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For immediate release
Monday, Oct. 7, 1974

THE WHITE HOUSE
Office of the Press Secretary to Mrs. Ford

Mrs. Ford has become an unofficial sponsor of the Honduran Reconstruction Fund (HRF), an organization to raise funds for the reconstruction of houses and farms destroyed on the Honduras by Hurricane Fifi, which struck Sept. 20.

Due to a requirement for limited activity following her surgery, Mrs. Ford is unable to be an active sponsor of the project. But because of her belief in the importance of the work of HRF, she has asked that her support of the project be known.

The Honduran Reconstruction Fund is a private sector organization. It is working to rebuild houses and farms at low cost and to deal directly with the small farmer to bring his farm back into production.

The work of the foundation was brought to Mrs. Ford's attention after students in the Washington, D.C., area last week raised enough money in a 24-hour period to buy three houses for displaced families.

HRF was created by the Pan American Development Foundation, founded by the Organization of American States in 1962 to stimulate and coordinate private sector activities in pursuit of Alliance for Progress objectives.

#

Contact: Gregory Wolfe
381-8651

AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:15 P.M. EDT

OCTOBER 7, 1974

MONDAY

MR. NESSEN: I notice that some people told the President yesterday that his new dog was friendlier toward reporters than his Press Secretary is, so I am practicing and I hope to learn to wag my tail and probably come around and lick your faces every now and then. (Laughter)

Seriously, you have seen the President's schedule for yesterday and today. After attending services at St. John's, the President spent most of the rest of the day continuing to work on the speech he will deliver to the Joint Session of Congress at 4:00 on Tuesday. The way I had hoped to be able to do this was to go through the announcements and then come back and tell you a little about the meeting yesterday, if that is all right.

He met with a number of staff members who were here yesterday including Rumsfeld, Hartmann, Seidman, Simon, Buchen, Marsh, Kissinger, Skowcroft, and I also talked to him myself.

Q Is that the peeking order?

MR. NESSEN: No, no particular order. No, that is not the peeking order.

I will give you a rundown on the meeting yesterday when I get through all the rest of this.

This morning the President was in his office at 7:30. He met with members of the staff this morning too, and those are Seidman, Rumsfeld, Kissinger, Skowcroft, Hartmann and myself.

The President this morning received a report from the two senior AID officials whom he sent to Honduras to survey the damage from Hurricane Fifi and its aftermath.

MORE

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The report concluded the catastrophe was a major national disaster when you measure it both in human and economic terms. The President thanked the members of the team, who are Assistant AID Administrator Herman Kleine and the Foreign Disaster Relief Coordinator Russell McClure.

The President praised the courage of the Honduran people and the relief efforts conducted to date and pledged that the United States would join others in support of the Honduran's endeavors to rebuild their nation's economy.

So far the United States' relief efforts have totaled \$1 million 600 thousand. The report which they gave to the President is available to you, and I think it will answer a lot of your questions about Honduran relief.

At 12:15 the President is scheduled to meet with George Romney. He is now Chairman of the National Center for Voluntary Action. He has been chairman of the organization since January, and Mr. Romney asked for the meeting with the President to discuss the future direction of his nongovernmental and non-profit organization. Although the meeting has not been held yet, the President intends to tell Governor Romney that he strongly supports this concept of voluntary action.

At 12:30 the President will meet with Congressman Edward J. Derwinski. The President asked Congressman Derwinski to come in so the President could ask him his views on the status of U.S.-Polish relations. You may know the Congressman traveled to Poland this summer and met at that time with First Secretary Gierek, who will be meeting here with the President tomorrow.

President Ford and President Valery Giscard D'estaing of France have agreed to meet on December 14, 15 and 16 in Martinique. The meeting will provide the two leaders with an opportunity to review issues of mutual interest.

Q Why were you so far behind the French in announcing this meeting?

MR. NESSEN: There was an agreement with the French to announce the meeting jointly at noon Washington time. The story leaked out in the French press. The French government asked the United States Embassy in Paris, since it had been leaked, whether it would be all right to announce it ahead of time, and the American Government said yes.

I believe we tried to do as best we could here to catch this up before I came out here to talk to you.

The President is holding a meeting with the National Security Council at 2:45 this afternoon. The normal practice is not to announce the subject of NCS meetings.

The President and Archbishop Iakovos will meet this afternoon at 4:15. Iakovos is the Archbishop of the Greek Orthodox Church of North and South America. This meeting will afford the President and the Archbishop the opportunity to discuss matters relating to the situation in Cyprus, including the need for continued humanitarian efforts on Cyprus.

Q A question applying to that. Has the President met with Archbishop Makarios at all?

MR. NESSEN: I am certainly not aware of it. I think "no" is the answer.

Q Are you taking questions on these various announcements as you go along? I thought you wanted to save them until later, because I have a few myself.

MR. NESSEN: I suppose we could.

Q What is the topic of the National Security Council?

MR. NESSEN: I said we do not announce the topic of the National Security Council.

Q They have in the past, Ron.

MR. NESSEN: I don't believe they have, Pat.

Q They have from time to time.

MR. NESSEN: We won't today.

Q I have not seen the AID report yet, but I will, and I want to know, is the President satisfied that the American aid that was sent to Honduras went from these officials -- is he satisfied the aid went to Honduras or did it end up, as the Post reported this weekend, in Honduran Army warehouses for eventual disposition which, in any number of mysterious ways, has happened in Managua in the earthquakes. That is my number one question.

Pan American Development Foundation

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A MESSAGE TO THE BOARD OF TRUSTEES AND TO MEMBERS OF OUR TOOLS FOR FREEDOM ADVISORY COUNCIL AND MEMBERS OF THE HEALTH SERVICES ADVISORY COMMITTEE

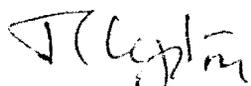
One of the PADF's functions, established in our charter, is to assist OAS member countries in times of national emergency. On such occasions, we seek to raise funds which are then channelled through the local National Development Foundation, for use in reconstruction projects, rather than emergency relief. The PADF was successful in raising over \$500 thousand for the Nicaraguan Development Foundation after the earthquake, and is now engaged in a parallel effort for Honduras.

You will find enclosed copy of an advertisement (for the preparation of which Potomac Electric donated the services of its advertising counsel) which appeared on October 3rd in the Washington Post, with a more detailed description of the project on the reverse side. We also hope to arrange broadcasts of an appeal by Shirley Temple Black, who narrated for the OAS the text of the film, "The World of the Primitive Painter" (Velasquez of Honduras), and are trying to arrange other fund raising activities over the next several months.

For the next fortnight, this program is being coordinated in the PADF by Greg Wolfe, who can answer any questions you may have about it.

I feel sure that many of you will want to make a personal contribution to this campaign, which we would deeply appreciate. We also hope that you will stimulate gifts through your associates, and would appreciate your giving us any names which we may call.

Thank you - from the PADF, from the Honduran Development Fund, and from Honduras.


T. Graydon Upton
President

TGU:sd
enclosure

Mrs. John C. McClintock
Co-chairman of (4657)

Gregory B. Wolfe



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United States Ambassador to Ghana
Hay Adams Hotel
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The Honorable and Mrs. Charles R. Burrows
Former U.S. Ambassador to Honduras
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César Augustus Cáceres, M.D.
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when

The response of our people to tragic emergencies like Hurricane Fifi is always inspiring to see. The food, medicine, and clothing that have poured into Honduras since the Hurricane struck the small Central American Republic are surely a life-sustaining transfusion for the Honduran people.

Beyond the emergency, however, is the long-term need to replenish the lost capital, the homes, farms, schools and implements of thousands whose communities will require rebuilding. The ten year old private, Pan American Development Foundation is taking action to enable this reconstruction to occur by reaching directly to the families who need the capital with which to rebuild.

It is forming a national committee to encourage contributions to a Reconstruction Fund.

It will channel the funds to its sister institution, the Honduran Development Foundation, to rebuild houses and farms at low cost and work directly with needy small farmers to bring their farms back into production.

It is raising its funds with the help of a National Committee of distinguished citizens: teachers, lawyers, workers, doctors, former Ambassadors and others all acting in their private capacities.

It is associated with the special efforts ~~of~~ being made by other private organizations with a long-term commitment to Latin America: the Partners of the Americas; the Council of the Americas; and the U.S. Committee for UNICEF.

Its efforts so far, and they have just begun, have prompted

heartwarming response from individuals, and corporations throughout the country. Among the most exciting contributions were those of the students of a Washington area middle school who~~e~~/~~tt~~/ raised enough money in twenty four hours to buy three houses for displaced families/ . Since the PADF is able to help build housing units at \$350 per unit this sort of fundraising effort by young people can be multiplied many times over.

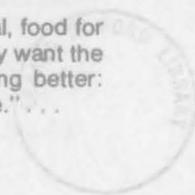
PAN AMERICAN DEVELOPMENT FOUNDATION ANNUAL REPORT 1973



... "Let us be candid.

What these men want are jobs for their survival, food for their families, and a future for their children. They want the simple satisfaction of working toward something better: toward an end to misery, and a beginning of hope."...

Robert S. McNamara
President, World Bank — 1972



PAN AMERICAN DEVELOPMENT FOUNDATION

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1. Resigned as Secretary-Treasurer on June 11, 1973
2. Elected Secretary-Treasurer on June 11, 1973
3. Resigned on June 11, 1973
4. Elected on June 11, 1973
5. Resigned from OAS—Ex-officio status
6. Appointed to OAS—Ex-officio status
7. Deceased

The PADF is a non-profit corporation affiliated with the Organization of American States. It was chartered in Washington, D C. in 1962 and since then has been encouraging private sector leaders in Latin American and Caribbean countries to participate in their national development process by organizing and financing autonomous, private sector, National Development Foundations (NDFs). These NDFs finance, through loans, self-help development projects established by community groups at the village level which these groups regard as essential to their own social and economic improvement. The PADF has made or facilitated loans and grants to these foundations in excess of \$5 million. It also manages a material resource program through which over \$9 million value in donated tools and equipment, hospital items and pharmaceuticals have been sent to Latin American educational and health institutions.

The PADF has been classified by the Internal Revenue Service as a Sec.501-C3 tax-exempt organization for Federal income tax purposes, and is registered as a Voluntary Agency with the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development.

The foundation's policies are established by a Board of Trustees whose members are drawn from public and private life in Latin America, Europe, Canada and the United States.

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CHAIRMAN'S STATEMENT

The Tenth Anniversary of the Pan American Development Foundation finds its program operating under very different circumstances, in both Latin America and in the United States, than existed at its initiation. At that time, during the euphoric days of the Alliance for Progress, no dream of development seemed impossible of achievement. With the goals of the Charter of Punta del Este as a guide, there appeared to be generous funds that could be made available from the United States for the purposes of economic and social development in Latin America, and we thought we knew what steps should be taken.

Ten years later, and wiser, we survey the current scene and accept the fact that not only have many of the correct answers to development not been found, but it seems possible that some of the major development programs have not even addressed themselves to the right questions. As political experts struggle to explain the current socio political state of affairs in Latin America, and as economists retreat from the statistics of rising GNP's as the essential measure of a country's progress, we are finding not only in Latin America but in other developed countries of the world an increasing disenchantment with "traditional" foreign aid.

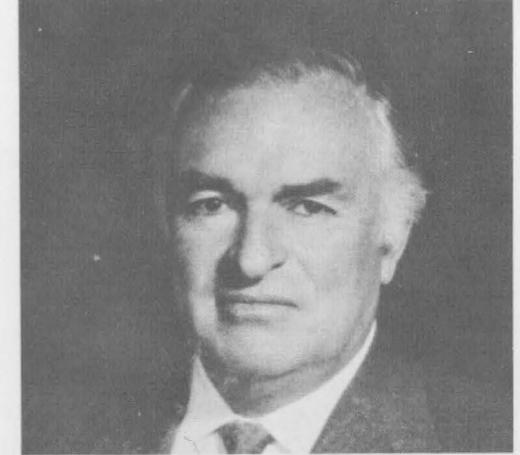
One lesson which the world is learning, as Robert McNamara has spelled out so well in his last report to the Governors of the World Bank, is that to a very substantial degree the economic and social benefits derived from large scale development efforts have not been shared by the poorest 40% of the population of the developing world.

