the principle of community development and Title IX, there are many instances where it is not feasible to utilize the cooperative legal structure. FCH is, therefore, assisting AID in the organization and development of democratically controlled home owners associations which incorporate much of the principles of the cooperatives and which are responsive to Title IX of the FAA. A study of such associations in Peru with recommendations for future action was prepared for AID use in Latin America and association have been developed in four countries.

A squatter relocation program in Panama City is another example of low community development and cooperative techniques can be used not only to provide housing but employment and on-the-job training in the production of the building materials and housing components needed by the families and the community.

In this program some 1,000 families have been resettled and about 600 have now shell houses or houses built by self help. Many more benefited from credit from home improvement, and jobs in building materials production centers.

Another example is the FCH rural housing program in Panama. In the pilot-project at Los Pocitos a \$3,000 for 10 houses has now produced over 25 houses all financed from the revolving fund created by this grant. This program was built around a small rural credit union and has utilized the principles of cooperative action.

AREAS REQUIRING SPECIAL ATTENTION

A review of housing efforts in Latin America during the 1960's would identify certain areas which deserve increased attention during the 1970s in addition to continuing the basic activity of institution building (TSOs) training and cooperative demonstration projects:

1. New approaches are needed to make both internal and external resources available for housing under more favorable terms in order to reach lower income families. Cooperative housing credit and savings programs should be encouraged to meet this need. This one way in which capital can be generated by and for the use of organized groups of lower income families. Such a program when supplemented by a combination of concessional loans, interest subsidies or grants (either domestic or external) and U.S. guaranty funds can have a considerable multiplier effect.
2. Significant amounts of internal financial resources now going into housing in most Latin American countries are available only to upper income families. There is a need to encourage redirection of these resources to middle income and low income families. This might be done by using internal funds to provide land and community facilities and supplementing these with funds for home construction generated through the AID investment guaranty program.
3. In non-cooperative projects, greater use should be made of community organizations such as a homeowners association or management type housing cooperatives to better tap the human resources within the community itself and involve the residents in the management of community affairs. This tends to

develop a greater sense of responsibility for maintenance of property and for meeting financial obligations.

4. Past housing efforts have often been isolated from other AID supported urban programs. A study is needed of ways to use a "systems approach" integrating housing efforts with job producing activities, job training, school programs, health programs, community development and cooperative Title IX type activities.

Programs similar to the squatter relocation program in Panama but using cooperatives to a greater degree may well be one answer. In this program, families relocated in new areas were provided with urbanized land, and credit for materials to build their houses. In addition a center to produce essential building materials and housing components was established which provided both employment and training in a variety of skills for the mostly unskilled workers. A school construction program along with health services, social services and community development programs served to make this a well rounded project with a substantial element of self help and cooperative effort.

5. Technical assistance in housing management is needed to help Latin American government housing agencies avoid decapitalization due to the present poor repayment situation by occupants of AID and IDB funded housing projects. FCH has long experience in this field. In the United States there has never been a default of an FCH organized pre-sold, management type cooperative. Furthermore, the cooperative housing projects completed with FCH help in Latin America are meeting their obligations on time unlike the purchasers of homes in

conventional housing projects funded by AID and IDB where delinquencies are often high.

6. Support for new approaches to the squatter problem including use of cooperative housing techniques as part of AID supported community development projects. Here again it is believed that the techniques employed in the squatter relocation program in Panama can be used with appropriate modification and new financing techniques can be developed to help meet this problem.
7. Increased efforts to involve the private sector in housing for low-middle income families through a variety of devices to reduce monthly payments by families to the point where home ownership become feasible.
8. Increase support to regional exchange of cooperative housing information and experience between Latin American Organizations. A program of workshops and seminars would be very effective in helping government housing agencies and TSOs to profit from the experience of others and in disseminating information throughout Latin America.

SECTION C - STRATEGY - CONTINUATION OF PRESENT TECHNICAL ASSISTANCE

EFFORTS THROUGH FCI:

The type of expertise needed for this project is not currently available within AID. Continuation of the services provided by FCI through our contractual arrangement should be part of AID's strategy.

FCI domestic programs have undergone rapid expansion and they now have more than 300 U.S. staff members to provide a backup resource for their permanent international staff, which numbers 25 professionals and includes specialists in cooperative housing management, cooperative housing organization and education, architecture, planning, cooperative housing legal matters, housing finance, and community development. FCI is the only private non-profit organization with this type of expertise working nationally in the United States and the only U.S. cooperative housing organization working internationally.

