

**Housing Guaranty Program  
Annual Report  
Fiscal Year 1981**



**Office of Housing and Urban Development  
U.S. Agency for International Development**

An "invasion" or squatter settlement overlooks an already densely settled city in Peru.

The swelling population of the world's cities makes unprecedented demands for shelter, clean water, waste disposal, energy, employment, transportation, and other vital elements of urban life.

By the year 2000, over half of the world's population will live in cities. The actual increase in population in these areas between 1970 and 2000 is estimated to amount to two billion.

How can shelter and basic urban services, already inadequate, become a possibility for these new city dwellers?

There is reason for optimism in the face of this urgent need. With maximum utilization of resources (human, fiscal, and natural) progress can be achieved on a larger scale than has been considered possible.



UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D C 20523

1981 was a year in which record urban growth continued with its accompanying need for shelter and employment. At the same time, the cost of capital continued at historically high levels and the world adjusted to these new realities.

A.I.D.'s Office of Housing and Urban Development believes that the strains produced by these combined pressures make it even more important that policies which will lead to the optimum use of available resources be pursued. Scarcity and high costs make it even more essential that efficiency be rewarded and waste avoided.

This report describes the work done by A.I.D. in this field in 1981, despite adverse circumstances. We believe that it provides room for informed optimism, given the will to do the job.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Kimm". The signature is fluid and cursive, with the first name "Peter" written in a larger, more prominent script than the last name "Kimm".

Peter M. Kimm  
Director  
Office of Housing and  
Urban Development

# HOUSING GUARANTY PROGRAM

## ANNUAL REPORT FISCAL YEAR 1981

OCTOBER 1, 1980  
to  
SEPTEMBER 30, 1981

**Office of Housing and Urban  
Development\***

**U.S. Agency for International  
Development**

\*The Office of Housing and Urban  
Development, formerly the Office of  
Housing, has changed its name to reflect  
its increased responsibility in the area of  
urban development.

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## INTRODUCTION

The Housing Guaranty Program was developed as part of the U.S. foreign assistance program in the early 1960s to respond to the enormous and rapidly mounting worldwide shortage of adequate shelter. This program is A.I.D.'s principal instrument for helping developing nations address their shelter problems. Since its beginning, more than \$1.5 billion in Housing Guaranty loans have been authorized for projects in 42 nations.

This is a unique A.I.D. activity in which funds from the U.S. private sector provide long term financing for low income shelter and urban upgrading programs in developing countries.

The United States Government underwrites these transactions through the provision of a full faith and credit guaranty that will compensate U.S. lenders for losses. Maximum interest rates to lenders are established by law and reflect the current cost of money in the U.S.

A.I.D. charges a fee for its guaranty to cover operating expenses. As a result the program is virtually self-sufficient.

In its early years the program focused on introducing new building technologies and modern management practices to developing countries. In the mid 1960s the focus shifted to creating and strengthening housing finance institutions, particularly savings and loan institutions in Latin America.

Another major change in emphasis occurred in 1973 when the Agency reformulated its shelter strategy. The new strategy, backed by legislative changes in 1975, called for Housing

Guaranty resources to be used almost exclusively to finance shelter for lower income families. Since 1974, all Housing Guaranty projects authorized by A.I.D. have been designed for this income group.

In accordance with this mandate, various approaches to low cost shelter were initiated, including slum upgrading, basic or core housing, and the development of lots serviced with utilities to be later improved by the purchaser. Emphasis has been placed on the provision of basic services to provide a sanitary living environment and lay the groundwork for orderly, economic development as families are able to afford improvements and expansion. Typically, a family having an income below the median level in a developing country will be able to amortize a loan no greater than \$1000-4000, depending on the country and location. It is within this financial context that the Office of Housing and Urban Development develops its programs.

In 1978, with the growing recognition that shelter development and community development are interdependent, the authorizing legislation was amended to allow the financing of related community facilities and services with Housing Guaranty loans. Such facilities could include, for example, schools, health clinics and community centers, job training centers, employment offices, markets, small industry centers, and post offices.

Less developed countries (LDCs) may request a Housing Guaranty project. Upon receiving a request, the Office of Housing and Urban Development, the U.S.A.I.D. Mission or Embassy, and the requesting country jointly participate in project identification and begin the process leading to project authorization and implementation.

In the development stage of the project, the host country is encouraged to take a broader look at its shelter problems, particularly those of financing and low income households, and to develop new long range shelter policies based on sound cost recovery strategies. Important principles of the Housing Guaranty Program are: (1) maximizing a country's resource investment in shelter and (2) continuously recovering and re-allocating that investment to ensure a more equitable distribution of limited shelter resources.

## Peter Kimm Receives Presidential Award

Peter M. Kimm, Director of A.I.D.'s Office of Housing and Urban Development, this year received a Presidential Award for his "sustained extraordinary performance" in providing low cost housing to the world's poorest people. Mr. Kimm received the Presidential Rank Award of Distinguished Senior Executive from President Reagan in a White House ceremony in October 1981. One of the highest civil service honors, the award, which includes a lump-sum payment of \$20,000, commends career personnel in the Senior Executive Service.



*The President and Office of Housing and Urban Development Director Peter Kimm at the White House ceremony*

In presenting this award President Reagan noted:

"The ability of this or any Administration to succeed depends in no small degree upon the energy, dedication and spirit of the great majority of Federal employees. The granting of Presidential Rank Awards provides the opportunity to recognize a select group of these employees for extraordinary service."

The award reads as follows:

"Peter Kimm's 15-year career with AID has been devoted to improving housing and other shelter-related services in developing countries. During the eight years he has been Director, he has led the Office of Housing to develop new initiatives, redefine programs and structure a new approach to the problems of worldwide shelter for the poor. Responding to a 1973 mandate stipulating that all AID programs focus on the needs of the poorer half of third world populations, Mr. Kimm has dramatically reshaped the Office to fulfill that mandate. An international authority in the housing field, he led the effort to upgrade existing core-houses and promote self-help efforts by occupants. This has resulted in more than 100,000 self-supporting communities being built and sustained in developing areas. More than a million people around the world have been provided improved shelter in large part because of Mr. Kimm's effort. More important, many developing countries have made policy changes redirecting their efforts to meet the needs of the poor and establishing programs that will help their own poorer families."

## FY 1981 PROGRAMS

The Housing Guaranty Program finances the following kinds of shelter solutions for families with below median incomes:

*Slum and squatter settlement upgrading*, including legalization of tenure and provision of potable water, sewage disposal systems, electricity, roads, and drainage, as needed. Upgrading programs may include home improvement loans to slum dwellers.

*Sites and services*, including preparation of vacant land for productive shelter use through lot division and installation of water lines, sewage disposal systems, roads, and drainage. This will be followed by self-help home construction by low income buyers of the lots. This type of program may include training programs and building materials loans for self-help builders and small-scale contractors.

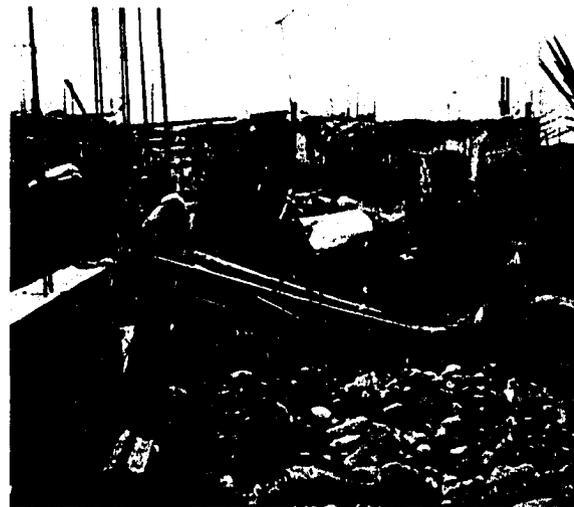
*Core housing*, involving basically a sites and services approach with the addition of a rudimentary housing shell (typically including a bathroom and a small multi-purpose living area) on each lot, designed to be improved and expanded by the owner. Building materials loans may be provided.