The issue at hand is to relate our development institutions to the need for "social equity". It is an issue not only of restoring the faith of the people, and of the U.S. Congress in foreign aid, but of keeping faith with our underlying principles of human decency. We must redirect the attention of foreign development assistance towards those great masses of people, both in rural areas and in city slums, whose continuing poverty and hopelessness negate any country's progress in infrastructure, industry, and trade.

"Social Equity" has been the philosophical force behind the PADF programs during the past ten years, and the highlights of this report will bear witness that development is not a factor of economics alone, but rather of the relationship between new opportunities and people. Responding to a poor man's motivation to improve his standard of living through his own determination to modernize his community and to participate in the decision-making which affects his own life and that of his family — these, indeed, are the basic building blocks of development. Without them, "GNP growth" is an illusion — and without them a society cannot truly move forward.

The PADF, through its National Foundation movement, is successfully establishing just such building blocks, but they must be put in place on a far wider scale.

This problem of reaching the poorest segments of a country with development aid has been of deep interest to the U.S. Congress, which in past years has taken several steps to show its concern. The first was the adoption of "Title IX" to the Foreign Assistance Act, in which the Con-



gress enjoined the Agency for International Development to encourage the mobilization of private sector resources and to commit itself to the objective of "maximum feasible participation" of the people in development decisions. Another step was the amendment to the AID act which bears the name of Congressman John Moss, and which authorized the partial guarantee by the United States of loans made by banks in Latin America to "marginados" — an effort to induce such lenders to move from their normal pattern of secured loans, to one of character loans to the little man — such as made by the national development foundations. Unfortunately, both of these well motivated measures have been seriously hampered in execution by technical and operational limitations.

So much for the problem. What steps can be taken towards its solution? First, our efforts will be directed to focusing the attention of the major development agencies on the National Development Foundation program as an effective means for motivating social and economic development at the community level.

Second, we will encourage greater U.S. and Canadian business community support for this effort. There is no better way for business organizations operating in Latin America to ally themselves with the social aspirations of their host countries than to participate in the program of the National Development Foundations, either through the PADF, or in direct support of local foundations.

Third, we will intensify our efforts to strengthen the recently formed "Council of American Development Foundations", and encourage it to take a greater responsibility for increasing technical and financial resources to the individual Latin American National Development Foundations which forms its membership.

The Pan American Development Foundation represents a non-political development ideology, dedicated to helping the little man move up through access to otherwise unavailable credit. With a small staff, with a dedicated Board of Trustees and with a singular commitment to its objectives, the PADF has demonstrated in the National Development Foundation a successfully innovative approach to help achieve the development objective of "social equity". Our success in the future will in large part be measured by the degree to which institutions other than ours, accept and adapt their own programs to this basic concept.

Galo Plaza

Galo Plaza
Chairman, Board of Trustees



PRESIDENT'S STATEMENT

On the occasion of the Tenth Anniversary of the Pan American Development Foundation, it is a pleasure for me to make my first report as President of this institution.

During the past decade, the PADF has provided encouragement, guidance, and loan funds, to Latin American private sector leaders who converted these and their own resources into credit and technical assistance, so that community groups could plan and finance their own self help projects. This has been accomplished through private sector, National Development Foundations, through which small direct loans and/or guaranteed bank loans are made without traditional collateral or guarantees, and at normal commercial bank rates. Under these unusual conditions, the default rate on over \$5 million dollars loaned has been less than three percent. Farmers who would not otherwise have had access to credit are now able to purchase seed, fertilizer and small farm machinery which they must have to produce more than they consume. Title to their own land, clean drinking water, a truck to transport produce to market, low cost housing, a fishing boat, daily credit to market vendors, sewing machines, all of these are examples of community and individual needs met through NDF direct loans, or through commercial bank loans guaranteed by the NDFs.

The excellent repayment record is based upon two factors: first, poor people know very well the difference in cost between normal bank interest which they can only receive through the NDF program and that of funds received from the local money lender. Second, there is the unique nature of repayment procedure. For example, a community of 100 families can borrow \$1,300 to install a clean drinking water system and at the rate of two cents per day, per family, can repay the loan in less than two years, including an interest rate as high as 10%. Any economist will see this process of "grass roots" capital formation, as reflecting a highly satisfactory cost/benefit ratio. We know of no other community based system in any developing country as efficient or as appropriate as this. It directly answers the credit needs of low income groups, for the projects are within the limits both of their understanding and economic capacity.

The project itself is not the only program benefit. The process through which the community group identifies a common need, and then acts to resolve it, also provides an experience in decision making and financial discipline.

While philanthropical in broad purpose, the NDF program is not a charity operation. It is rather a commitment of enlightened self interest on the part of the government which grants legal personality, and sometimes tax benefits to the local foundations; the local businessmen whose contributions to the foundation assure its continuing financial integrity; and the poor whose demands for a greater opportunity to share in the progress of their society have heretofore been frustrated.

In Latin America, business and government to an ever increasing extent are recognizing the importance of bringing marginal consumers into the cash economy. The realities of ownership and incentive are not lost on people who are otherwise forced to continue a marginal status as share croppers, tenant farmers, or unemployed urban workers. As such individuals enter their local cash economy, the consumer and producer base is expanded to the benefit of all.

I am convinced that this approach, which the PADF has been instrumental in establishing in Latin America, can be successfully initiated in other developing areas of the world where private sector leaders are not content to leave all development efforts to their government. It is a program which is adaptable to a country's laws and customs, and in the organization and specific objectives of of each autonomous foundation it reflects the social, political and economic realities of the country.

HIGHLIGHTS OF YEAR 1972

Highlights of the PADF's operations in the fiscal year 1972/3 are mentioned briefly below. Further details are found in the body of this report.

1) *Formation of the Council of American Development Foundations - "Consejo"*. In October of 1972, fifteen National Development Foundation representatives agreed to federate and establish a common Secretariat. Alejandro Grullon of the Dominican Republic was elected President of the "Consejo" with headquarters to be located for the current time in the Dominican Republic. A working agreement detailing the relationship between the Consejo, the NDFs and PADF has been drafted and is being reviewed by the NDFs and the PADF.

2) *Development Loan Program*. Figures currently available, indicate the cumulative number and value of NDF loans through December 31, 1972 amounted to some 6,171 loans totalling \$5,194,702 dollars, benefitting approximately 443,720 people.

3) *New Foundations*. During the past 12 months, foundations were established in Cali, Colombia, in Costa Rica, Jamaica, and in Trinidad and Tobago. In some cases these are the result of PADF consultative efforts going back over a period of years.

4) *Tools for Freedom Program*. Under this program donations of tools of all types are received by the PADF and channeled to the NDFs for distribution to technical schools. This calendar year some \$259,726 value of such tools were received and distributed.

5) *Hospital Equipment*. \$404,764 value of contributed hospital and dental equipment was distributed through the NDFs to rural health centers, hospitals, and dental clinics in NDF countries during 1972.

6) *Operación Niños*. \$9,646 was contributed, most by U. S. school children, to this program. These funds were distributed largely for the purchase of simple educational materials for rural schools in the poorer Latin American countries.

7) *PADF Finacial*. The PADF operated in FY 1972 on a total budget of \$268,454 of which \$75,000 was received from the Organization of American States and the balance from various private contributions as well as a small amount from NDF interest payments. Normal program expenses for the year were exceeded by substantial extra outlays for the cost of specialized Seminars in the Dominican Republic and Guatemala as well as the implementation of a \$300,000 AID grant and OPIC Program supervision. Although ending FY 1972 with a small deficit we will close the current fiscal year with a modest cash balance.

Progress was made in establishing the "Century Club", comprised of U.S. corporations which are making contributions of \$1,000 to the PADF on an annual basis.

8) *Commercial Bank Participation*. One of the basic objectives of the PADF is to encourage private banks to get involved in this program. We are pleased to report in this regard the following examples of cooperation:

The Bank of America loaned \$50,000 to the Venezuelan Foundation; The Chase Manhattan National Bank in the Dominican Republic, extended some \$200,000 in loans to 37 agricultural cooperatives, many of whom became credit-worthy through receiving and repaying prior loans made by the Dominican Development Foundation; The Philadelphia National Bank is making a loan to the Nicaraguan Foundation under an Export Import Bank guarantee; and ADELA loaned \$100,000 to the Dominican Foundation. A number of local banks in NDF countries are also making loans to marginal groups stimulated by the NDF.



New houses under construction in Managua financed by the Nicaraguan Development Foundation.

9) *The Nicaraguan Development Foundation and Earthquake Relief*. A special section of this report details cooperative efforts in this regard. Briefly, the PADF, in considerable part through the generosity of "The Rolling Stones", has collected some \$500,000 which is now in process of being channeled to the Nicaraguan Foundation, FUNDE, for the purpose of constructing low cost housing, training carpenters, electricians, masons, etc. and making small business loans to aid in the countrys' rehabilitation efforts.

Relationship with the Organization of American States. We continue deeply appreciative of the budgetary and vital administrative and financial support services provided by the O.A.S. To encourage a closer working relationship, the special advisory group of O.A.S Council and Secretariat members under the Chairmanship of Honduras Ambassador to the O.A.S. Tiburcio Carias Castillo, met on various occasions with the PADF Executive Committee to collaborate on general policy guidance.

T. Graydon Upton
President

Annual Report 1973

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PADF Board of Trustees meeting, June 11, 1973, Council Room of the Organization of American States. Also present are N.D.F. representatives and guests.

ISSUES

What differences have the National Development Foundations made?

Is a small loan program anything new? Certainly not. Our experience so far indicates that almost everyone, even the poorest farmer in the furthest rural area, is receiving credit, but generally on terms that make us uncomfortable: crops mortgaged before they are planted; borrowing at 25% interest rate a day by the women of the food markets; small consumer loans at 15% a month.

To gain a better understanding of the extent of the "unofficial money market", the Central Bank of Honduras recently required all private lenders to register with it and record their loans. In the first two months over 360 lenders registered. Their combined portfolios represented \$16 million dollars, or about 10% of the country's banking system and twice as much as the resources of the entire co-operative credit system with some 60,000 members.

Users are, however, fulfilling a need, in that they are providing a credit service which is reaching people, at the time and place it is needed, albeit at a very high cost.

While some banks, government and private, have made loans to poor people, they have frequently experienced repayment difficulties, for they have ignored the reality that the banking system is designed for a different type of lending operation and clientele.

Credit unions and cooperatives in general are more successful because they are adapting their organizational needs to the circumstances of the poor, however, they are generally limited in their loans to the deposit capacity of their members.

The NDF approach is closer to the needs and circumstances of poor people, for it operates with the flexibility of the usurer but at commercial interest rates, and serves as an effective spring board into the normal credit system.

An example: It is not uncommon for a market woman in Managua to borrow from money lenders at a rate of 25% a day; to borrow \$4 in the morning and pay back \$5 in the afternoon. Since she has no other working capital resource, paying such interest is necessary; however, it does represent an annual rate of 9,000%! To change this situation, the NDF in Nicaragua is now working with a cooperative of 185 market women who had been receiving loans from usurers at 40% a month. The NDF has replaced the usurer and lends at exactly the same 40% charge. However, all but 1% of this monthly charge is deposited in each woman's personal savings account, for



N.D.F. loans contribute to upgrading production capability of small farm holdings. Guatemala

which she has her own passbook. No one else can touch her money, and she will have built up a sufficient saving reserve in one year, so as to be entirely independent of any lender in the future.

Another example: On April 12, 1973, the Chase Manhattan Bank in the Dominican Republic, extended a total of \$201,758 in loans to 37 small agricultural associations. These loans to 714 poor "campesino" families represented their first direct financial assistance from any bank, private or governmental. It reflected as well, their success in repayment of earlier loans to the Dominican Development Foundation. With cooperation from the Inter-American Foundation in the form of matching grants, the DDF is now able to extend an additional \$201,758* to new groups of campesinos to bring them up the credit ladder as well.

The loan status tables which follow provide one measure in the analysis of the "difference" which the NDF program is making, in that the totals represent credit which would not otherwise have been available at normal commercial interest rates and terms to these people.