With AID support, FCI has concentrated technical assistance efforts on three basic activities: cooperative housing institution building, training, and demonstration cooperative housing projects. Grant funds have supported the training activities and AID development loan funds and Investment Guaranty funds have been made available for the demonstration projects. Through this approach, significant progress have been made in the development of self-sustaining programs providing home ownership in several Latin American countries.

Implementation of this basic approach requires: a) continuing country surveys requested by the Mission and by local officials or cooperative leaders to determine the feasibility of developing self-sustaining cooperative housing programs in particular countries; b) training of local housing and cooperative officials and technicians should also occur at this early stage and c) demonstration projects

is to show that the cooperative approach produces savings resulting in lower costs, and that through proper selection, education, and the use of democratic control, low and low-middle income families can and will repay mortgage loans. Successful demonstration projects will attract local financing for new projects and also encourage redirection of internal financial resources, currently being applied to upper income housing, toward the lower income level.

USE OF THE REGIONAL TASK ORDER

Regionally funded AID-FCH Task Order #3 provides AID with a centralized source of expertise located in the FCH Washington office which is available to AID on call. This task order is also essential in order to a) maintain liaison with the Latin American Bureau, Housing and Urban Development and the AID Missions in the field of planning and implementing the cooperative housing program and the development of other types of community housing organizations; b) integrate this program with the overall AID housing and urban development programs in Latin America and c) to provide centralized administrative and technical backup to FCH field staff in Latin America.

MISSION FUNDED TASK ORDERS

In countries where there is special interest in cooperative housing and where active programs are underway, USAID Missions have funded more than 25 task orders with FCH for in-country technical assistance. This in-country assistance may be short-term (one week to six months) or it may call for full time, resident FCH technicians for several years. Currently FCH has four active mission funded task orders and a total of seven resident FCH technicians working in Latin America. Three new mission funded task orders are under negotiation.

FINANCIAL RESOURCES FOR TSO'S AND DEMONSTRATION PROJECTS

AID development loans and grants have supported the development of demonstration projects and TSOs in several countries. In addition, Latin American government Housing Institutions have contributed to the establishment of existing TSOs and there are good prospects for more help from this source in several countries. However, additional long-term low interest loan funds are needed for programs serving low income families.

RELATIONSHIP OF PROJECT TO OTHER HOUSING EFFORTS

FCH works closely with other international organizations interested in the program of housing in Latin America. These organizations include the housing offices of IDB, OAS, United Nations, HUD (International Housing Office) and private United States organizations. Joint activities included cooperation on demonstration projects, joint studies, regional conferences and regional training work.

MULTI-NATIONAL APPROACH TO COOPERATIVE HOUSING

FCH is a founding member of ICIDA, the International Cooperative Housing Development Association. ICIDA was founded in 1966 as a private multi-national technical service organization to help developing countries in the field of cooperative housing. Its members include the private cooperative housing organizations of the United States (FCH), Sweden, Finland, Denmark, Germany, England, Israel and Chile. Member organizations contribute both financial and technical resources. ICIDA has done work in Africa and Asia through the United Nations and discussions are now underway for a sister organization in Latin America.

SECTION D - PLAN, TARGETS, RESULTS AND OUTPUT - OVERALL TARGET

The overall target is the development of selected housing and urban development activities which have the greatest multiplier effect in helping low and low middle income families to obtain more and better housing through popular participation and cooperative techniques. Through this project LA/HUD has available a centralized source of specialized personnel needed to assist host country public and private efforts to attack the serious urban problems created by the urban population explosion in Latin America. The program is directed toward assistance to host country nationals, both public and private in order to: a) establish viable and effective institutions in each country which will promote, encourage and assist in formation and operation of democratic organizations of homeowners such as housing cooperatives and homeowners associations in accordance with Congressional directions of Title IX of the FFA; b) to assist LA/HUD and the USAIDs to develop low cost housing programs including appropriate financing techniques and housing rehabilitation programs directed to the lowest income groups and thereby relieve the social and political impact of the rural and urban migration; and c) to provide information to, and from host country technicians and officials in the use of cooperative techniques as they apply to housing of families in the low, low middle income groups.