*Low cost housing units* for sale or rental.

*Community facilities and services* (schools, health clinics, markets, job skill training centers, etc.) in support of shelter projects are also financed by the Housing Guaranty Program.

Each project is designed to assist the participating institutions to define and clarify national housing policies, and to strengthen their capacity to plan, finance, implement, and service housing projects for the poor.

Nine Housing Guaranty loans totalling \$135 million were authorized for guaranty by A.I.D. this year. In addition, \$38.35 million in loan agreements were signed between host country borrowers and U.S. lenders.



*Photo by Kathleen Vitale*

*Self-help home construction in a legalized squatter settlement in Peru. A Housing Guaranty loan is helping this family to construct a permanent dwelling. Temporary shelter is in background.*

## New Projects Authorized

**Dominican Republic**—A \$15 million loan guaranty was authorized for the National Housing Bank for a tripartite housing program for lower income workers. The loan will finance a demonstration approach to the provision of low cost shelter for workers through a collaboration of private enterprise, workers, and the Government of the Dominican Republic acting through the National Housing Bank. The National Council of Businessmen (Consejo) will promote the participation of private employers. Workers will finance home construction and improvements by combining employer benefits with loans from local savings institutions.

The project will include small housing projects and individual shelter solutions—home improvements, additions, and new construction. Subproject sites will be selected according to proximity to place of employment, availability of infrastructure and community services, and environmental suitability. About 4000 families are expected to benefit.

Long and short term technical assistance will be provided to help overall coordination and assist in project design, home improvement lending operations, and environmental analyses.

**El Salvador**—A \$5.5 million loan guaranty, the second part of a \$15 million loan program, was authorized for the El Salvador Ministry of Planning. This loan is the shelter component of a \$31.9 million project that is seeking to meet immediate needs for shelter, public services, and productive opportunities in marginal communities and improve El Salvador's capacity to comprehensively address these needs.

The loan is helping to finance home improvements, such as cement floors and permanent walls and roofs, and water, sewer, and electrical connections for approximately 5300 families throughout the country. It will also finance a mix of community infrastructure, housing improvements, site legalizations, and new shelter solutions for an estimated 6000 families in secondary cities. Approximately 2150 new shelter solutions, consisting of sites and services and core housing units, will be financed in the San Salvador metropolitan area. The first part of this Housing Guaranty loan was authorized during the last fiscal year.

**Honduras**—A \$15 million loan guaranty, the first part of a \$25 million program, was authorized for the Government of Honduras for a project that will help establish a functional system for expanded private sector involvement in providing shelter affordable by the urban poor. The loan program will provide most of the financing for approximately 6700 minimal cost housing units, to be improved as owners can afford it, in the San Pedro Sula and Tegucigalpa metropolitan areas. The units will be between 25 and 27 square meters and initially will have a living room, a bathroom, and laundry facilities.

FINAVI, the regulatory agency of the Honduran savings and loan system, will administer and coordinate this project, thereby demonstrating private sector participation in construction, selling, finance, and mortgaging of low cost shelter.

Technical assistance is proposed to support the sales and loan processing activities of the savings and loan system, including review of lending criteria, procedures, and marketing strategy, and to improve FINAVI's information systems and controls.

**India**—A \$20 million loan guaranty was authorized for the Housing Development Finance Corporation (HDFC) for a program that will expand the operations of the HDFC and help establish it as the nucleus of a private sector housing finance network serving all income strata, especially lower income families.

The funds will be re-loaned to industrial and agricultural enterprises for worker housing. The housing sites will be in several locations

throughout India, but not in the major urban centers, to support India's policy of distributing industrial development more widely in the country. It is expected that approximately 6000 low cost units will be constructed, benefiting about 36,000 persons.

Short term technical assistance, training, and office equipment will be provided in conjunction with the loan.



**Ivory Coast**—A \$20 million loan guaranty was authorized for the Ivory Coast Sinking Fund to continue activities begun in Abidjan in the joint A.I.D.-World Bank Urban Development Project in several secondary cities. This loan will help finance the upgrading of existing low income neighborhoods housing about 70,000 persons. Included will be all weather streets and storm drainage, potable water distribution, sewage disposal, electricity, community facilities, and land tenure. The loan will also finance sites and services and core housing for approximately 50,000 low income persons in secondary cities; initial credit for about 300 small businesses; and about 1000 home improvement loans. Emphasis will be placed on achieving cost recovery. Also, the project will be bid in small lots to permit awarding of at least 50% of the contracts to Ivorian firms.

The World Bank is developing a parallel project that includes \$63 million for urban transportation and \$18 million for shelter.

An A.I.D.-financed advisor will coordinate development of the sub-projects and access of beneficiaries to urban services.

**Jamaica**—A \$15 million loan guaranty was authorized for the Jamaica Mortgage Bank for a project that will increase the capacity of Jamaican shelter institutions to deliver low cost shelter. Ten million dollars will finance basic components of urban life—land tenure, water, sewerage, drainage, roads, footpaths, and electricity—for about 2500 families in 15 different squatter areas. The level of improvement will be based on the needs of each site. Land tenure will be provided in the form of a long term leasehold.



*Photo by Sara Frankel*

*Community market center in an Ivory Coast neighborhood that will receive upgrading assistance as part of a Housing Guaranty project.*



Five million dollars will provide financing for approximately 5900 home improvement loans to families. These loans will be made through Jamaica's Cooperative Credit Union League to persons throughout the country. Both short and long term technical assistance will be provided to governmental units and the individual credit unions to assist in overall project management.

**Morocco**—A \$17 million loan guaranty was authorized for the Government of Morocco to help finance a variety of low cost shelter activities and improve the effectiveness of Moroccan shelter institutions. The program, which will be carried out throughout Morocco, includes:

- 1) Upgrading of approximately ten bidonvilles (slums) with water, road, and sewerage layouts. Land tenure will be legalized and community facilities included. About 26,000 persons will ultimately benefit.

- 2) Urban core housing for as many as 7000 beneficiaries in four cities.

A substantial program of technical support to the Ministry of Housing and Regional Development is planned, including the provision of senior technical and management personnel, a variety of training programs, architectural and engineering services, and the financing of urgently-needed studies.

**The Seychelles**—A \$2.5 million loan guaranty was authorized for the Seychelles Housing Development Corporation for a project that will increase production of low cost housing by institutionalizing the aided self-help, minimal standard, and maximum cost recovery approach. With matching funds from the Government of the Seychelles, the loan will finance approximately 800 low cost houses, with varying plot sizes and house types, based on families' needs and ability to pay. The loan supports the Seychelles' District Housing Program, an effort to develop scattered clusters of modern housing throughout the islands, while making maximum use of available infrastructure.

Technical assistance in the form of short term consultancies will help the Seychelles Housing Development Corporation to set the project in motion.



*A typical urban neighborhood in Sri Lanka. This year's Housing Guaranty project will finance home repairs and utility installation for communities like this one.*

**Sri Lanka**—A \$25 million loan guaranty, the first part of an approved \$100 million program, was authorized for the Government of Sri Lanka. The project will assist Sri Lanka to develop shelter policies and structure programs to increase the effectiveness of limited government resources and maximize the benefit to lower income families. This first part (\$25 million) will finance about 13,000 new starts in the aided self-help sites and services/core housing program.

It will also provide building materials loans and some level of infrastructure to existing slum and shanty areas, with improvements to benefit about 3600 families. These programs will take place in Colombo, district capitals and secondary cities, and rural villages.

An array of technical assistance for the life of the project is proposed, including several short and long term advisors, technical studies, and training in the U.S. for Sri Lankan shelter sector professionals. Chief aims of this advisory assistance are an improved national housing finance system and more efficient housing sector management.