*The full value of the IAF matching grant to the DDF is \$425,000

STATUS OF NATIONAL DEVELOPMENT FOUNDATIONS REVOLVING LOAN FUND PROGRAM

Cumulative totals as of December 31, 1972

| <u>NDF</u> | <u>Number of Loans</u> | <u>Value of Loans US\$</u> | <u>People Benefitted</u> |
|---------------------|------------------------|----------------------------|--------------------------|
| Chile | 26 | 97,087 | 9,002 |
| Colombia (Bogota) | 42 | 250,000 | 15,000 |
| Colombia (Cali) | 160 | 70,000 | 2,100 |
| Dominican Republic | 3,612 | 2,264,193 | 247,877 |
| Ecuador (Quito) | 106 | 79,738 | 14,000 |
| Ecuador (Guayaquil) | 1,320 | 320,000 | 4,320 |
| El Salvador | 67 | 55,373 | 561 |
| Guatemala | 317 | 617,586 | 48,184 |
| Honduras | 231 | 399,844 | 79,286 |
| Mexico | 92 | 708,006 | 14,000 |
| Nicaragua | 132 | 104,568 | 5,480 |
| Peru | 1 | 70,000 | 400 |
| Venezuela | 65 | 158,307 | 3,510 |
| TOTALS | 6,171 | \$5,194,702 | 443,720 |

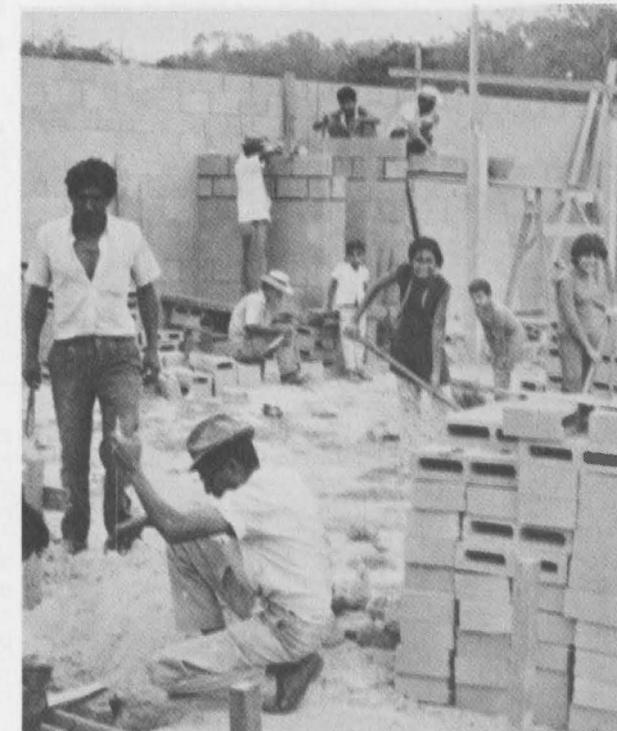
REVOLVING LOAN FUND PROGRAM GROWTH

| <u>Year as of (December 31)</u> | <u>Total Cumulative Amounts</u> | | |
|---------------------------------|---------------------------------|------------------------|----------------------------|
| | <u>Number of NDFs</u> | <u>Number of loans</u> | <u>Value of loans US\$</u> |
| 1967 | 1 | 100 | 200,000 |
| 1968 | 5 | 402 | 674,679 |
| 1969 | 7 | 1,497 | 1,374,126 |
| 1970 | 11 | 2,807 | 2,307,927 |
| 1971 | 12 | 3,932 | 3,868,710 |
| 1972 | 13 | 6,171 | 5,194,702 |

Another measure of the "difference" which the program is making, is seen in an independent field evaluation of NDFs conducted in 1972 by the Auditor General's Office of the Agency for International Development in which the following analysis appears:

"During our visits, we saw ample evidence of the capacity of the NDF program to assist marginal groups in improving the economic and social conditions of their communities and their families.

In the Dominican Republic for example, two groups of campesinos (farmers) formed themselves into small cooperative agricultural associations under the guidance of the Foundation. These campesinos and their families had been living at a minimum consumption level growing vegetables (corn, tomatoes, onions and peppers) which they harvested once a year. None of the individuals in these groups had received credit before, since they had no assets of sufficient value to serve as bank collateral. With loans from the Foundation, they were able to purchase and install water pumps to irrigate their land, and as a result they are now harvesting as many as three crops a year and their families are living under much improved conditions. Equally important the loans were paid off in a timely manner. Further, we learned that any loans the associations may require in the future will be obtained from commercial sources, because they now have an acceptable credit performance, and additional collateral.



Cooperative self-help efforts and NDF loans contribute to improved housing and community living. El Salvador

Increasing agricultural production is one goal. Improving marketing conditions however is a vital corollary. NDF loans allow such market women to escape usurers and to maintain a competitive position in the market. Nicaragua



Another group of rice farmers in the Dominican Republic had been working sporadically in the rice fields as laborers for daily wages. Under the Foundation's counsel and financial assistance, they joined together and purchased land in which they are planting and harvesting rice collectively.

An Indian community of 37 corn farmers in Guatemala formed an agricultural association after contacting a field representative of the Penny Foundation (Guatemala Development Foundation). Prior to this, the members had attempted without success to obtain bank loans for the purchase of fertilizer. The Penny Foundation granted this group a loan for the fertilizer which resulted in a substantial increase in their crop yields.

In the Juticalpa region in Honduras, a community group of 53 campesinos applied to the Honduran Development Foundation for a loan to purchase approximately 150 hectares of land. The Foundation granted the loan and after the first crops were harvested, they paid off the loan. They have now obtained credit from a commercial bank for the purchase of two tractors. They used to pay 1/3 of the crop as rent for their land, with a loan from the HDF they are paying 1/8 to own it, and have increased their cash income by 16 times.

Another group of 26 farmers in the same region received a loan from the Honduran Foundation to purchase seeds and tools to enable them to plant corn and beans. They consistently made small monthly payments and paid off the loan in full.

While NDF focus on rural areas is the predominant theme of the program, there are some exceptions in which loans are extended to encourage the initiation of small business ventures and artisan activities. In addition, in our field visits, we witnessed some of the benefits of the program in terms of functional applications, i.e. knowledge of improved seed, fertilizer and materials which in turn improved family living circumstances.

The NDFs have included in their program loans for housing construction and improvement. The Foundation in El Salvador is primarily engaged in construction of new housing, and during the past two years has succeeded in completing 131 houses at an individual cost of less than \$1,000. Mortgaging these houses at a cost of less than \$10 per month has resulted in specific government interest and support for expanding this effort to include other areas of El Salvador. Present plans call for the Foundation's participation in a government financed project which will lead to the construction of 14,000 new housing units under a five year program.

The Foundation in Tegucigalpa, Honduras, is also involved in the financing and construction of new housing units. This Foundation has also financed the operation of a prefabrication plant which is capable of producing housing panels for assembly at the rate of 3 housing units per day.

The Foundation in the Dominican Republic has focused its housing efforts on rehabilitation and with funds made available to it from the National Housing Bank has been financing the purchase of cement, lumber and roofing materials to encourage housing improvement efforts in rural areas."

Is the NDF experience self-serving, is it an end in itself, or does it represent a methodology which can be greatly expanded?

Having seen the NDF program emerge as a "model", it must be understood that it was never intended to serve simply as a "poor man's bank". It is rather a means through which private sector leaders can begin to respond to the legitimate needs of poor people, to make changes in the "systems" which keep people poor. The two basic systems which are the NDF targets are the banks and technical assistance programs of government and voluntary agencies.

Which Agencies have made loans, grants or guarantees to the PADF-NDF program?

Agency for International Development — U. S. Government

Loans and grants totaling in excess of \$1,75 million dollars have been made by AID through the PADF to the NDFs to help them initiate their programs by matching local contributions to their revolving loan funds. Through these loans, the PADF has also established its own net worth of approximately \$550,000.

Individual AID Missions in Latin America have also provided NDFs with operational grants. The AID Missions in Guatemala and Ecuador in addition, are now well advanced in considering loans of \$500,000 and \$250,000 respectively to NDFs in those countries.

AID has also provided freight subsidies in excess of \$250,000 to the PADF through which more than \$8.9 million value in hospital and vocational training equipment has been sent to NDFs to help institutions serving poor people.

Overseas Private Investment Corporation

Serving as a contractor to OPIC for the implementation of the Community Credit Guarantee Program, the PADF was asked in July 1972 to supervise the program in Panama and Colombia in addition to its original 1971 contract which covered Honduras and Guatemala. This program has so far generated over \$550,000 in loans by private banks, NDFs and other institutional lenders backed by the CCGP-U.S. Government guarantees. It is expected that the benefits of this program which requires no outlay of U.S. funds will soon be extended by the U.S. Congress and OPIC to other countries in Latin America as well as to other areas of the developing world.

Inter-American Foundation—U.S. Government

Working closely with the PADF program, the IAF has approved grants in excess of \$3 million to 7 of the NDFs. This represents a significant portion of the total IAF grant program to date and is a clear endorsement of the NDF concept and methodology. The IAF has also financed NDF seminars in a continuing effort to help strengthen managerial and organizational aspects of the program.

Export-Import Bank—U.S. Government

A \$125,000 loan was approved for the PADF to finance purchase of U.S. manufactured equipment which will be sold through the Nicaraguan Development Foundation's revolving loan program. This equipment, mostly sewing machines for commercial and home use, as well as small industrial machines will help to meet the needs of the "small shopkeeper" to reestablish himself in "post-earthquake" Nicaragua.

Philadelphia National Bank

A \$125,000 loan to the PADF under an Export-Import Bank guarantee was approved as a complement to the above mentioned loan. The PNB is also considering a \$50,000 loan for a housing project sponsored by the Honduran Development Foundation and a \$10,000 loan to the Cali Foundation in Colombia for purchase of new vocational training equipment.

Bank of America

A \$50,000 PADF guaranteed, 3 year loan has been made to the Venezuelan Development Foundation to expand its credit capability for loans to small businessmen. Additional Bank of America loans and lines of credit have been extended to NDFs in Nicaragua, the Dominican Republic, Guatemala and Honduras.

International Bank for Reconstruction and Development (World Bank)

The IBRD is currently studying a loan project for El Salvador in which the Salvadorean Development Foundation would have a major responsibility. This is a project for the preparation of 8,000 housing lots on which low cost housing would be constructed on a self-help basis under the guidance of the Salvadorean Foundation.

Inter-American Development Bank (IDB)

Technical assistance grants have been extended by the IDB to the PADF for the provision of financial management consultation to NDFs and to finance a special study of credit institutions in 5 countries working with poor people. The Bank has also made a \$100,000 technical assistance grant to the Venezuelan Development Foundation and is considering a major sub-loan agreement with the Government of the Dominican Republic which will provide loan funds for the Dominican Development Foundation.

ADELA Development Corporation

This private international financing company, based in Lima, Peru, extended a 3 year, PADF guaranteed, \$100,000 loan to the Dominican Development Foundation. The loan, at current Eurodollar interest rate, has provided the DDF with additional loan capital.

Canadian Agencies

Grants in excess of \$65,000 have been made to the NDF in the Dominican Republic by the Canadian International Development Agency and the Canadian Hunger Foundation. Smaller grants from the Canadian Save the Children Foundation have facilitated shipments of agricultural and medical supplies and a mobile health unit to NDFs in Caribbean countries including Trinidad and Tobago, Barbados, and Jamaica.

While PADF membership in the Canadian Association of Latin American Studies has stimulated graduate student and faculty interest in research opportunities in the NDF programs, PADF attendance at various meetings of the Canadian Association for Latin America has also helped to encourage Canadian business and commercial interest in the PADF and NDF programs.

The HIVOS Foundation

Representing the PADF/NDF programs as its European Secretariat, the HIVOS Foundation has been instrumental in encouraging European non-government agency interest in, and grants to NDFs, and has as well made its own direct grant to the Mexican Foundation.

NICARAGUA — A Special Report

"With Nicaragua facing the most serious challenge in its history as a consequence of the December 23, 1972 earthquake, the private sector is demonstrating through the Nicaraguan Development Foundation (FUNDE) its commitment to participate in the national objective of rebuilding the city and society and directly benefitting the less favored groups."*

With current and projected resources of approximately \$850,000 dollars generated through the direct efforts of the PADF for its rehabilitation program, FUNDE has emerged from the earthquake as the strongest non-government development institution in the country.

Two days after the earthquake, which took the lives of three FUNDE staff members and destroyed the office and most of its records, the PADF's Executive Director was in Managua assisting FUNDE to re-establish its program. Within a week with assistance of the PADF's architect, a prototype wood, pre-fabricated house had been constructed, and local carpenters were receiving instruction to enable them to produce two room houses on an assembly-line basis at a unit cost of \$200.