SPECIFIC TARGETS

Specific activities and resulting outputs are determined by task orders executed within the framework of the basic FCII-AID contract. The activity targets for Latin America implicit in task orders programmed for FY 1970-71 are summarized as follows:

1. To maintain continuing liaison with IA/HUD in planning, formulating and executing programs in cooperative housing.
2. To supervise and coordinate the programs being carried on under subsidiary task orders and provide administrative, technical and legal support essential to the conduct of their programs.
3. To provide training and education in the field of cooperative housing and housing management for Latin American housing officials, technicians and cooperative leaders.
4. Continue to assist newly established private cooperative housing Technical Service Organizations (TSO), develop others and train personnel in order that they may provide the necessary technical services for the development, construction and management of cooperative housing in their countries.
5. To assist in adapting cooperative techniques including cooperative self-help programs to the special problems related to relocation and rehabilitation of squatter areas.
6. To assist in the development of cooperative housing savings and credit institutions to generate capital and serve low and low middle income families.
7. To assist in development of the "systems approach" to urban problems where cooperative housing is one inter-related element.
8. To assist in improvement of housing management through use of cooperative techniques.
9. To assist utilizing cooperative housing techniques in rural self-help housing programs.
10. To assist regional exchange of experience and information among Latin TSO's through such devices as seminars, workshops and newsletters.
11. To stimulate Latin American housing cooperatives to form national federations so that they have a stronger voice in promoting national programs.
12. To encourage participation by individual homeowners in the management of their community through cooperatives or homeowners associations which would lead to better maintenance, lower repayment delinquencies and increased sense of civic responsibility.

PROGRESS TO DATE

1. TSO'S AND DEMONSTRATION PROJECTS

A major result of AID supported FCH work has been the establishment of cooperative housing technical service organizations (TSO's) with the capability of carrying on cooperative housing programs in the host country. TSOs have been established in Honduras, Panama, Jamaica, Venezuela, Colombia, Chile and Brazil. Using Development Loans, Housing Investment Guaranties and local financing, demonstration projects have been completed or are underway in each of the countries mentioned above. Two countries, Brazil and Chile, have reached the take off point and are producing significant numbers of new cooperatives houses with their own resources.

2. EDUCATIONAL AND TRAINING SERVICES

The educational and training services have reached hundreds of Latin American housing officials, technicians, cooperative leaders and members. Some training activities are highly specialized and train selected technical personnel to do a specific job in a TSO, cooperative housing department of government housing agencies, or cooperative housing federations. Other training activities are of a more general nature giving basic information to government officials and others who have policy making roles in the housing and urban development fields. FCH also "trains the trainers" in assisting the TSO's to establish cooperative membership educational programs.

SECTION E - COURSE OF ACTION - IMPLEMENTATION TECHNIQUES

AID support for regional PCH technical assistance is needed to continue providing the necessary administrative and technical and legal back-up services for country programs and to support regional cooperative housing homeowners associations and other Title IX type activities. Regional AID support for this project also provides AID with a pool of specialists available to respond to request for short term assistance in countries where new programs are being developed or encouraged by host governments.

In addition to help with cooperative housing problems PCH specialists have assisted AID with preparation of housing and savings and loan legislations (Honduras). The legal problem of land tenure (Panama), studies of squatter settlements, relocation and social problems (Argentina), studies of Homeowners Associations (Peru), public housing management (Venezuela), etc.

TSOs established under this program provide technical services necessary to the continuing development of cooperative and other low and moderate cost housing projects. These services include help with cooperative organization and management. Successful completion of demonstration projects is expected to attract local financial resources needed to finance a continuing program for low and low middle income families. By demonstrating savings of the cooperative techniques and by demonstrating that low income families will meet their responsibilities to repay mortgage loans, the TSOs can also assist in the creation of cooperative credit and savings institutions for home financing and improvements.

TSO's are now carrying out cooperative housing programs in a number of Latin American countries with the help of both regional and mission funded technical assistance through FCH.

These TSOs are developing the expertise needed to carry out projects financed with AID loans, IIC funds and local funds.

FINANCIAL INPUT

A combination of financial inputs are being used to carry out this program:

1. AID grant funds in the form of regional task orders and mission funded task orders for technical assistance through FCH.
2. Complementary funding for FCH technical assistance from other sources such as IIC and OAS.
3. AID loan funds for demonstration cooperative housing projects or AID loan funds for broader urban development projects of which cooperative housing is one element.
4. AID grant funds for special pilot type projects, such as rural self-help cooperatives or credit to cooperative housing groups in squatter areas.
5. Private U.S. financing available through the Negotiated Housing Investment Guaranty Program for middle income projects.
6. Local financial support from government housing institutions, cooperative financial organizations, savings and loan associations, housing cooperatives and local industry.