## PROGRAM DEVELOPMENT

### A.I.D.'s Role in the Evolution of a Housing Program for the Poor in Honduras

A.I.D.'s recent assistance to the Honduran housing sector has contributed to the evolution of a significant shelter program, national in scope, that is geared to meet the needs of the poor. Honduras has succeeded, with guidance and assistance from A.I.D., in adopting a new policy, restructuring its shelter institutions, and building low cost shelter to benefit many of its poor families. Moreover, the new policies and programs provide a sound basis for an

increased capacity to meet the growing demand for shelter for the poor.

From 1963 until 1971, the Housing Guaranty Program fostered the development of middle income housing in Honduras. The Office of Housing and Urban Development and Honduran shelter institutions renewed their collaboration in the late 70s with the goal of developing suitable shelter programs for the urban poor. This dialogue was renewed in the face of an extreme shelter shortage, evident to the interested observer and corroborated by formal surveys. Fully 60% of the shelter units in the country were structurally unsound and overcrowded, according to a national housing census. The need for new or improved shelter was estimated to be greater than 300,000 units.



*A low income urban neighborhood that will benefit from installation of infrastructure and home improvement loans.*

In the principal urban areas, Tegucigalpa and San Pedro Sula, very inadequate shelter conditions were made less livable by lack of water and sanitary facilities in at least 25% of the dwellings. A typical shelter was a makeshift structure of scrap metal and lumber assembled by the poor on unauthorized land. Only a minority of Hondurans had access to the formal housing finance system and established construction methods.

An essential step in addressing this problem was the formulation of a national housing policy in 1976—a process encouraged and assisted by A.I.D. The policy stressed the importance of increasing overall housing production in Honduras and particularly housing for the poor. It called for adoption of realistic building standards and cost recovery mechanisms to make maximum use of resources devoted to shelter. Another emphasis was assistance to the “informal” housing sector

(generally, squatters and those who have no access to credit and construct temporary, unsuitable shelter). Of considerable importance was the policy’s recognition of the value of shelter in fostering economic and social development through the creation of jobs and promotion of savings, improvement of health, and increased productivity.

The establishment of the national housing policy was followed by the adoption of the National Housing Plan in 1979 which enumerated plans for six large scale low cost shelter projects, including 9000 sites and services plots and low cost shelter for 23,000 families. The concept of helping the informal sector came closer to reality with plans for the upgrading of 18,000 shelter units in Tegucigalpa and San Pedro Sula. The development and adoption of this plan was supported by A.I.D. through provision of long term technical advisors to Honduran shelter institutions.



*Home improvements (installation of utilities and board siding) are underway in this community.*



*Construction of a low cost house.*

Other key events and achievements in the movement towards low cost shelter provision were the strengthening of the government's National Housing Institute (INVA) as the chief sponsor and developer of low cost shelter, the participation of Honduran savings and loan institutions in the financing of low cost shelter, and a series of Housing Guaranty projects to complement these initiatives.

The growth and maturation of INVA was guided by A.I.D. through a sustained program of technical assistance. INVA's principal accomplishment has been an increase in production combined with a reduction in costs. Since the adoption of sites and services and core housing programs in 1979, INVA has increased its shelter production fourfold from 440 to 1500-2000 units per year, and at the same time has succeeded in lowering the average cost of its housing solutions from \$6000 to \$3500 per unit, to better meet the needs of the poor.

Moreover, INVA has improved its financial administration. It has adopted a more realistic interest rate structure that allows some flexibility based on homeowners' ability to pay. Through better program planning and implementation, it has reduced the delinquency rate of the portfolio very significantly. Other improvements in program budgeting and recovery of administrative costs have been achieved.

As a result of the government's low cost shelter policy, private enterprise participation in the sector has increased. The basic strategy is to limit government's role to those areas that only government can manage, such as basic infrastructure, and to let the homeowner himself, utilizing the private sector, do most of the work on the house. In addition, the

privately-owned savings and loan institutions are now financing a substantial number of low cost shelter units at market interest rates. The average cost of units financed is now \$3000-\$3500, while several years ago the average cost was more than \$12,000.

Finally, a series of Housing Guaranty projects has helped to reinforce the new shelter policies of the Honduran government. Three projects are now being implemented in Tegucigalpa and San Pedro Sula:

- 1) a \$10.5 million loan to INVA for low cost shelter, core housing, sites and services, and home improvement loans.



*Typical core houses. Owners or small scale contractors have undertaken expansions and improvements.*

2) a \$10 million loan for large scale, cost recoverable community upgrading programs (roads, utilities, and home improvements), expected to benefit more than 30,000 families. In this project the city governments will levy betterment taxes to ensure recovery of real costs.

3) a \$15 million loan to promote the development of low cost shelter on a profit-making basis. The funds will be loaned to FINAVI, the central regulatory agency of the Honduran savings and loan system. FINAVI will coordinate the construction, selling, and mortgaging of low cost shelter, in an effort to create a self-sustaining, profit-making shelter delivery system.

In this way, a wide-ranging effort has been launched to improve the shelter and general aspects of life for poor families in Honduras. Much has been achieved in the way of new thinking—about shelter shortfalls, the strategies for dealing with the problem, and the ability of the poor to help themselves. A great deal of suitable low cost shelter has been produced. The living environment of a significant number of squatters and slum dwellers has been enhanced in some way. If the present level of effort continues, it will be possible for all Honduran citizens to have decent, modest shelter, within this century.



*Self-help home expansion began soon after the completion of this housing project. The homeowner has set up a small store adjacent to his house and is constructing additional living quarters above the store.*

## Special Activities

### Shelter needs in Central America can be met in this century

In 1981 the Office of Housing and Urban Development completed a major study that assessed the level of investment required to provide basic shelter to the poor in Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, by the year 2000.

The study found that an increase of approximately 1.6% of the share of gross domestic product devoted to housing would be sufficient to provide basic shelter to every Central American family that is not presently housed adequately. This is based on the assumption that minimum standards would be applied to insure the maximum utilization of resources. Basic shelter for all would be achieved through provision of essentials such as potable water, sewage disposal, a core or shell house, or materials with which to build a small structure or improve an existing one.

Additional findings of the study are:

- 1) Basic shelter could be provided without government subsidy to all except the poorest 10% of the population.
- 2) A larger proportion of available shelter funds will have to be devoted to the poor.
- 3) Central America's shelter needs are predominantly urban and metropolitan: approximately 83% of the projected needs are urban, while 17% are rural.



*Members of a housing cooperative are enthusiastic about the possibility of home ownership.*

- 4) About two-thirds of the needs for the 1980-2000 period will be for new shelter construction and one-third will be for upgrading of existing units.

The Office of Housing and Urban Development believes this study is an important step towards the formulation of a comprehensive strategy for providing decent shelter for all in Central America.

## **A.I.D. undertakes study of problems faced by women in obtaining shelter**

The Office of Housing and Urban Development this year initiated a study to develop practical guidelines for reducing barriers to effective participation by women in the shelter sector, including the legal, social, and economic problems they face. Specific topics of concern include the following: inheritance of property, land tenure, and access to credit; and ability to rent housing, acquire land titles, and purchase shelter.

The study will examine female preferences for shelter and community development activities and the extent to which these preferences are expressed and realized.

Field work for this study will be carried out in Paraguay, Honduras, Tunisia, and Kenya.

### **Publications**

The Office of Housing and Urban Development continued publication of its Occasional Paper Series, which explores critical issues in low cost shelter development. Three papers were issued, entitled:

*Housing Development in Nigeria;*

*A Study of the Progressive Development of Three Low Cost Housing Projects in Panama;* and

*Clandestine Development in Colombia.*



Another publication during the year was the first volume of a manual series on disaster relief and prevention as related to shelter. This volume, sponsored and produced with A.I.D.'s Office of Foreign Disaster Assistance, concerns temporary or transition shelter for disaster victims.