During the same time, PADF Trustees and staff initiated a fund raising campaign in the United States which produced a total of approximately \$600,000 in grants and a

\$250,000 loan and guarantee from the Export-Import Bank of the United States Government. The largest single contribution, \$352,000 from the rock musical group, The Rolling Stones, was presented to PADF Trustees, Senator Jacob Javits and Galo Plaza, Secretary General of the OAS and Chairman of the PADF Board of Trustees, by Mr. Mick Jagger and his wife Bianca Perez Jagger. The next largest contribution, \$150,000 was raised through a special art auction in New York City, organized by Mrs. Catalina Kitty Meyer, under the sponsorship of PADF Trustee Bradford Morse, Under Secretary General for Political & General Assembly Affairs of the United Nations.

The Bank of America distinguished itself as well, in coordinating a fund raising campaign in California under the guidance of Bank of America Vice President, William Bolin, also a PADF Trustee. Over \$35,000 was collected through this effort.

All grants and loan funds are being directed to the FUNDE revolving loan fund program, which is focused in three major areas; re-establishment of small business, financing the construction of inexpensive pre-fabricated housing, and providing consultation and loan funds to marketing cooperatives.

*Statement from Nicaraguan Development Foundation Newsletter April 1973.

Partial view of a 38 family project of 2, 3 and 4 room houses financed by the Nicaraguan Development Foundation for homeless earthquake victims.



PADF Trustees, Senator Jacob Javits and Mr. Galo Plaza accepting \$352,000 contribution from Mick Jagger on behalf of the Rolling Stones, to finance Nicaraguan Development Foundation rehabilitation efforts in Managua.

NICARAGUAN DEVELOPMENT FOUNDATION

Post Earthquake Loans made from January through June, 1973

| Activity | Number of loans | Amount |
|-------------------------------------|-----------------|--------------------|
| Small Industry | 31 | US \$36,233 |
| Infrastructure (potable water) | 3 | 8,523 |
| Housing Settlements ¹ | 1 | 12,430 |
| Marketing | 4 | 6,457 |
| Prefab housing program ² | 18 | 8,867 |
| TOTAL | 57 | US \$72,510 |

| | |
|-------------------------------------|-------------|
| Total number of loans made | 57 |
| Total Amount loaned | US \$72,510 |
| Number of families benefitted | 1,523 |
| Average loan | US \$ 1,272 |
| Average term | 16 months |
| Average Number of Families per loan | 28 |
| Average loan per Family | \$ 45 |

1. The housing settlement program includes 1 project with 38 families, already completed; another with 50, under construction, was not included as a loan made.

2. A total of 350 prefab housing modules have been produced by carpentry shops financed by FUNDE, totalling US \$84,350. The purchase of 18 of these was financed by FUNDE and the balance was either paid for in cash or financed by a bank.

**GEOGRAPHIC DISTRIBUTION AND MONETARY VALUE
OF NDF/PADF PROGRAM**



| | Operating NDFs | Loans/Grants PADF | Grants by Inter-American Foundation | Loans/Other Agencies | Tools for Freedom | Health Services | Operación Niños | Total NDF Program |
|---|-------------------|----------------------|---|-------------------------|----------------------|--------------------|----------------------|----------------------|
| México | 1 | 90,968 | 507,000 ^f | — | — | 172,459 | 31,439 | 801,865 |
| Honduras | 2 | 153,127 | 529,113 ^g | 25,000 ^d | 128,404 | 181,770 | 10,650 | 1,028,064 |
| Nicaragua | 1 | 53,000 | 512,500 ^h | 250,000 ^e | 26,669 | 102,931 | 1,185 | 946,285 |
| Jamaica | 1 | — | — | — | — | — | — | — |
| Haití | — | — | — | — | — | 37,529 | 250 | 37,779 |
| Dominican Republic | 1 | 858,065 | 471,000 | 100,000 ^b | 408,322 | 496,040 | 23,349 | 2,357,776 |
| Barbados | — | — | — | — | 1,625 | 63 | — | 1,688 |
| Trinidad & Tobago | 1 | — | 47,676 | — | 17,875 | 1,166 | — | 66,717 |
| Venezuela | 1 | — | — | 50,000 ^c | 415,369 | 191,950 | 951 | 658,270 |
| Colombia | 2 | 41,782 | 300,000 ^j | 10,000 ^d | 1,145,970 | 873,733 | 55,486 | 2,426,971 |
| Ecuador | 2 | 83,148 | — | — | 102,039 | 370,528 | 9,386 | 565,101 |
| Perú | 1 | 45,000 | — | — | 492,348 | 298,974 | 15,002 | 851,324 |
| Panama | ^a | — | — | — | 2,526 | 32,517 | 3,341 | 38,384 |
| Costa Rica | 1 | — | — | — | 2,671 | 30,831 | 13,036 | 46,538 |
| El Salvador | 1 | 92,500 | 625,800 | — | 270 | 30,288 | 3,390 | 742,248 |
| Guatemala | 1 | 129,804 | 10,000 | — | 151,480 | 229,801 | 68,907 | 589,992 |
| Bolivia | 1 | — | — | — | 33,896 | 304,782 | 2,588 | 341,266 |
| Paraguay | 1 | — | — | — | — | 32,693 | 1,750 | 34,443 |
| Brazil | — | — | — | — | — | 170,944 | 24,721 | 195,665 |
| Uruguay | ^a | — | — | — | — | 61,843 | 1,496 | 63,339 |
| Chile | 1 | 65,671 | — | — | 404,245 | 1,406,239 | 19,703 | 1,895,858 |
| Argentina | 1 | — | — | — | 202,066 | 379,862 | 12,526 | 594,454 |
| Special OAS Multinational | | | | | | | 561,360 ^l | |
| Total Programs December 31, 1972 | 20 | \$1,603,065 | \$3,003,089 | \$435,000 | \$3,535,775 | \$5,406,943 | 861,516 | \$14,284,020 |

^aNDF Organizing Committee

^bADELA (loan)

^cBank of America (loan)

^dPhiladelphia National Bank (line of credit)

^eExport-Import Bank (line of credit)

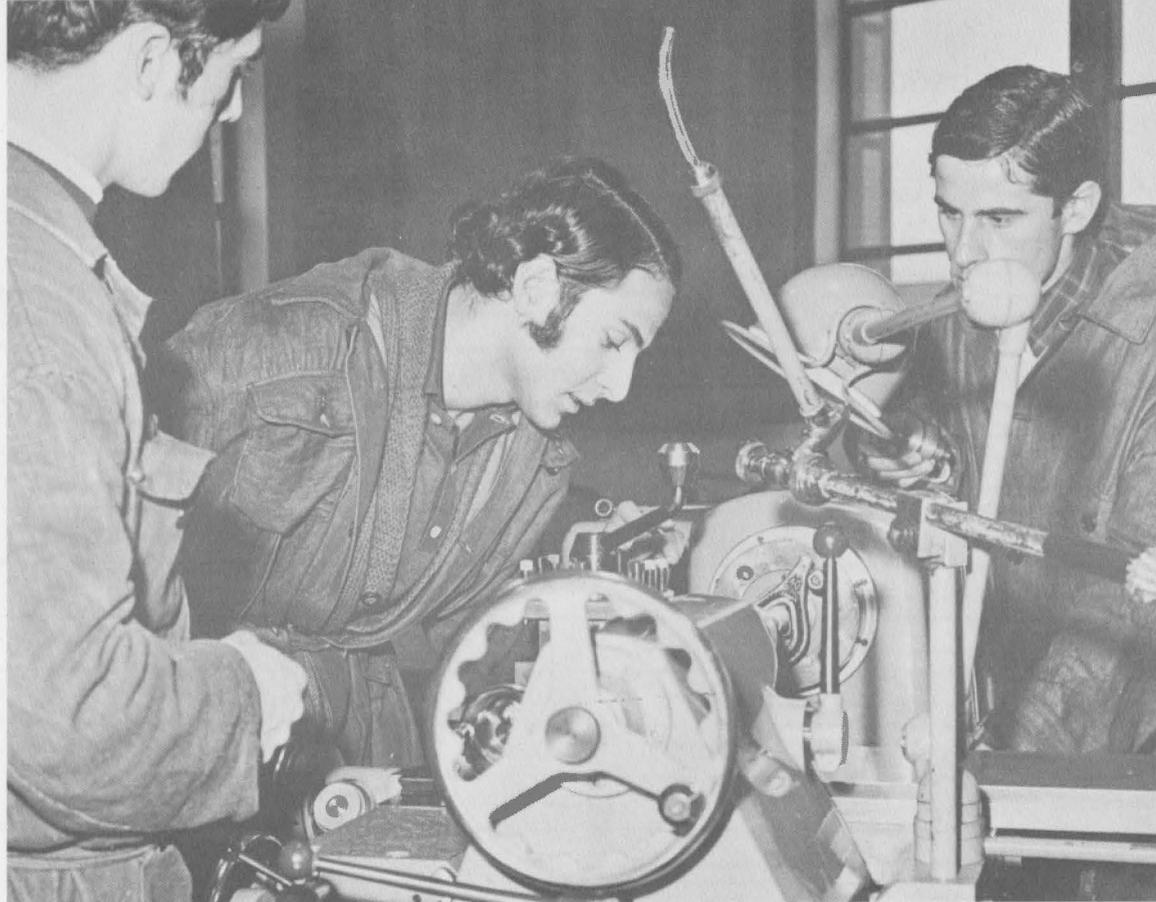
^f\$ 7,000 granted in 1973

^g\$ 6,000 granted in 1973

^h\$10,000 granted in 1973

ⁱ Foundation grants to Inter-American Agricultural Sciences

^l Cali



MATERIAL RESOURCES PROGRAM

The PADF's Material Resources Program is comprised of Tools for Freedom, Health Services, Operación Niños and the OAS/Audio Visual Program which was added to its responsibilities early in 1972.

This program represents an important element of the PADF effort, for it provides a continuing program contact with all NDFs including those which have been unable to begin their revolving loan fund. The program responds to needs identified from within the countries, and insists on an equal participation and responsibilities in terms of overall administrative costs and management decisions.

The Audio Visual contract provides the OAS with a service through which its impressive array of slides and movies on Latin American art and culture are being brought to the attention of schools and universities in the U.S., Canada, and Europe.

The total value of the Material Resources program for calendar year 1972 was \$884,648. This includes the Special OAS Multinational Program through which contributions made to the OAS are channeled to its specialized programs in Latin America, such as the Kellogg Foundation's support of the Inter-American Institute of Agricultural Sciences in Costa Rica.

TOOLS FOR FREEDOM PROGRAM

The TFF Program, active in 13 Latin American and Caribbean countries, provided vocational and technical training opportunities to students in 200 schools last year. TFF channeled more than \$300,000 worth of new surplus tools and machinery during 1972, notwithstanding the economic recession in the United States, new restrictions in tax deductibility procedures, and TFF's continued emphasis on equipment quality and suitability.

Tools for Freedom was conceived as a practical way to help Latin American countries help themselves by offering tools and industrial equipment to young people in these countries who could be trained in various technical occupations vital to their country's development. "Manpower" development is indeed one key of expanding and diversifying the economies of these countries.

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Fundación Dominicana de Desarrollo
Santo Domingo, República Dominicana
Sr. HUGO MANZANILLA
Dividendo Voluntario para la Comunidad
Caracas, Venezuela

U.S. based TFF Committees, private businesses, industry and concerned individuals, assist in locating suitable equipment donations. Host country committees of the NDF's are responsible for the customs clearance, distribution and maintenance of the equipment, and also for counterpart contributions of funds and equipment from their own local industry.

Ocean freight subsidies are provided by the U.S. Agency for International Development for shipments to Bolivia, Colombia, the Dominican Republic, Ecuador, Honduras and Peru. Shipments to other countries were made possible by Catholic Relief Services, Standard Fruit Steamship Co. and U.S. and Latin American shipping lines.

Among its many accomplishments for 1972, the Tools for Freedom Program:

1. Shipped power drills, saws, hammers and axes to assist in Nicaraguan earthquake rehabilitation efforts;
2. Assisted other agencies including the Partners of the Americas & Sister Cities Programs in transporting equipment donations to their program affiliates in Latin America.
3. Participated in the International Machine Tool Show in Chicago, Illinois;
4. Received recognition from the Colombian Government for its "exceptional contribution to the development of Colombia and the technical education of its people."