PCI ASSISTANCE IN THE USE OF NEGOTIATED INVESTMENT GUARANTY PROGRAMS

An important external financial resource currently available for middle income cooperative housing projects is the private U.S. money available through the Negotiated Investment Guaranty Housing Program. Through this program private non-profit cooperative housing organizations (TSO's) in Latin America may act as sponsors of housing projects constructed with guaranty funds. With increased PCI assistance, the negotiated program coupled with such devices as low-interest rate loans, subsidized interest rates and grants from host governments, could produce innovations which could result in cooperative type projects serving a much lower level than current Investment Guaranty projects.

As a result of work accomplished under T.O. #3 and subsidiary Mission task orders in developing TSOs, housing investment guaranty funds are now being made available for construction of cooperative projects in Honduras, Venezuela and Jamaica. In general T.O.#3 relates to basic program development including establishment of the TSO, training and development of new national policies and programs, while T.O. #5 relates to the development of specific cooperative housing projects funded under the IIG program.

NEW IMPUSIS OF PCI TECHNICAL ASSISTANCE

1. General

In several countries AID supported PCI technical assistance to TSO's and local housing institutions is now completing the first of cooperative housing programs involving the establishment of the TSO's, training, and construction demonstration projects. The second phase of these programs should include multiple efforts to develop new projects by attracting local financial resources. During this second phase, efforts should be concentrated on obtaining additional host government support and input from local

private industry and cooperative groups. There should be an increase in highly specialized short term FCH assistance in certain areas, such as establishment of cooperative housing credit and savings institutions, housing market analysis, training centers, cooperative housing management administration, cooperative housing techniques to reach very low income families in urban squatter areas and rural communities. There is also a need for increased technical assistance in the legal aspects of cooperative housing, helping TSOs to improve the local legal structure, and at times helping them to revise laws affecting housing cooperatives.

2. Support for Systems Approach to Urban Problems

U.S. and Latin experts in the field of urban development agree that new efforts must be made to develop a comprehensive or systems approach to the housing and urban development problem. The systems approach to urban development considers housing as a sub-system. The housing sub-system in turn must be broken into components, one of which would be cooperative housing.

Increased efforts will be made to integrate AID supported cooperative housing activities with other urban development programs.

3. Regional Exchange of Information

Through this project FCH has assisted AID in the development of a series of regional Latin American housing seminars and conferences and has prepared and published some reports, technical bulletins and manuals on matters relating to cooperative housing, community organization and low cost housing. Now that there are successful Latin American cooperative housing models in several countries, it is important to increase the exchange of information and experience among these organizations. TSO's with successful experience should be able to make their experiences available to countries starting to develop new programs. FCH will be requested to continue efforts to stimulate the transfer of technical information among Latin American TSO organizations under this project both through seminars and published materials.

4. New Efforts for Cooperative Housing Credit and Savings Institutions

In several countries there is a great potential for the development of cooperative housing, savings and credit systems to serve low and middle low income families who do not now have access to credit for home construction or improvements. A preliminary report was made by FCH in Colombia to assist local efforts by cooperative organizations

to establish a savings and credit system of this type. Additional technical assistance and perhaps AID financial support could advance this program in Colombia and provide information for regional application.

SPECIAL STUDIES

Three areas have been identified where special studies could produce long range benefits:

1. A study on the nature of the collection problem existing now in low income housing projects funded by AID and IDB. Cooperative housing management techniques have been remarkably successful in improving the collection and maintenance situation in several countries and the proposed study would identify ways to apply these techniques in selecting situations in Latin America.
2. A study to identify and analyze the few examples of successful handling of the squatter problem and recommending ways to transfer experience and knowledge from these examples to other regions.
3. A study of ways to channel available international financial resources for housing through private multi-national channels to private organizations within Latin American countries. One possibility would be through an inter-American association of TSO's to the housing cooperatives.

PHASE OUT OF AID SUPPORT

The service available from FCH through this project should be of continuing nature as part of AID's continued effort to assist Latin American countries with housing and urban development problems. The Latin American TSO's now have some successful experience and they will be able to contribute a multi-national technical assistance approach in this field during the 1970s. Increased support for technical assistance in cooperative housing and related activities from multi-national organizations and from the private sector in the future. This will not yet allow a reduction in direct AID support for the project. Another year must pass before the possibility and rate of reduction of FCH support can be determined.