### **Ivory Coast honors an Office of Housing and Urban Development Assistant Director**

In 1981 the Government of the Ivory Coast presented Albert Votaw, Assistant Director of the Office of Housing and Urban Development, with its highest honor, the National Order of the Ivory Coast. Votaw was honored for his work with A.I.D. in developing low cost housing for urban and rural areas in the Ivory Coast. He is now serving as chief of the Regional Housing and Urban Development Office in Bangkok.

## SHELTER POLICY SUMMARY

A.I.D. focuses its resources on lower income families. Reasonable shelter is an essential element in the improvement of the quality of life for the poor.

A.I.D.'s goal in the shelter sector is to assist LDCs (less developed countries) develop the institutional, technological, and financial capacity to provide shelter under reasonable conditions for all levels of society, with emphasis on actions to meet the needs of the poor. This group is defined as the poorer half of the population of a given country or city.

Housing programs are being designed to be within the reach of families earning below the median income. "Legal" housing standards must often be lowered in order to achieve a housing unit affordable by significant numbers of the target population. This usually results in projects, such as core houses or sites and services, that offer something less than a complete "standard" house. This approach promotes a reduced level of public sector involvement. Public sector direct activity is limited primarily to provision of infrastructure which stimulates maximum private sector participation through self-help and private contractor construction of dwelling units.

A priority objective of A.I.D.'s shelter strategy is to help the LDCs develop their capabilities for analyzing their housing requirements and developing plans and policies that meet these requirements. By assisting LDCs to formulate a rational housing policy which addresses the needs of all citizens, A.I.D. will encourage increased attention to the needs of the poor. As an integral part of negotiation for A.I.D. assistance, the Agency will discuss with the

LDC its general housing strategy and alternative means of improving the living conditions of poor people.

A.I.D. programs will also assist developing countries in creating and strengthening the necessary institutional framework to implement their shelter policies. Given the magnitude of the need and the relatively small amount of resources available, A.I.D. assistance should have a strong multiplier effect. By building shelter finance institutions capable of replication on a large scale and encouraging technical and financial innovations, the effect of small resource allocations will be substantial.

The shelter programs will encourage economic growth by promoting maximum employment of local labor, the development of local industries (particularly construction industries), self-help housing programs, etc. They will also encourage incentives to increase personal savings and the stimulation of local credit institutions to mobilize personal savings.

A.I.D. develops shelter programs that minimize the drain on scarce resources, such as foreign currency capital reserves, fuels, and public funds. In addition to advising on affordable, safe housing standards, A.I.D. will advise on the reduction or elimination of shelter subsidies to spread the benefits of limited public resources to more low income families and encourage the flow of private funds into shelter.

To further assist the shelter development process, A.I.D. will provide technical assistance in housing policy and finance, institutional development, project design and management, and technological considerations to developing countries.

A.I.D. shelter resources may be utilized for construction or rebuilding of settlements for poor people displaced by natural disaster or war.

Where resources permit, A.I.D. may fund research on shelter policy and technological problems of concern to developing countries. Priority will be given to research with worldwide application.



*Lesotho—These men are working in a building materials production division that received technical assistance through the Housing Guaranty Program.*

## Environmental Policy

Evaluation of the potential environmental impact of A.I.D. shelter programs begins at the inception of a proposed project and continues throughout project design, implementation, and evaluation.

The Office of Housing and Urban Development conducts an Initial Environmental Examination (IEE) prior to the development of all Housing Guaranty projects. The IEE defines the critical areas of concern which must be addressed as specific projects are developed. These are addressed continually during project design and implementation.

### Other Areas of Emphasis in the Housing Guaranty Program are:

1) Benefits and opportunities for women, including access to home financing and other forms of credit, job skill training, health care, and public services.

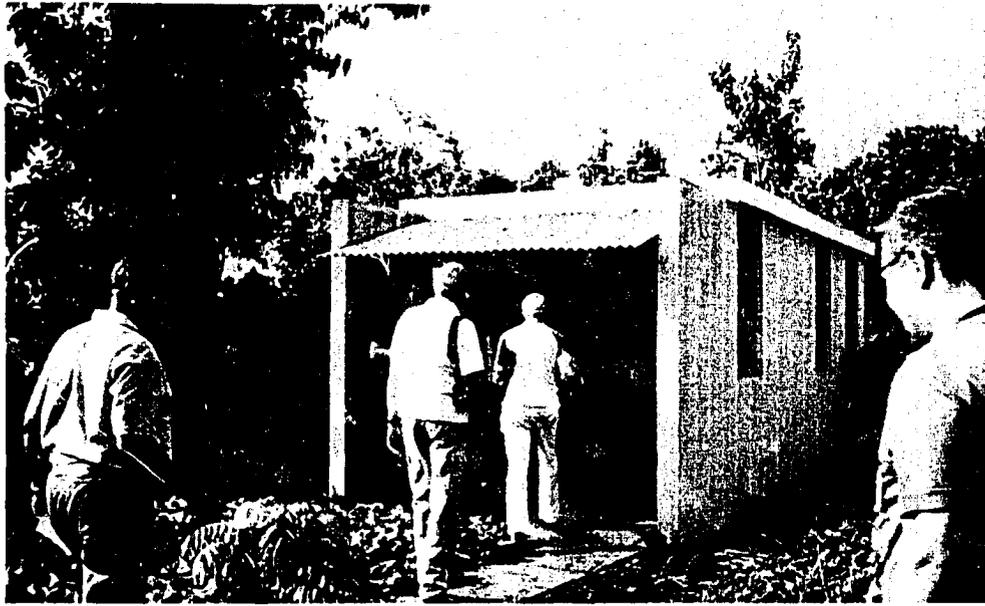
2) Incorporation of Housing Guaranty activities in A.I.D.'s policy and action plan in support of the United Nations "Water Decade." It is estimated that at least 35% of Housing Guaranty project funds are spent on provision or improvement of sanitary water and sewage disposal systems.

3) Exploring applications of solar energy, energy conservation technologies, and alternative energy sources to low cost shelter.



*Water lines have recently been installed in this low income neighborhood.*

4) Collaboration with other donors, such as the World Bank, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank.



*Photo by James Grossmann*

*A prototype core house in Mauritius, designed with technical assistance from the Office of Housing and Urban Development. The project purpose was to demonstrate the feasibility and acceptability of this type of low cost shelter.*

## **TECHNICAL ASSISTANCE AND SERVICES**

During the year, the Office of Housing and Urban Development continued to provide technical assistance and services to shelter and shelter-related institutions as part of the Housing Guaranty Program and in support of other A.I.D. programs. In a typical Housing Guaranty project, one or more U.S. technicians, possibly a finance specialist, a housing economist, or an architect/engineer, are provided to work for two years with host country counterparts to help develop shelter projects. Additional short term technical assistance may be provided in housing policy formulation; project design and management; housing finance; building design and technology; etc.

As part of the Integrated Improvement Program for the Urban Poor (IIPUP) initiated in 1978, the Office of Housing and Urban Development assists developing countries in designing social and economic programs to complement Housing Guaranty programs, to achieve the overall objective of improving the living conditions of low income areas. The integrated approach in this project emphasizes problem analysis, planning support, and fiscal and administrative guidance for national and municipal governments and institutions in support of community development activities. These activities include credit and savings programs; employment and small enterprise development; and community programs to deliver basic social services.

In accordance with A.I.D. policy, the Office of Housing and Urban Development utilizes the services of private industry, including small businesses and minority-owned firms, on a consulting basis to provide much of the technical assistance and services.

Some examples of technical assistance provided this year include:

## Africa

**Botswana**—Assistance in developing a national housing policy and a self-help housing agency.

**Cameroon**—Long range assistance in developing the institutional capacity of a land development agency to implement sites and services and low cost shelter projects.

**Liberia**—Assistance to the National Housing Authority in financial planning and management and implementing the first urban upgrading and sites and services projects.