HEALTH SERVICES PROGRAM

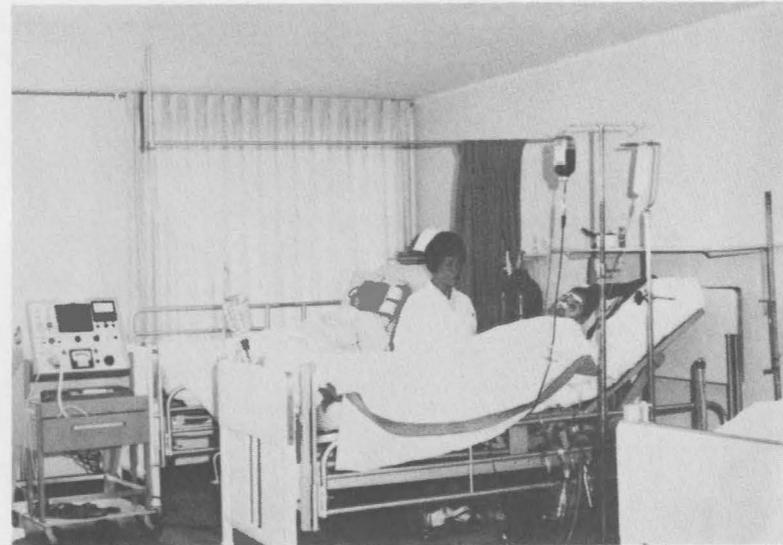
Locating and sending appropriate equipment is the primary activity of the Health Services' Program. During the past year, contributions valued at \$400,000 in surplus and new hospital equipment and supplies were obtained and shipped to seven Latin American countries.

As good health is a critical factor in "people development", and consequently national development, the Health Services Program has provided health care equipment and materials to hundreds of rural hospitals since the Program's inception in 1970.

Special cooperation has been received from the American Hospital Association, American Dental Trade Association, the American Dental Association, the Pharmaceutical Manufacturers Association, Pan American Health Organization, Catholic Relief Services, Direct Relief Foundation and the Partners of the Americas.

Committees of physicians, dentists and public health officials cooperating with the NDFs evaluate local needs and assist in the distribution of pharmaceutical, hospital and dental equipment.

The NDFs pay for the costs of crating, warehousing and in-land transportation of all contributions.



A complete intensive care unit now in operation in La Paz, Bolivia contributed through the American Hospital Association.

HEALTH SERVICES ADVISORY COMMITTEE

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DR. JOSE GONZALES
American Hospital Association
Washington, D.C.

Vice Chairman:

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Pfizer International
New York, New York

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American Dental Trade Association
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Bristol Myers
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Association
Washington, D.C.

MR. ALAN RUBIN
National Association of the Partners
of the Americas
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DR. J. C. SERRATO, JR.
Inter-American Council for Medical
Assistance, Education & Research
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MR. FRANK SPRINGER
Eli Lilly
Indianapolis, Indiana

MR. HARRY TOMLINSON
The Upjohn Company
Kalamazoo, Michigan

MR. ALEX TOWNSEND
American Foundation for Overseas Blind
New York, New York

DR. CHARLES WILLIAMS
Pan American Health Organization
Washington, D.C.

OPERACIÓN NIÑOS

Operación Niños ("Niños" are children), provides educational and health materials to rural communities and urban slums in Latin America. Aimed at supplementing such services as are available for primary and secondary school-age children, "Operación Niños" has channeled contributions from U.S. school children and friends of children to small community level, self-help projects which would not otherwise get such help.

Operación Niños grants have been used to build and repair clinics and schools, to provide teaching aids and educational materials; and to purchase school furniture and even clothing for indigent children. Self-help is a part of every Operación Niños project, whether in the form of labor, materials or volunteer services.



Education becomes a reality to these children in Guayaquil, Ecuador as a result of an Operación Niños grant which financed the construction of this school.

AUDIO VISUAL PROGRAM

PADF makes available through its Audio Visual Program a collection of slides and films produced by the AUDIO VISUAL unit of the Organization of American States. These materials portray various social, cultural and economic characteristics of Latin American and Caribbean countries. During 1972 the Program realized sales of over \$20,000 to universities, colleges, libraries, TV educational channels, teachers and individuals throughout the Americas, Europe and Canada. These materials are particularly useful in school and cultural organization, educational programs.

Recognition for the quality of these educational materials is evident by the awards received for the film, "The World of the Primitive Painter." These include special honorary mention as an art documentary at the Bratislava, Czechoslovakia film festival, and the Golden Eagle award from the Council on International Nontheatrical Events (CINE).



Mrs. Shirley Temple Black, narrator of the film "The World of the Primitive Painter," with the artist Jose Antonio Velasquez, and H.E. Tiburcio Carias-Castillo, Ambassador of Honduras to the OAS.

MAJOR CONTRIBUTORS TO THE PAN AMERICAN DEVELOPMENT FOUNDATION 1972-73 In Addition To Members of the Century Club*

| | |
|---|---|
| Alcoa Foundation | Inter-American Development Bank |
| Allis-Chalmers, Inc. | International Crating and Container Corporation |
| American Dental Association | The Irwin Auger Bit Company |
| American Freedom from Hunger Foundation | Kiwanis Club |
| The American Fletcher National Bank | LIAT Airways |
| Atalanta Corporation | Mathias Klein and Sons, Inc. |
| Baldwin & Whitney, Inc. | Frank Morrow Company |
| Bemis Company | The National Bank of Washington |
| Black and Decker Manufacturing Company | Nicholson File International |
| Braniff International Airways | Pan American Liaison Committee |
| British West Indian Airways | People-to-People Program |
| Canadian Hunger Foundation | Galo Plaza |
| Canadian Save the Children Fund | Public Welfare Foundation, Inc. |
| Castle & Cooke, Inc. | Riggs National Bank |
| Catholic Relief Services | Rockefeller Brothers Fund |
| Champion Spark Plug Company | Rockwell Manufacturing Company |
| The Citizens & Southern National Bank | Rumford Supply and Machinery Company |
| Crocker National Bank | Sealand Services, Inc. |
| Judith Chiara Foundation | Sellstrom Manufacturing Company |
| Cincinnati Milacron, Inc. | Standard Fruit Company |
| Council of the Americas | Standard Oil of California |
| Elias Morris Curiel Foundation | Technical Equipment Sales Company |
| Dana International Corporation | Tinker Foundation |
| Charles Del Mar Foundation | True Temper |
| Direct Relief Foundation | Unibraze Corporation |
| William H. Donner Foundation | Union Bank of California |
| Flomerca Lines | United Auto Workers/Step Program |
| Friends of the U.S. and Latin America | United California Bank |
| General Mills Foundation | Victor Equipment Company |
| W.R. Grace and Company | Vollmer Foundation |
| Hobart Brothers Company | Richard A. Whitney |
| The C. C. Hobart Foundation | Wyman-Gordon Foundation |
| I.B.M. World Trade Corporation | |

*Contributors to PADFs Century Club appear on page 22.

PAN AMERICAN DEVELOPMENT FOUNDATION, INC.

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES AS OF JUNE 30, 1972 EXPRESSED IN UNITED STATES DOLLARS

ASSETS

| | |
|---|------------------|
| Current Assets | |
| Cash | \$ 9,545 |
| Accounts receivable | 24,546 |
| Miscellaneous receivables, principally due from employees | 2,119 |
| Accrued interest receivable | 20,303 |
| Total current assets | 56,513 |
| Non-Current Assets | |
| Loans to National Development Foundations | 869,293 |
| Total assets | <u>\$925,806</u> |

LIABILITIES AND FUND BALANCES

| | |
|--|------------------|
| Current Liabilities | |
| Accounts payable | \$ 28,012 |
| Interest payable | 2,103 |
| Total current liabilities | 30,115 |
| Non-Current Liabilities | |
| Loan payable | 325,000 |
| Total liabilities | <u>355,115</u> |
| Fund Balances | |
| Restricted special purpose funds (deficit) | (11,548) |
| Tools for Freedom Program | (3,403) |
| Hospital Medical Program | 11,364 |
| Operation Ninos | 13,956 |
| Other Special Programs | 10,369 |
| Restricted Revolving Loan Funds | 551,452 |
| General Fund | 8,870 |
| Operating equity | 560,322 |
| Total fund balances | 570,691 |
| Total liabilities and fund balances | <u>\$925,806</u> |

PAN AMERICAN DEVELOPMENT FOUNDATION, INC. STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 1972 EXPRESSED IN UNITED STATES DOLLARS

| | General | Operation Ninos | Other Special Programs | Restricted Revolving Loan Funds | Tools for Freedom Program | | Hospital Medical Program | | Total |
|---|-----------------|-----------------|------------------------|---------------------------------|---------------------------|-------------------|--------------------------|------------------|-------------------|
| | | | | | In-Kind | Other | In-Kind | Other | |
| INCREASE: | | | | | | | | | |
| Contributions received | \$135,308 | \$38,268 | \$215,195 | \$165,000 | \$240,331 | \$19,017 | \$353,953 | \$21,855 | \$1,188,927 |
| Administrative fees | 4,270 | | | | | 6,829 | | 6,074 | 17,173 |
| Interest on NDF loans | 28,946 | | | | | | | | 28,946 |
| Interest from OAS treasury fund | 2,772 | | | | | | | | 2,772 |
| Grants: | | | | | | | | | |
| OPIC contract | 33,828 | | | | | | | | 33,828 |
| AID grant for seminars | 39,230 | | | | | | | | 39,230 |
| IADB grant for administration | 30,000 | | | | | | | | 30,000 |
| | <u>274,354</u> | <u>38,268</u> | <u>215,195</u> | <u>165,000</u> | <u>240,331</u> | <u>25,846</u> | <u>353,953</u> | <u>27,929</u> | <u>1,340,876</u> |
| DECREASE: | | | | | | | | | |
| Contributions granted in-kind | | | | | 261,675 | | 392,584 | | 654,259 |
| General operating expenses, net of reimbursements from AID for shipping of \$58,200 | 253,454 | 31,662 | 201,239 | | | 12,283 | | 32,452 | 531,090 |
| Administrative grants | 15,000 | | | | | | | | 15,000 |
| | <u>268,454</u> | <u>31,662</u> | <u>201,239</u> | | <u>261,675</u> | <u>12,283</u> | <u>392,584</u> | <u>32,452</u> | <u>1,200,349</u> |
| Net increase (decrease) in fund balances during year | 5,900 | 6,606 | 13,956 | 165,000 | (21,344) | 13,563 | (38,631) | (4,523) | 140,527 |
| Fund balances (deficit) at beginning of year | 2,970 | 4,758 | | 386,452 | 21,344 | (25,111) | 38,631 | 1,120 | 430,164 |
| Fund balances (deficits) at end of year | <u>\$ 8,870</u> | <u>\$11,364</u> | <u>\$ 13,956</u> | <u>\$551,452</u> | <u>—</u> | <u>\$(11,548)</u> | <u>—</u> | <u>\$(3,403)</u> | <u>\$ 570,691</u> |

Note: The financial statements have been examined by the PADF's independent accountants, whose report thereon is available from the PADF upon request.

CENTURY CLUB

Much is being said and written about the responsibility of the business community in general with respect to its participation in economic development efforts, both in industrialized and in developing countries. The purpose of the PADF's Century Club is to offer to U.S. and Canadian companies with business interests in Latin America, an opportunity to demonstrate their appreciation of that responsibility in the region, by helping to support the PADF program. As of July 1973, twenty-one companies have joined the Century Club, with contributions averaging \$1,000 per annum bringing the Club to over 20% of its goal of 100 members.

MEMBERS AS OF JULY 1973

Avon Products
Bank of America
Becton Dickinson & Co.
Eastman Kodak Company
Ford Motor Company
Gerber Products Company
IBM World Trade Corporation
International Basic Economy Corporation
ITT Corporation
Loeb, Rhoades & Company
Manufacturers Hanover Trust Company
Marine Midland Bank
Philadelphia National Bank
Schering Corporation
Sears, Roebuck and Company
St. Joe Minerals
Standard Oil Company of N. J.
The Celanese Corporation
The Chase Manhattan Bank
The Starr Foundation
Union Oil Company of California



Sam Greene, friend of the people, advisor to the Board of Trustees of the PADF, and stimulus to the National Development Foundations.