**Niger**—Compilation of critical data and guidance in the preparation of strategies for the national shelter program.

**Nigeria**—Assistance in arranging a continuing training program in the U.S. for housing finance managers.



**Togo**—Assistance to the land development agency in planning and implementing urban upgrading and sites and services projects.

**Zimbabwe**—Assistance to the Ministry of Local Government and Housing in planning a self-help housing program.

## **Asia**

**India**—Assistance in developing computer programming for planning of a national low income housing program.

**Indonesia**—Assistance in planning a national training program for municipal management.

**Sri Lanka**—Major studies of housing subsidies.

**Thailand**—Studies and recommendations for housing policies for a new national development plan; site analysis and planning; and socio-economic studies for secondary cities.

**U.N. Economic and Social Commission for Asia and the Pacific (ESCAP)**—Assistance in developing a complete shelter inventory in 20 countries.

## **Latin America and the Caribbean**

**Dominican Republic**—Evaluation of the Emergency Shelter Relief program following Hurricanes David and Frederick.

Analysis of traditional shelter construction in order to develop simple, inexpensive methods for bracing to decrease the effects of wind damage.

**Guatemala**—An urban poverty study in connection with planning a major shelter program.

**Jamaica**—Assistance to the Jamaica Mortgage Bank to increase its capacity to finance and service loans for shelter improvement and construction.

**Paraguay**—Assistance to the National Savings and Loan Bank in financing shelter through cooperatives and credit unions.

**Peru**—A grant to help the Multisectoral Commission coordinate improvements in Peru's squatter settlements.

Assistance in analyzing and initiating high level discussions on monetary correction.

## **Near East and North Africa**

**Egypt**—Studies of housing finance systems, land use patterns, and informal sector housing development.

**Lebanon**—Assistance with the planning and implementation of an urban upgrading program.

**Morocco**—A program of social and economic activities to complement the first Housing Guaranty project, the upgrading of the Ben M'Sik bidonville.

**Tunisia**—Assistance with the planning and implementation of an urban upgrading program.

## INTERNATIONAL CONFERENCES AND TRAINING

Each year the Office of Housing and Urban Development co-sponsors and participates in several international housing conferences. These meetings provide an important opportunity for presenting new ideas and changes in program directions and for exchange of views with a wide range of interested shelter professionals. Conferences were co-sponsored in South and Central America, Africa, and Asia.

The Nineteenth Inter-American Savings and Loan Conference, which focused on savings as the driving force of development, was held in Cartagena, Colombia in May 1981. This meeting was sponsored by the Inter-American Savings and Loan Union and co-sponsored by the Colombian Savings and Loan Institute, the Office of Housing and Urban Development, the National Savings and Loan League, the U.S. League of Savings Associations, and the Inter-American Savings and Loan Bank. More than 400 representatives of savings and loan institutions in Latin America and the U.S. found this meeting particularly important in view of the problems facing the savings and loan industry today.

The Seventh Conference on Housing in Africa, co-sponsored by the Office of Housing and Urban Development and the Government of Mauritius, was held in Port Louis, Mauritius in March-April 1981. More than 125 delegates from 22 countries in Africa participated in the conference, which focused on implementation strategies for low cost shelter projects.

In February 1981, the Office of Housing and Urban Development and the Government Housing Bank of Thailand co-sponsored the Asian Conference on Low Cost Shelter and Housing Finance in Bangkok, Thailand. More than 120 senior officials, representing eight Asian countries and leading U.S. finance and investment institutions, met to tackle the problems of low cost shelter production in the midst of rising urban populations and inflation-ridden economies.

A subregional housing conference, co-sponsored by the Office of Housing and Urban Development and the Tunisian Ministry of Equipment and Housing and Ministry of Interior, was held in Tunis, Tunisia in November 1980. This meeting dealt with settlement upgrading strategies for North African countries.

The Office of Housing and Urban Development also co-sponsored the Central American Housing and Urban Development Conference (COP-VIDU) held in Tegucigalpa, Honduras in June 1981.

During the year plans were made for the following international meetings: the 20th Inter-American Savings and Loan Conference, to be held in Lima, Peru in April, 1982; the Eighth Conference on Housing in Africa, to be held in Gaborone, Botswana in June 1982; and the third Asian Conference on Low Cost Shelter and Housing Finance, to be held in Colombo, Sri Lanka in October 1982.



*Photo by James Grossmann*

*The Seventh Conference on Housing in Africa—Port Louis, Mauritius, 1981.*

## TRAINING

The Office of Housing and Urban Development places a great deal of importance on training of professionals in the shelter sector. It sponsors a variety of training programs for its own staff and for shelter sector professionals from developing countries.

Many of the Housing Guaranty projects authorized during the year will be complemented by A.I.D.-sponsored in-country training for participants. In some cases, the Office of Housing and Urban Development will sponsor short or long term training at U.S. universities or other training centers for developing country shelter specialists.

The second annual Office of Housing and Urban Development Shelter Training Workshop, focusing on the viability of affordable, economic shelter for the world's poor, was presented by the Office of Housing and Urban Development in November 1981 in Washington, D.C.

More than 20 policy-making officials from developing countries participated in this seminar, which was led by a multidisciplinary faculty of internationally-recognized shelter sector specialists. Interested persons may contact the Office of Housing and Urban Development or A.I.D. missions for information on this annual workshop.

## PROJECT METHODOLOGY

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

Following a request from the country, the Office of Housing and Urban Development working with host country officials will prepare a shelter sector assessment to better understand the existing situation. Based on this analysis, the Office and the borrower determine the type of housing program to be financed and the institutional context within which it will be undertaken.

The major areas of concern to A.I.D. and the borrower at this stage are: (a) the progress which has been made towards the development of a national housing policy; (b) the contribution which the program will make towards the creation or strengthening of institutions needed to meet national housing needs, especially the needs of the poor; (c) the appropriate delineation of shelter activities between the private and public sectors; (d) the capacity of the construction industry to supply housing over a given period; (e) the effective demand for housing at the agreed upon price level; and (f) the ability of the beneficiaries to repay their loans and the ability of the economy to make the dollar repayment.



*A community worker discusses a home improvement loan program with participants.*

## The A.I.D. Guaranty

When a mutually agreeable project has been developed, the Office of Housing and Urban Development and the borrower enter into an Implementation Agreement defining the use of the loan. Disbursements under the loan will be subject to the fulfillment of certain conditions as set forth in the Implementation Agreement.

At the same time, the borrower seeks the most favorable terms available in the U.S. capital markets for a U.S. Government-guaranteed loan. A typical Housing Guaranty loan is a long term loan for a period of up to 30 years with a ten year grace period on the repayment of the principal.

The U.S. lender and the borrower then negotiate the terms of the financing within interest rate ceilings which reflect the prevailing interest rates for long term mortgages in the U.S. These understandings are formalized in a loan agreement between the borrower and the lender, which is subject to A.I.D. approval. In addition, certain provisions with regard to the paying and transfer agent, terms and amortization, prepayment rights of the borrower, and lenders fees and other charges must be included in each loan agreement or otherwise agreed upon in a manner satisfactory to the Office of Housing and Urban Development.

A.I.D. will sign a contract of guaranty upon the signing of a loan agreement, indicating that repayment is guaranteed by the full faith and credit of the U.S. Government. The fees that A.I.D. charges for its guaranty are as follows: 1) a fee of one-half of one percent (1/2%) per annum of the unpaid principal balance of the guaranteed loan; and 2) an initial charge of one percent (1%) of the amount of the loan, which is deducted from the loan disbursements.

Additionally, A.I.D. requires that the government of the borrowing country provide a full faith and credit guaranty of repayment of the loan and outstanding interest.

## Lenders

A variety of participants in the U.S. capital markets, including investment bankers, commercial banks, Federal Home Loan Banks, savings and loan institutions, life insurance companies, and pension funds, have lent funds to host country borrowers as part of the Housing Guaranty Program. To be eligible to participate, lenders must be (1) U.S. citizens, (2) domestic U.S. corporations, partnerships, or associations substantially beneficially owned by U.S. citizens, (3) foreign corporations whose share capital is at least 95% owned by U.S. citizens, or (4) foreign partnerships or associations wholly owned by U.S. citizens.

## Lender Selection

Lenders are selected by host country borrowers. The Office of Housing and Urban Development encourages maximum contact between borrowers and lenders to facilitate loan arrangements that will best meet project needs and to establish long term borrower-lender relationships to their mutual advantage. Lenders are typically selected through a competitive negotiation process in which the Office of Housing and Urban Development requires that lending opportunities be advertised and that borrowers solicit lending proposals from the largest practicable number of prospective lenders.

To assist in this process, a notice of each A.I.D. guaranteed investment opportunity will be published in the Federal Register and notices will be mailed to interested firms or individuals. (Interested persons are invited to send a request to the Office of Housing and Urban Development asking that their names be included on this mailing list.)

In certain circumstances and with the written consent of the Office of Housing and Urban Development lenders may be selected through a non-competitive negotiation process.

For further information, please see the Office of Housing and Urban Development publication, "The Role of Lenders in the A.I.D. Housing Guaranty Program."



*The signing of an agreement for a Housing Guaranty loan to the Central American Bank for Economic Integration (CABEI). Signing the agreement are (from left) Miner Warner, Vice President and General Manager of Salomon Brothers, Inc., Alfredo Noyola, Vice President of CABEI, and Fredrik Hansen, Deputy Director, Office of Housing and Urban Development.*

## Effect of Current High Interest Rates

Continuing high interest rates during the year in review have resulted in a slowdown of Housing Guaranty loan disbursements. Housing Guaranty loans are more than loans for low cost housing; they are loans of foreign exchange. When viewed simply as housing loans, the high interest rates prevailing on the international capital markets can make the on-lending rates for small borrowers difficult. As foreign exchange loans, however, Housing Guaranty loans are highly competitive with the major alternative, commercial credit.

In essence, Housing Guaranty loans can be viewed as two separate transactions. The first provides needed foreign exchange to a government at below market rates. Little of this will be utilized for the construction of low cost housing, which is primarily a local currency investment. The second transaction occurs when the government provides the local currency at a rate which reflects local conditions. The government thus pays the cost of borrowing internationally for the foreign currency it needs, and the project beneficiary pays the going domestic interest rate for local currency which is in fact used to build his house. It is this view which has motivated those who have utilized the Housing Guaranty authority over the past year.

## Innovative Financial Techniques

Innovative financial mechanisms are a possible means of offsetting the effect of current high interest rates. The Office of Housing and Urban Development encourages borrowers and lenders to develop mutually beneficial arrangements to facilitate borrowing in the Housing Guaranty Program.

An example of one such technique is a recent \$12 million Housing Guaranty loan, which was made at an interest rate of 16-1/8%. In this loan agreement, the borrower has the option of converting the loan, after a six year period, to the then prevailing interest rate. Should interest rates drop by that time, the borrower will be able to save money by converting the loan to the new interest rate.

In another recent agreement, a \$25.25 million Housing Guaranty loan will be made at a variable interest rate that is tied to the average interest rate of 13-week U.S. Treasury bills.

A wide range of financial techniques may be utilized (subject to A.I.D. approval) to assist the Housing Guaranty lending process during this period of difficult economic conditions.

# FINANCIAL REPORT

Statement of Financial Condition as of September 30, 1981

## ASSETS

Funds with U.S. Treasury		\$31,008,681.16
Accrued Fees Receivable		1,119,589.58
Interest on Rescheduled Claims Receivable		59,203.59
Accounts Receivable		23,790.67
Advances:		
Advances to Contractors	\$ 515,773.99	
Travel & Other Advances to Employees	<u>39,778.67</u>	555,552.66
Subrogated Claims		5,246,666.48
Rescheduled Claims Receivable		4,502,937.65
Other Claims Receivable		61,776.08
Furniture and Equipment	\$ 241,629.27	
Less: Allowance for Depreciation	<u>62,401.00</u>	<u>179,228.27</u>
<b>TOTAL ASSETS</b>		<b><u>\$42,757,426.14</u></b>

## LIABILITIES & NET WORTH

### LIABILITIES

Accounts Payable	\$	54,350.00
Accrued Expenses Payable		864,241.00
Accrued Annual Leave		<u>192,368.77</u>
<b>TOTAL LIABILITIES</b>		<b><u>\$ 1,110,959.77</u></b>

### NET WORTH

Housing Guaranty Program		
Capital		\$47,042,916.00
Cumulative Loss—Beginning of Fiscal Year		(5,879,547.59)
Net Loss—Fiscal Year Ended		<u>(2,187,764.08)</u>
Subtotal		\$38,975,604.33
Other Credit Guaranty Program		
Credit Guaranty Reserve—Sect. 222-A(e)		<u>2,863,230.81</u>
<b>TOTAL NET WORTH</b>		<b><u>\$41,838,835.14</u></b>

### UNFUNDED ACTIVITY

Unfunded Accrued Annual Leave	\$	(192,368.77)
<b>TOTAL LIABILITIES &amp; NET WORTH</b>		<b><u>\$42,757,426.14</u></b>

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

**Statement of Income and Expenses for Fiscal Year 1981**

**INCOME**

Fees	\$4,952,053.92
Penalty Interest	5,445.17
Interest on Rescheduled Claims	304,396.85
Other	<u>59,800.00</u>

**TOTAL INCOME**

\$ 5,321,695.94

**EXPENSES**

**Administrative:**

U.S. Direct Hire	\$ 2,089,711.24
F.N. Direct Hire	116,474.65
U.S. Contract Personnel	109,785.38
F.N. Contract Personnel	25,757.72
Housing	234,434.58
Operational Travel	416,087.79
Other Office Operations	<u>342,110.58</u>

**Total Administrative Expenses**

\$ 3,334,361.94

**Contractual Services**

1,501,358.09

**Project Rehabilitation Costs**

193,615.00

**Total Expenses Before Claim Losses**

\$ 5,029,335.03

**Net Income Before Claim Losses**

\$ 292,360.91

**Claim Losses:**

Payments to U.S. Investors	\$ 2,231,350.28
Unrealized Exchange Rate Losses on Subrogated Claims	<u>\$ 94,193.00</u>

**Total Claim Losses**

(2,325,543.28)

**Non-recoverable Fee Losses**

(42,409.32)

**Net Income or (Loss) for the Current FY**

\$(2,075,591.69)

**Prior FY Adjustments**

(112,172.39)

**Net Income or (Loss)**

\$(2,187,764.08)

**Statement of Contract Issuing Authority as of September 30, 1981**

	No. of Projects		
<b>I. Congressional Authority:</b>			
Worldwide Housing Guaranties FAA 1969 (Sections 221 and 222)			\$1,555,000,000
Prior Authority (Section 223)			<u>25,100,000</u>
<b>TOTAL CONGRESSIONAL AUTHORITY</b>			<b>\$1,580,100,000</b>
<b>II. Less Projects Authorized:</b>			
Contracts Issued	114	\$974,873,936 <sup>1</sup>	
Not Yet Under Contract	<u>35</u>	<u>531,450,000</u>	
	149		\$1,506,323,936
<b>III. Plus Repayments:</b>			
Total Repayments Under Active Projects		\$136,818,869 <sup>1</sup>	
Minus Amount not Available for New Guaranties (Section 223)		<u>12,331,435</u>	
<b>NET REPAYMENTS</b>			<u><u>124,487,434</u></u>
<b>IV. Balance Available for New Projects</b>			<u><u>\$ 198,263,498</u></u>

<sup>1</sup>Excludes \$15,959,164 on eight projects authorized and fully repaid.