NATIONAL DEVELOPMENT FOUNDATIONS

ARGENTINA

Fundación Argentina de Desarrollo
Maipú 535 — Piso 9
Buenos Aires, ARGENTINA
CABLES: INSTITUTO
TEL: 392-1372
President: Mr. Luis María Ygartúa
Executive Director: Mr. Rafael Montenegro

BOLIVIA

Fundación Boliviana de Desarrollo
Casilla #221
La Paz, BOLIVIA
TEL: 22-271
President: Mrs. Aída Aguirre de Méndez

COLOMBIA

Fundación Colombiana de Desarrollo
Calle 13 # 7-80 — Oficina 229
Apartado Aéreo 29853
Bogotá, D.E., COLOMBIA
CABLES: FUNCOLDE
TEL: 42-1588
TELEX: 044602, ROMANOS
President: Mr. Luis Robledo
Executive Director: Mr. Enrique A. Dávila de Heredia

Fundación Nacional para el Desarrollo Social (FUNDES)
Apartado Postal 5407
Cali, COLOMBIA
TEL: 82-1093, 70-1775
President: Mr. Alberto José Carvajal
Executive Director: Ing. Claudio Fernández

CHILE

Fundación para el Progreso Económico y Social
Ahumada 11 Oficina 614
Casilla 13139
Santiago de Chile, CHILE
CABLES: FUPRES
TEL: 71-1415
President: Mr. Gregorio Amunátegui

COSTA RICA

Fundación Costarricense de Desarrollo
Edificio Mayo
Av. Central, Calles 1a y 3a
San José, COSTA RICA

CABLES: SALULLOA
TEL: 23-5735
President: Mr. Eduardo Salgado
Executive Director: Mr. Berlington A. Barnet

DOMINICAN REPUBLIC

Fundación Dominicana de Desarrollo
Calle Mercedes #4
Apartado Postal 857
Santo Domingo, REPUBLICA DOMINICANA
CABLES: FUNDADOM
TEL: 688-8102/3
TELEX: FUNDADO, (346)-0283
President: Mr. Marino Auffant
Executive Director: Mr. Bolivar Báez Ortiz

ECUADOR

Fundación Ecuatoriana de Desarrollo (NORTH ZONE)
Colón 1120 y J León Mera
Apartado Postal 2529
Quito, ECUADOR
CABLES: FEDED
TEL: 23-7945
President: Mr. Carlos Ponce
Executive Director: Mr. Marco Mejía Gross

Fundación Ecuatoriana de Desarrollo (SOUTH ZONE)
M. J. Rendon 121 y Pichincha
P.O. Box 1155
Guayaquil, ECUADOR
CABLES: FEDED
TEL: 30-5290/1
President: Mr. Clemente Yerovi Indaburo
Executive Director: Mr. Daniel Muñoz

EL SALVADOR

Fundación Salvadoreña de Desarrollo y Vivienda Mínima
18 Avenida Norte 633
Apartado Postal 421
TEL: 22-1747/1741
21-7207
President: Arq. Dagoberto Gavidia
Executive Director: R. P. Antonio Fernández Ibañez, S.J.
General Manager: Arq. Alberto Harth Deneke

GUATEMALA

Fundación del Centavo
6a Avenida 7-19 Zona 9
Guatemala City, GUATEMALA
CABLES: FUNDACEN
TEL: 6-2404

President: Inq. Adolfo Ríos
Executive Director: Ing. Rodolfo Martínez

HONDURAS

Fundación Hondureña de Desarrollo

Apartado 989
Av. Paz Barahona
(Altos del Almacén La Urbana)
Tegucigalpa, HONDURAS
CABLES: FUNHDESA
TEL: 22-0579

President: Lic. Mr. César Batres
Executive Director: Lic. Fernando Montes

Fundación Hondureña de Desarrollo

Apartado 14
San Pedro Sula, HONDURAS
CABLES: CAMARA
TEL: 52-0761

President: Mr. Marco Tulio Ruíz
Executive Director: Lic. José Antonio Castellanos

JAMAICA

Jamaican Development Foundation
c/o Social Action Center
2 Oliver Road
Kingston 8, Jamaica West Indies, JAMAICA
CABLES: SOCACT, KINGSTONJA
TEL: 924-2035/4582

President: Mr. Ralph Taylor
Executive Director: Rev. Arthur W. Kane, S.J.

MEXICO

Fundación Mexicana de Desarrollo
Ejército Nacional 533 Oficina 602
México 5, D.F., MEXICO
TEL: 531-8518 & 545-2965
TELEX: 1772437, BALTEAUDOM

President: Mr. Lorenzo Servitje
Executive Director: Lic. Arturo Espinosa

NICARAGUA

Fundación Nicaraguense de Desarrollo
Apartado Postal 2598
Managua, NICARAGUA
CABLES: FUNDE
TEL:

President: Mr. Leonel Arguello
Executive Director: Lic. William Báez Sacaza

PARAGUAY

Fundación Paraguaya de Desarrollo
Ayolas 1453
Asunción, PARAGUAY
CABLES: CASAL-ASUNCION
TEL: 4-8711

President: Prof. Dr. Mario López Escobar
Executive Director: Mr. Anibal Raul Casal

PERU

Asociación Peruana de Desarrollo
c/o Instituto Peruano de Fomento Educativo
Avenida Arenales 371 Piso 5
Lima, PERU
CABLES: MARMINCO
TEL: 25-6082

President: Mr. Alfonso Bryce

TRINIDAD & TOBAGO

The Trinidad and Tobago Community
Development Foundation
17 Chacon Street
Port-of-Spain
Trinidad, West Indies
TEL: 623-8100/2856

President: Senator Canute E. Spencer
Executive Director: Rev. Gerard Pantin, C.S.S.P.

VENEZUELA

Fundación Venezolana para el Desarrollo de Actividades
Socioeconómicas (FUNDASE)
Edificio IESA, Av. Occidente
Apartado Postal 12500
San Bernardino
Caracas, VENEZUELA
CABLES:

TEL: 52-1308/1831
President: Mr. Marcel Curiel
Program Director: Mr. Eduardo Machado

PAN AMERICAN DEVELOPMENT FOUNDATION MILESTONES

- 1963 Foundation operations initiated under auspices of Organization of American States
- 1964 Operación Niños launches at ceremony with Mrs. Jose A. Mora, Mrs. Dean Rusk, and Mrs. Thomas Mann
- 1965 Medical program initiated with cooperation and technical assistance from the Pan American Health Organization
- 1966 Merger with Tools for Freedom Foundation
- First national development foundation inaugurated in the Dominican Republic
- 1967 Inter-American Volunteers for Development launched in cooperation with Dominican Development Foundation
- American Hospital Association begins sponsorship of member hospital surplus equipment transfer through PADF to Latin American health facilities
- Second national development foundation launched in Colombia
- 1968 Third national development foundation launched, in Ecuador with offices in Quito and Guayaquil
- Agency for International Development approves \$650,000 loan and grant to PADF to expand program
- Fourth national development foundation contract signed in Guatemala
- First Seminar on National Development Foundations held in Washington, D.C.
- Fifth national development foundation launched in Chile
- PADF Directory of Philanthropic Foundations in Latin America published by Russell Sage Foundation
- 1969 Sixth national development foundation established, in Nicaragua
- Participated in OAS emergency relief program in Honduras and El Salvador
- Seventh national development foundation started, in Argentina
- Eighth national development foundation chartered, in Mexico
- Second Seminar on National Development Foundations held at Wingspread, Racine, Wisconsin and Washington, D.C.
- Ninth national development foundation launched, in Honduras with branches in Tegucigalpa and San Pedro Sula
- "Credit for Marginal Groups"—a 5 country study financed by the Inter-American Development Bank completed
- Tenth national development foundation capitalized, in Venezuela
- 1970 Contract with Overseas Private Investment Corporation to supervise Community Credit Guaranty Program in Guatemala and Honduras
- Third Seminar on National Development Foundations held in Washington, D.C., Israel, and Rome, Italy
- Technical Assistance agreement signed with Division of International Cooperation, Ministry of Foreign Affairs, Israel
- Eleventh and twelfth national development foundations established in El Salvador and Bolivia
- 1971 Thirteenth and fourteenth national development foundations established in Peru and Paraguay
- Agency for International Development approves \$300,000 grant for PADF to lend to five National Development Foundations
- Fourth Annual Seminar on National Development Foundations held in the Dominican Republic
- 1972 Council of American Development Foundations organized at Guatemala Seminar and based in the Dominican Republic
- Fifteenth, sixteenth and seventeenth national development foundations established in Cali, Colombia, Trinidad and Tobago, and Costa Rica
- Participated in Nicaraguan post earthquake rehabilitation efforts and raised over \$850,000 in contributions and loans for Nicaraguan Development Foundation

ACTION

PAN AMERICAN DEVELOPMENT FOUNDATION

1725 K STREET N.W. WASHINGTON, D. C. 20006

Vol. IX No. 1

April, 1974

PERSONNEL.- Miles Cortez, IBM World Trade Corporation's Manager of Corporate Programs; PADF trustee and active participant in inter-American economic and social affairs, announced at the last PADF Executive Committee Meeting that he has received approval from IBM for a leave of absence, and that he will be joining the PADF staff in Washington D.C. as of July 30, 1974. He will be available as a consultant beginning April 1, 1974.

Mr. Graydon Upton, President of the PADF, speaking for himself and on behalf of his colleagues of the Board of Trustees, extended the warmest greetings to Mr. Cortez and acknowledged the generosity of IBM in extending this leave of absence. Mr. Cortez will serve as liaison with the PADF's newly organized counterpart, the Council of American Development Foundations. In this he will assist the Council in identifying for the National Development Foundations new sources of technical and financial cooperation.

Rejoining the PADF and his many friends and associates related to the Tools for Freedom program is Basilio Liacuris. Mr. Liacuris takes up his former position as Director of the Tools for Freedom program, and promises a vigorous campaign through the TFF Advisory Committee to accelerate the flow of contributed tools and machinery. Such equipment is shipped to vocational training schools serving underprivileged youngsters in many Latin American countries.

COUNCIL OF AMERICAN FOUNDATIONS.- Continuing its efforts to strengthen the newly established Council, the PADF and Council approved a basic working agreement which establishes as its target the transfer to the Council of PADF responsibilities for assisting the National Development Foundations in obtaining technical and financial assistance. The agreement was ratified by



Miles Cortez, Executive Consultant to the PADF Board of Trustees.

the PADF Executive Committee at its January 27th, 1974 meeting and by the Executive Committee of the Council on February 9th, 1974 in Guatemala.

Mr. Alejandro Grullon, President of the Council, and President of the Banco Popular in the Dominican Republic, along with Jorge Landivar, Secretary General of the Council, and formerly Executive Director of the Ecuadorean Development Foundation based in Quito, Ecuador, assured the Trustees of the PADF and the National Development Foundation representatives of their commitment and dedication to the leadership responsibilities they have accepted for the next two years. The headquarters will be in the Dominican Republic. Also serving on the Executive Committee of the Council are: Adolfo Ríos - Guatemala; Lorenzo Servitje - Mexico; César Durán Ballén - Ecuador; Alberto José Carvajal - Colombia; all Presidents or former Presidents of their respective National Development Foundations.

RECENT GRANTS.— The recently established National Development Foundation in Trinidad and Tobago has just announced approval from the Inter-American Foundation of a grant of \$190,000. This grant, the 7th made by the IAF to a National Development Foundation raises the total amount of approved IAF grants to NDF's to approximately \$3.5 million dollars. It will be used as a matching seed-capital grant to attract local contributions for the expansion of the Foundation's loan guarantee fund. Under the capable guidance of its President, Senator Canute Spencer and its Executive Director, Father Gerald Pantin, the Trinidad and Tobago Foundation also announced approval of a grant from the Barclays Bank of \$12,000 as well as a \$25,000 loan from the Bank for an agricultural development program serving unemployed youths.

A \$250,000 grant from the Kellogg Foundation for the continued expansion and services of the Inter-American Institute of Agricultural Sciences program in Costa Rica was also announced. This grant, one of a series made by Kellogg to IICA will be specifically directed toward the expansion and diversification of its agricultural science library and research facility.

The Public Welfare Foundation's latest contribution to the PADF program, a \$20,000 grant focused on technical and financial assistance for the National Development Foundations in Jamaica and Trinidad and Tobago was received in January 1974. This grant, subsequently turned over to the Council of American Development Foundations for its administration, will allow each of the two new Caribbean Foundations to strengthen its administrative capabilities, and to offer continuing incentives to private sector leaders for their active financial participation in their programs.