**Notes to Financial Statements  
As of September 30, 1981**

**1. Accrued Fees Receivable**

Accrued Fees Receivable include \$47,786 relating to subrogated claims.

**2. Fee Income**

Total Fee Income excludes \$20,491 and \$25,157 for the current and prior period respectively, representing guaranty fee which was offset against payment deficiencies on four housing projects in Peru.

**3. Non-recoverable Claims**

Total Non-recoverable claims exclude \$20,491 and \$25,157 for the current and prior period respectively, representing the portion of the claim which was offset by the guaranty fee.

#### 4. Administrative Expenses

Due to a change in accounting classification for administrative expenses in FY 1981, the comparative figures for FY 1980 are not available.

#### 5. Contingent Liability

The contingent liability of the U.S. Government under the Housing Guaranty Program is defined as the net amounts of guaranteed loans outstanding. Such amount represents the maximum liability which would be reduced by available program reserves established by borrowers and host government and other guaranties applicable to certain of the loans.

Maximum contingent liability		\$832,555,067
Project reserve funds	\$ 7,002,062	
Prepayments on hand	<u>207,440</u>	<u>7,209,502</u>
Balance		\$825,345,565
Host country guaranties	\$745,785,383	
Other guaranties	<u>65,660,403</u>	<u>811,445,786</u>
Balance		<u>\$ 13,899,779</u>

The highest risk of loss portion of the loan portfolio relates to guaranties which do not have a host country or other guaranty. That part of the portfolio amounts to \$13.9 million.

#### 6. Project Reserve Funds

As of September 30, 1981, project reserve funds were held by various agents in the amount shown below:

	Total Amount of Reserve	Restricted	Fungible
AID Central Fiscal Agent (Riggs National Bank)	\$1,433,428	\$ -0-	\$1,433,428
U.S. Investors and/or their Agents	3,906,079	3,906,079	-0-
Project Administrators	<u>1,662,555</u>	<u>1,662,555</u>	<u>-0-</u>
TOTALS	<u>\$7,002,062</u>	<u>\$5,568,634</u>	<u>\$1,433,428</u>

These funds are used to cover delinquencies and protect against activating the AID guaranty. Deposits made into the reserve fund by various projects are either fungible or restricted, depending on the provisions contained in the Guaranty Agreements.

7. As of September 30, 1981 the following payments have been made from fungible reserves held by the Central Fiscal Agent, to cover deficiencies:

Project No.	Country	Amount	Project No.	Country	Amount
663-HG-001	Ethiopia	\$28,464	552-HG-004	Honduras	\$ 18,456
489-HG-001	Korea	244	532-HG-008	Jamaica	31,586
510-HG-006/7	Argentina	42	523-HG-006	Mexico	7,945
515-HG-003	Costa Rica	26,571	524-HG-001/B	Nicaragua	3,883
515-HG-004	Costa Rica	37,185	524-HG-003	Nicaragua	1,575
518-HG-003	Ecuador	22,826	525-HG-004	Panama	117
519-HG-005	El Salvador	17,985	527-HG-008	Peru	439
504-HG-002	Guyana	6,170			
				<b>TOTAL</b>	<b><u>\$203,488</u></b>

8. Projection of Estimated Losses

The Office of Housing and Urban Development has projected estimated claim losses and the effects of such losses on program reserves as shown in the following schedule:

**PROJECTED EFFECTS OF OPERATIONS ON PROGRAM RESERVES**  
(Amounts in Thousands of Dollars)

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>
Program Reserves, Beginning of Period	\$30,750	\$32,144	\$35,178
Income	9,920	11,550	12,950
Operating Expenses	(5,930)	(6,300)	(7,100)
Claim Losses	(2,558)	(2,180)	(2,169)
Non-Recoverable Fee Losses	<u>(38)</u>	<u>(36)</u>	<u>(33)</u>
Program Reserves, End of Period	<u>\$32,144</u>	<u>\$35,178</u>	<u>\$38,826</u>

9. Rescheduled Claims Receivable

Agreement was reached during the year with the Government of Zaire to reschedule their subrogated claim debts. Under the terms of the Agreement, the Government of Zaire agreed to pay AID \$3,397,387.54 over a period of 9 years at a 7.375% interest rate.

**PROJECTS AUTHORIZED  
AND UNDER CONTRACT**

as of September 30, 1981

Country	No. of Projects	Amount Authorized	Amount Disbursed	Outstanding Balance	Reserve Balance in	
					U.S.A.	Overseas
<b>AFRICA</b>						
Botswana	1	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$	\$
Ethiopia	1	1,541,202	1,541,202	1,166,539		
Ivory Coast	4	33,032,792	33,032,792	30,756,766	30,393	
Kenya	3	16,993,073	16,993,073	15,952,268		
Senegal	1	4,999,997	4,999,997	3,058,844	410	
Zaire	1	10,000,000	10,000,000	8,738,145		
<b>Total</b>	<b>11</b>	<b>\$ 68,967,064</b>	<b>\$ 68,967,064</b>	<b>\$ 62,072,562</b>	<b>\$ 30,803</b>	
<b>ASIA</b>						
Republic of China	1	\$ 4,793,417	\$ 4,793,417	\$ 1,429,757	\$1,128,665	
Korea	7	95,000,000	95,000,000	93,990,380		
Thailand	1	4,960,149	4,960,149	2,208,531	246,569	481,281
<b>Total</b>	<b>9</b>	<b>\$104,753,566</b>	<b>\$104,753,566</b>	<b>\$97,628,668</b>	<b>\$1,375,234</b>	<b>\$481,281</b>
<b>NEAR EAST</b>						
Iran	1	\$ 7,500,000	\$ 7,500,000	\$ 6,822,686		
Israel	7	200,000,000	200,000,000	194,596,536		
Lebanon	1	15,000,000	15,000,000	15,000,000		
Portugal	2	40,000,000	40,000,000	40,000,000		
Tunisia	4	34,992,798	34,992,798	31,312,746	\$ 54,067	
<b>Total</b>	<b>15</b>	<b>\$297,492,798</b>	<b>\$297,492,798</b>	<b>\$287,731,968</b>	<b>\$ 54,067</b>	

**PROJECTS AUTHORIZED  
AND UNDER CONTRACT**

as of September 30, 1981

Country	No. of Projects	Amount Authorized	Amount Disbursed	Outstanding Balance	Reserve Balance in	
					U.S.A.	Overseas
<b>LATIN AMERICA &amp; CARIBBEAN</b>						
Argentina	5	\$ 39,721,394	\$ 39,721,394	\$ 29,658,605	\$ 519	
BIAPE <sup>1</sup>	1	6,000,000	6,000,000	6,000,000		
Bolivia	3	13,600,000	11,600,000	10,545,766		
CABEI <sup>2</sup>	4	44,000,000	44,000,000	40,953,167		
Chile	2	55,000,000	55,000,000	55,000,000		
Colombia	3	26,866,084	26,866,084	8,202,713		
Costa Rica	4	13,198,011	13,198,011	11,176,540	(32,054)	
Dominican Republic	5	16,309,726	16,309,726	9,842,311	519,219	
Ecuador	2	7,396,726	7,396,726	6,369,611	8,579 <sup>3</sup>	
El Salvador	4	20,400,550	20,400,550	12,982,977	(22,826)	
					39,413	
					27,060 <sup>3</sup>	
Guatemala	1	1,500,000	1,500,000	1,195,921	164,226	
					61,601 <sup>3</sup>	
Guyana	2	1,603,480	1,603,480	735,931		
Honduras	5	17,614,785	17,614,785	13,689,870	766,194	\$ 113,756
Jamaica	6	39,333,546	39,333,546	32,274,300	(117,427)	
Mexico	2	10,760,032	10,760,032	3,052,171	(7,945)	
Nicaragua	3	15,924,915	15,924,915	10,909,212	(1,825)	
					18,194 <sup>3</sup>	
Panama	10	53,172,213	49,672,213	45,217,430	368,394	
Paraguay	1	4,000,000	4,000,000	4,000,000		
Peru	7	65,908,387	65,908,387	54,253,574	1,325	
					2,534 <sup>3</sup>	
Venezuela	9	51,350,659	51,350,659	29,061,770	1,651,098	1,067,518
					20,774 <sup>3</sup>	
<b>Total</b>	<b>79</b>	<b>\$503,660,508</b>	<b>\$498,160,508</b>	<b>\$385,121,869</b>	<b>\$3,328,311</b>	<b>\$1,181,274</b>
					<b>\$ 138,742<sup>3</sup></b>	

<sup>1</sup>Interamerican Savings and Loan Bank

<sup>2</sup>Central American Bank for Economic Integration

<sup>3</sup>Interest Guaranty Deposits

**TOTAL PROJECTS AUTHORIZED  
AND UNDER CONTRACT**

as of September 30, 1981

Country	No. of Projects	Amount Authorized	Amount Disbursed	Outstanding Balance	Reserve Balance in U.S.A.	Overseas
AFRICA	11	\$ 68,967,064	\$ 68,967,064	\$ 62,072,562	\$ 30,803	
ASIA	9	104,753,566	104,753,566	97,628,668	1,375,234	481,281
NEAR EAST	15	297,492,798	297,492,798	287,731,968	54,067	
LATIN AMERICA & CARIBBEAN	79	503,660,508	498,160,508	385,121,869	3,328,311	1,181,274
					138,742 <sup>1</sup>	
SUB TOTALS	114	\$974,873,936	\$969,373,936	\$832,555,067	\$4,927,157	\$1,662,555
INTEREST					412,350	
TOTALS	114	<u>\$974,873,936</u>	<u>\$969,373,936</u>	<u>\$832,555,067</u>	<u>\$5,339,507</u>	<u>\$1,662,555</u>

<sup>1</sup>Interest Guaranty Deposits

**PROJECTS AUTHORIZED AND  
FULLY REPAID**

as of September 30, 1981

Country	Project Number	Amount Authorized	Amount Disbursed	Paid By Borrower	Paid By A.I.D.
Chile	513-HG-003	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$
	513-HG-004	1,690,000	1,690,000	1,690,000	
	513-HG-005	2,000,000	2,000,000	2,000,000	
Guatemala	520-HG-001A	1,817,000	1,816,213	1,816,213	
	520-HG-001B	3,000,000	2,937,462	2,937,462	
	520-HG-002	1,500,000	1,500,000	1,500,000	
Peru	527-HG-001A	1,189,713	1,189,713	822,756	366,957
	527-HG-002	<u>3,825,776</u>	<u>3,825,776</u>	<u>1,711,247</u>	<u>2,114,529</u>
TOTALS		<u>\$16,022,489</u>	<u>\$15,959,164</u>	<u>\$13,477,678</u>	<u>\$2,481,486</u>

## CLAIMS AGAINST GUARANTY

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

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

## RECOVERABLE CLAIMS

Country/Project	Project Number	Cumulative claims Incurred (less reimbursements) to 9/30/81
<b>Peru</b>		
Jardines Viru	527-HG-002	\$ 61,776
<b>Senegal</b>		
Patte d'Oie <sup>1</sup>	685-HG-001	1,330,238
<b>Zaire</b>		
CNECI <sup>1</sup>	660-HG-001	3,443,292
<b>Nicaragua</b>		
B.N.V. <sup>1</sup>	524-HG-002	950,702
B.N.V. <sup>1</sup>	524-HG-003	1,236,862
<b>Ethiopia</b>		
Continental Homes <sup>1</sup>	663-HG-001	426,311
<b>Guayana</b>		
Brezina <sup>1</sup>	504-HG-002	95,184
<b>El Salvador</b>		
Financiera Roble	519-HG-001	145,637
Viviendas Cooperativas	519-HG-005	90,227
<b>Iran</b>		
GOI	265-HG-001	1,408,399
<b>Panama</b>		
Villa Catalina	525-HG-004	71,934
Inversiones Olimpico	525-HG-005	428,934
<b>Honduras</b>		
FEHCOVIL	522-HG-004	18,456
<b>Ecuador</b>		
I.V.C.	518-HG-003	<u>103,428</u>
<b>TOTAL RECOVERABLE CLAIMS</b>		<u>\$9,811,380</u>

<sup>1</sup>These claim payments are subject to reimbursement by the Host Government under the Host Government Guaranty Agreements. The amounts stated are receivable from the respective Governments.

## NON-RECOVERABLE CLAIMS/LOSSES

Country/Project	Project Number	Cumulative Losses Incurred* (less reimbursements) to 9/30/81
<b>Argentina</b>		
Field Argentina	510-HG-001	\$ 3,946,027
<b>Costa Rica</b>		
Desarrollo Urbana	515-HG-003	332,635
	515-HG-004	35,768
<b>Dominican Republic</b>		
COINFO	517-HG-005	650,000
<b>Peru</b>		
Apollo	527-HG-001A	366,936
Apollo	527-HG-001B	566,229
Jardines Viru	527-HG-002	2,245,187
Salamanca	527-HG-004	720,213
Banco de la Vivienda del Peru	527-HG-006	107,660
<b>Jamaica</b>		
Independence City	532-HG-001A	1,198,279
Independence City	532-HG-001B	205,200
Ensom City	532-HG-002	1,493,203
Montego	532-HG-008	488,913
<b>Mexico</b>		
Matamoros	523-HG-006	194,902
<b>Nicaragua</b>		
Desarrollo Urbano	524-HG-001A	676,942
Desarrollo Urbano	524-HG-001B	<u>27,335</u>
<b>TOTAL NON-RECOVERABLE CLAIMS</b>		<u><b>\$13,255,429</b></u>
<b>TOTAL ALL CLAIMS</b>		<u><b>\$23,066,809</b></u>

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

# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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Joseph C. Wheeler, Deputy Administrator  
Elise R. W. du Pont, Assistant Administrator for Private Enterprise

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Viviann G. Pettersson, Policy Officer  
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## Regional Offices

### Office of Housing and Urban Development

### Central America

Tegucigalpa, Honduras  
(c/o U.S.A.I.D. Mission)  
Francis Conway, Assistant Director

### Caribbean

Kingston, Jamaica  
(c/o U.S.A.I.D. Mission)  
W. Neal Goodson, Assistant Director  
Jack Hjelt, Housing Officer

### Panama and South America

Panama City, Panama  
(c/o U.S.A.I.D. Mission)  
Mario Pita, Assistant Director  
William Gelman, Housing Officer  
Sonny Low, Housing Officer

### West Africa

Abidjan, Ivory Coast (c/o U.S. Embassy)  
Michael Lippe, Assistant Director  
Amy Nolan, Housing Officer

### East and Southern Africa

Nairobi, Kenya (c/o U.S.A.I.D. Mission)  
Pamela B. Hussey, Assistant Director  
David Benson, Housing Officer  
Raj Chanda, Housing Officer  
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### Near East and North Africa

Tunis, Tunisia (c/o U.S.A.I.D. Mission)  
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Lee Dennison, Housing Officer  
Harry Birnholz, Housing Officer

### Asia

Bangkok, Thailand  
(c/o U.S.A.I.D. Mission)  
Albert N. Votaw, Assistant Director

### Colombo, Sri Lanka

(c/o U.S.A.I.D. Mission)  
Philip-Michael Gary, Housing Officer

### U.S. Inquiries

Persons within the U.S. who would like additional information may contact the Director, Office of Housing and Urban Development, Room 625 SA-12, Agency for International Development, Washington, D. C. 20523. Telephone: (202) 632-9637

### Overseas Inquiries

Persons desiring further information may contact one of the Regional Offices of the Office of Housing and Urban Development or the U.S.A.I.D. Mission or U.S. Embassy in their country.



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