MATERIAL RESOURCE PROGRAM HIGHLIGHTS

Tools for Freedom Program.—At the February 13th, 1974 meeting of the TFF Advisory Committee, Mr. Robert Bravo, Chairman of that Committee announced that the Program had received contributions of equipment and machinery valued at \$176,448.67 during the year 1973, all of which had been shipped by the PADF to National Development Foundation programs in six countries in Latin



New vocational training opportunities through Tools for Freedom.

America. While expressing satisfaction in the accomplishments of the program during the past year, Mr. Bravo and his colleagues agreed with newly appointed TFF Director Mr. Basilio Liacuris that a greater volume of contributions could and would be assured for shipment during 1974. Among the most recent contributions in 1974 are: three tool grinders, a radial saw and a hand straightening press from Cincinnati Milacron as well as welding equipment from Omark Industries.

Reporting on her recent field trip to Ecuador and Central America, María del Carmen Sarmiento, Assistant to the Director, reported to the Executive Committee the need to strengthen the Material Resources Program. Particular emphasis should be placed on tools and machinery for vocational schools.

Health Services Program.—Dr. José González Chairman of the PADF Health Services Advisory Committee, and Director of the American Hospital Association International Program, reported a total value of equipment contributions during 1973 of \$579,277.48. These supplies were shipped to eight Latin American and Caribbean countries.

Of particular importance during 1973 were contributions from the Buffalo University Dental School of fifty dental operatories valued at \$30,000. Among the newest contributions in 1974 are three complete sets

of school-room hearing aid laboratories contributed through the Alexander Graham Bell Association for the Deaf of Washington, D.C.

Official recognition and appreciation to the United States Agency for International Development (AID) has been extended by the PADF for its "freight subsidy" program which has facilitated shipments of both TFF and Health Services contributions. The total value of these subsidies provided to the PADF during the past 6 years has been more than \$250,000.

Reporting on 1973 shipments, Ms. Cecilia Crispo, Administrative Assistant, observed that exactly \$66,393.57 in such subsidies was utilized by the PADF during the year.



Dr. Stuart L. Fischman, professor of oral medicine at the State University of New York at Buffalo, shows one of the 50 units donated by the University for use in rural dental clinics in Ecuador and Colombia.

Operation Niños.— In her report to the Executive Committee, Mrs. Lucy F. McDonough, Coordinator of the Program, indicated a total of \$25,551 in contributions during 1973. Specific recognition was given to the Pan American Liaison Committee, whose special fund-raising events included a most successful Ball in June 1973 which raised some \$5,000 for this effort.

Operation Niños grants averaging \$300 each have been sent to help finance some 15 different community educational, social and health projects for which no other funding had been available.

Among the principal beneficiaries of Operation Niños' grants during 1973 were the Villa Jones Program in Mexico, the Berhorst Clinic in Guatemala, a School Desk construction program in Honduras and a variety of rural educational and health programs in Colombia and Bolivia.



Presentation of 30 school benches constructed through the Operation Niños Program, La Paz, Bolivia.

OAS/PADF ADVISORY COMMITTEE.—At the recent joint Executive and OAS/PADF Advisory Committee Meeting, Ambassador Miguel Solano López of Paraguay was elected Chairman of the Advisory Committee. Also announced were the re-election of the Ambassadors to the OAS from the Dominican Republic, the U.S. and Paraguay who with their colleagues from Honduras and Venezuela constitute the five Ambassadorial representatives on the Committee. Five OAS Secretariat representatives complete the Committee's membership.

AUDIT AVAILABLE.—The Fiscal Year 1973 audit of the PADF has been completed by Price Waterhouse and is available for review. Also completed are preparations for the second year of the PADF's Century Club promotional program which has to date enlisted 32 multinational corporations, in support of the PADF.

PADF/U.N. RELATIONSHIPS

As a reflection of its policy decision to encourage organizations in other parts of the developing world to learn about the National Development Foundation experience, the PADF has initiated a series of U.S. related activities. Among these have been its request for "consultative status" with the United Nations Economic and Social Council, and a recent consulting assignment for its Executive Director with the Economic Commission for Africa. The ECOSOC consultant status was approved by the UN-NGO Division on February 8th, 1974 for ratification by the ECOSOC itself at its June 1974 meeting.

Sy Rotter, Executive Director of the PADF participated in the U.N. ECA Conference on Non-Government Organization Involvement in Development Programs, in Khartoum, Sudan, in late November and early December 1973. Following this meeting he visited U.N., voluntary agency and government officials in Kenya, Tanzania, Nigeria and Ghana in relation to credit and technical assistance experiences of non-government organizations in financing community level, self-help programs. Follow up responsibility to these visits has been accepted by PACT (Private Agencies Collaborating Together), a consortium of eight non-government organizations, from which a report on this series of visits can be obtained.



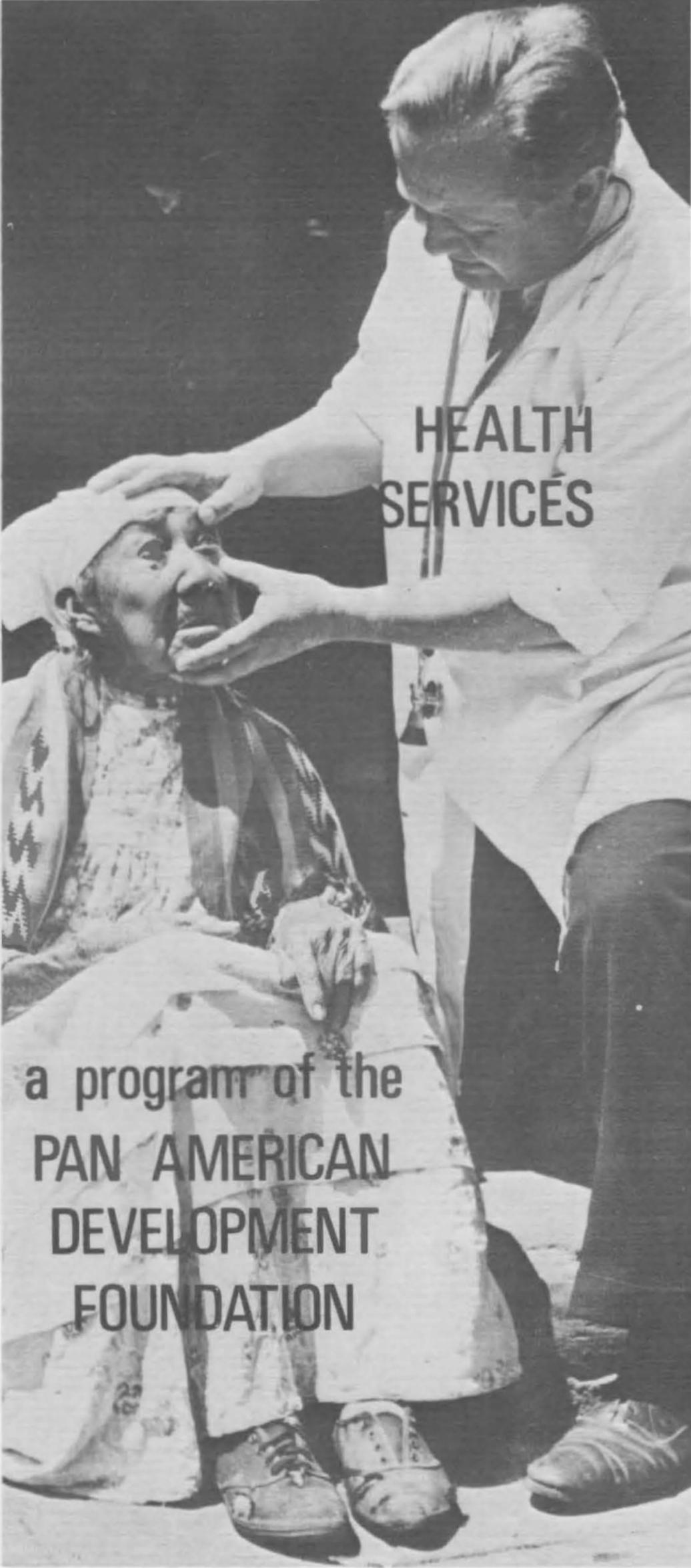
Adobe blocks constitute the principle building material for rural housing and schools in much of Latin America.

CAPITAL MARKET STUDY.—Completing a special study for the Organization of American States, Norman Goijberg and William Blaisdell submitted their analysis of how capital market systems in Honduras and the Dominican Republic respond to the needs of poor people in those countries. Mr. Goijberg, Program Director for the PADF, visited banking and credit institutions in both countries as well as government officials responsible for establishment of banking legislation. The major conclusion of the study indicates a basic reliance among poor people on informal money lenders, since neither government nor private banking institutions are organized to enter into the life style and credit needs of these primarily rural people. The major exceptions are National Development Foundations, and Credit Cooperatives. Copies of this report will be available through the OAS.

ACTION
PAN AMERICAN DEVELOPMENT FOUNDATION
1725 K STREET N.W. WASHINGTON, D. C. 20006

Galo Plaza, Chairman of the Board
T. Graydon Upton, President
Sy Rotter, Executive Director

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**HEALTH
SERVICES**

**a program of the
PAN AMERICAN
DEVELOPMENT
FOUNDATION**

Epidemics

Malnutrition

Inadequate health facilities

**Unforeseen emergencies caused
by natural catastrophies**

These are some of the problems that affect rural Latin America, where assistance is often too late; hospitals are frequently without basics such as incubators, X-ray units, O.R. tables and beds; and where clinics may have doctors and nurses but lack supporting instruments and supplies. The need to find supplemental health resources has never been greater.

National Development Foundations, locally-funded private sector institutions affiliated with the PADF are actively working to accomplish this objective. Committees of physicians, dentists and public health officials cooperating with the NDFs are evaluating local needs and distributing pharmaceuticals and hospital and dental equipment, donated through the PADF.



The first PADF shipment of hospital equipment to Chile valued at one million dollars.

Philadelphia, December, 1966



Dr. Misael Pastrana Borrero, President of Colombia praising the Colombian Development Foundation for its significant contribution to improving health services.

Bogotá, September 17, 1970

HOW DOES THE PROGRAM WORK?

- Equipment and supplies are donated to the Health Services Program of the PADF by individuals, physicians, dentists, hospitals and medical supply and drug manufacturing companies in the United States.
- Associations such as the American Hospital Association, American Dental Association, American Dental Trade Association, American Medical Association and the Pharmaceutical Manufacturers Association have encouraged member participation.
- The Pan American Health Organization assures the suitability of the equipment.
- The NDFs pay the cost of crating and inland transportation in the United States.
- U.S. Agency for International Development ocean freight subsidies and contributed space by national steamship lines enable shipment of the equipment at no further cost.
- Among U.S. Voluntary Agencies cooperating in the identification and shipment of donated equipment are Catholic Relief Services, Direct Relief Foundation, National Association of the Partners of the Americas and Sisters Cities Program.
- The Inter-American Relief Committee of the Organization of American States and other organizations and agencies participate in the coordination of emergency relief operations.

HEALTH SERVICES ADVISORY COMMITTEE

Galo Plaza, Chairman of the Board of Trustees of the
Pan American Development Foundation
Honorary Chairman of Health Services Advisory
Committee

Jose Gonzalez, M.D., Chairman
American Hospital Association

John Teeter, Vice Chairman
Pfizer International

John Bryant, Jr., American Dental Trade Association

Joseph Calitri, Lederle Laboratories

Gerald Daniel, UAW/STEP Program

M.E. Daniels, Dow Chemical

Carr Donald, Organization of American States

Marian Driscoll, American Dental Association

Norman Hoover, M.D., American Medical Association

J. Spencer Howell, Wyeth International

Dennis Karzag, Direct Relief Foundation

Alberto Lagomarcino, Merck, Sharp & Dohme Inter-
national

Edward Landreth, Sterling Drug

Charles Lord, E.R. Squibb & Sons Inc.

W.R. Miller, Bristol Myers

Peter Noble, Pharmaceutical Manufacturers Association

Alan Rubin, National Association of the Partners of the
Americas

Jose Serrano, Parke, Davis & Company

J.C. Serrato, Jr., M.D., Inter-American Council for
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Over 40% of the population in Latin America is under 15 years of age. Good health is a critical factor in the contribution they will make to national development.

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PAN AMERICAN DEVELOPMENT FOUNDATION
19th & CONSTITUTION AVENUE, N.W.
WASHINGTON, D.C. 20006

Operation **NINOS**

PAN AMERICAN DEVELOPMENT FOUNDATION



A PROBLEM . . .

There are almost 95 million primary and secondary school-age children in Latin America today. 45 per cent of them do not go to school. Others attend such poorly equipped and staffed schools that the education they receive is hardly worth the time and effort spent. Many children live in areas where drinking water is not clean, sanitation facilities do not exist, diseases of all kinds are rampant, and clinics and hospitals are inaccessible.



HOW IT WORKS . . .

Operation Niños channels funds from private sector resources in the United States to small community level self-help projects which do not fit into the scope of government or other program efforts. It works with local private sector organizations throughout Latin America which locate worthwhile projects and provide continuing encouragement for self-help efforts.



AN OPERATION NIÑOS PROJECT IS . . .

--an almost forgotten orphanage in a remote mountainous region of Argentina which requires funds to repair its roof and heating system.

--a clinic in Guatemala which helps prevent as well as cure disease by training people in nutrition and sanitation, in addition to caring for the sick and injured

--an educational rehabilitation program for victims of the devastating earthquake in Peru or floods in Nicaragua

--a vocational training school which teaches useful skills to young boys who have to learn to earn a living

--the rebuilding of a school destroyed by a hurricane on the southern coast of the Dominican Republic

--adding more rooms to an overcrowded school in a Colombian city slum

AN OPPORTUNITY . . .

Operation Niños ("niños" are "children") brings the opportunity of education and health services to rural communities and urban slums in Latin America. It makes it possible for the children and parents faced with this grim reality to do something positive about their situation. And Operation Niños is an opportunity for you to help them.



HOW YOU CAN PARTICIPATE . . .

--contact the Pan American Development Foundation for more information about projects and for assistance in fund-raising

--no formal arrangements are necessary

--indicate if you are interested in a particular country or project and if you would like to correspond with the recipient of your donation

--send your contribution to the Operation Niños program of the Pan American Development Foundation



Contributions are U.S. Income Tax Deductible

A program of the:

Pan American Development Foundation
19th and Constitution Ave., N.W.
Washington, D.C. 20006

FRONT LINES

Agency for International Development
Washington, D. C.

"... the 'front lines' of the long twilight
struggle for freedom..." John F. Kennedy

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Photo by Clyde McNair

SAMUEL GREENE

Thoughts for a Penny Lift Hopes, Incomes Of Latin Nations' Poor

By Karen J. Leventhal

Samuel Greene's faith in a poor man's willingness to pay pennies a day to help himself has assisted more than 50,000 victims of poverty in Guatemala, in addition to thousands of other less fortunate peoples throughout Central and South America.

Mr. Greene, now 80, retired 12 years ago to live in Guatemala after working 50 years in Montclair, N.J., assisting small businesses that were in financial trouble.

"After I moved to Guatemala, I spent a year going up and down the country by jeep, on horseback, muleback and by foot. I found Indians in the highlands living a life of quiet desperation, without hope. I remembered an old Hindu saying: 'He who offers hope and does not fulfill, he is the worse sinner.' I felt as an American I had to do something about it."

Mr. Greene, a graduate of New York University and Fordham Law School, had never been involved in social work. He felt he had to draw up some guidelines if he was to be of any real help to the Indians.

"I made up rules for myself," he said. "One, I would not

go out looking for projects. The people had to create a hope among themselves that they could improve themselves. Two, I would give them what they wanted, not what I thought they should have. If they wanted electricity and I thought they should have water, they got electricity. Who was I to change it? Three, they had to pay for everything they got—repayment on the loan, the cost of administration, interest on the money. Four, the Guatemalan private sector should put up the original capital.

"There were only two criteria for success: Did they want these things? Would they pay?"

Out of these guidelines evolved his "penny" plan for self-help and the Penny Foundation. Basically, it is the idea of community effort, with individuals contributing their labor and a few cents a day.

45 Children Die

Mr. Greene cites as an example an Indian village near Pujujil in Sololá, Guatemala, where, because of the absence of drinking water during 12 months in 1969 and 1970, 45 children died of typhoid fever. The community constructed a cemetery to bury the dead children and decided this must not happen again. They sent the only three persons able to speak Spanish to the National Indian Institute in Guatemala to see if they

could get a Penny Foundation loan of approximately \$1,800 to pipe potable water from a place located nearly two miles up in the mountains.

The loan was granted by the foundation and the pipeline was built. Each family of the community pays less than a penny a day, 25 cents a month, for drinking water. This is less than what it would have cost them for doctors and medicine to save the children.

Speech Prompts Action

Projects like this came about as a result of a speech Mr. Greene made at the Rotary Club in Guatemala City in 1961. It was then he announced the formation of the Fundación del Centavo (the Penny Foundation). Following that, it took about a year of hard work, door to door, to raise enough commitments to get started.

"The Penny Foundation started when I had \$10,000 from private individuals and businesses in commitments and cash. I think I got some contributions because they wanted to get this crazy old gringo off their back!" said Mr. Greene.

In June, 1963, the foundation was legally established. The Guatemalan press began writing about it. Word of it was passed on by priests, nuns, Peace Corps workers, missionaries and others. The foundation was a one-man or-

ganization for two years, until Mr. Greene received a grant of \$26,000 from the Inter-American Development Bank to institutionalize and set up an office.

Another grant was received from the Council of the Americas for the first several years for a helper to assist Mr. Greene in his development efforts for the Indians in the highlands of Guatemala.

"El Hawaii"

Another example of the type of community effort Mr. Greene fostered is "El Hawaii", a deep-sea fishing cooperative on the southern coast of Guatemala. Living hand-to-mouth with no measurable income in conventional terms, this community of 60 families — 350 people — had been

(Continued on page 2)



A young Ecuadoran villager carries brick for a school. Funds were provided through the National Development Foundation of Ecuador.

SAM GREENE'S 'PENNY' PLAN

Firm Foundation for Self-Help

catching shrimp and small fish in a natural canal, but the waters were polluted because of the use of insecticide sprayed by airplanes over a nearby cotton farm and the fishing was getting worse every day.

The community had been given a plywood boat by the Guatemalan Ministry of Agriculture and an outboard motor was lent to them by the Peace Corps. They were only able to use the small boat for a month during the summer of 1971, and were not able to use it after that time because of heavy winds and because it was seriously damaged by a shark. The boat was also inappropriate for fishing in open waters.

El Hawaii, staking its future on the establishment of a deep-sea fishing cooperative, requested a \$40,000 loan from the Penny Foundation, to be repaid in four years by the community through an improved income from a more profitable fishing operation. Each family repays \$2.50 a week on the loan.

Fishing Boat

The community sought to buy a 31-foot boat for shark fishing, a small boat for regular fishing and shrimp, a processing and freezing plant plus all the fishing equipment, and a truck to deliver their products into Guatemala City.

With assistance from the Penny Foundation, in addition to a \$1,000 loan for a consumer cooperative, the community of El Hawaii believes this fishing project has advanced them 50 years.

In March, 1966, Mr. Greene was invited by the Dominican Republic to help establish a development foundation with a similar philosophy of the Fundación del Centavo. In this way, the idea continued to spread and there are now 19 national development foundations in 17 countries of Central and South America and the Caribbean, all outgrowths of Mr. Greene's idea.

Mr. Greene bowed out of his managing responsibilities with the Fundación del Centavo in Guatemala in 1968.

"I brought the foundation and its work so far, but I felt no North American should be managing it. I am now on the Board of Directors of the foundation." Mr. Greene is also presently an advisor to the Board of Trustees of the Pan American Development Foundation.

The Pan American Development Foundation (PADF), established in 1963, originally functioned as a resource for small gifts that were being made to further efforts of the Alliance for Progress. In 1965, the activities of the Penny Foundation became known to PADF.

AID Involvement

When Mr. Greene went to the Dominican Republic as a consultant for PADF in 1966, a chain of events was set in motion that eventually involved AID. The PADF agreed to encourage private sector leaders to follow the model of the Penny Foundation, giving local sector leaders responsibility to help development programs. PADF incentive was its ability to match local private sector contributions on a one to one basis.

This brought AID in. Loans and grants totaling \$1.75 million have been made to PADF since 1967. Ninety-two percent of this amount has been channeled by PADF to the National Development Foundation (NDF) on the matching formula basis. Eight percent of the total AID commitment has financed a series of inter-American seminars on National Development Foundation programs, held in Latin America and the United States, encouraging the professionalization of the NDF program and to introduce the NDFs to other agencies in the United States, Europe and Canada for additional technical assistance and financing opportunities.

The Guatemala Mission also has made direct grants and loans to the Penny Foundation. Since 1970, \$125,000 in grant funds has been allotted to the foundation to help in providing development assistance to the Guatemalan Indians.

The foundation also has received indirect funding through a subloan of \$200,000 from the National Agriculture Development Bank in Guatemala under the current AID rural development loan of \$23 million appropriated to the Government of Guatemala in July, 1970.

AID Task Force

In addition, AID/Washington has recently established a task force at the request of PADF to study ways of making additional loan funds for the general NDF program.

More than \$4 million in loans has been made to community groups by 12 of the 19 foundations involved in financial programs. Most of these follow Mr. Greene's belief that community development problems are basically unsophisticated and demand unsophisticated solutions.

Mr. Greene noted:

"One must always bear in mind that taking the low economic level at which these people are at, in most cases the amount they pay in loans as a capital investment merely replaces an existing expense."

To illustrate:

"If they have good water for which they paid for the pipe, they

save expenses on medicines and doctors that come from bad water.

"If they pay three or four cents a day for light bulbs and electricity, this is less than they pay for candles, which is the most expensive form of illumination.

"If they finance a consumer cooperative they pay back capital from savings and buying cheaper."

Piglet Project

Here is how one group was assisted:

In the Dominican Republic, demand for pork is strong and pigs are relatively easy and inexpensive to breed and develop. Loans between \$100 and \$200 from the Dominican Republic National Development Foundation were made to a destitute community living near San Francisco de Macoris, to purchase piglets which cost about \$15 apiece. The piglets are sold about three-quarters grown in approximately six to eight months time.

The estimated cost during the fattening process is about \$5 per animal. The selling price of the fattened pigs is \$60 each. Minus the \$20 cost for purchase and feed, the \$40 profit per pig enabled the cooperative members to achieve a relative financial independence hitherto unknown. Each family unit pays 25 cents a week to repay the loan.

Multiplier Effect

A considerable multiplier effect occurs even after the loan is paid off because capital is accumulated in the way of not only money but sows which continue to produce future income for these poor people in the way of pigs for market. These borrowers, as a result of having more sows and pigs than before to produce a greater number of market animals were not obliged to request further help from the NDF.

"The judgment why we are successful in repayment is the mystique that builds up of a collective force that makes one man press on the other to live up to his obligation, for the people of the group are born, live and die in the same community," said Mr. Greene. He noted that there is moral assurance within a cohesive group. If one family neglects to pay, other people in the unit put pressure on and can exclude the family from the benefits of development assistance in their community. The total unit will cover a family's payment if there is a valid reason for their not being able to pay. For example, if a husband dies and his wife and children cannot pay, the community absorbs the difference as part of their solidarity and community spirit.

The Penny Foundation, the best known non-governmental credit agency in Guatemala, is incorporated as a non-political, secular, non-profit institution for philanthropic purposes. It is involved in all community improvements — water, latrines, clinics, schools, secondary roads, housing, tractors, trucks — everything for a rural population.

Two Philosophies

Two ideas comprise the philosophy of the Penny Foundation. One is that people will work for and pay for what they get.

The second is extending credit for groups outside the cash economy on moral repayment obligation—no collateral.

Mr. Greene is presently working on a plan to use the Penny Foundation philosophy among North American Indians and perhaps country laborers who work as sharecroppers in the Southern United States.

Founder Honored

In recognition of his efforts in developing the Penny Foundation concept, Mr. Greene was decorated by the Government of Guatemala in 1967, with the Orden del Quetzal and just recently, he received the Orden del Christophe de Colombo from the Dominican Republic for his assistance to that country's successful foundation. He has also received the Lane Bryant International Volunteer Award, the first one for an U.S. citizen doing volunteer work outside the United States.

In commenting on Sam Greene's work in the development field, Sy Rotter, PADF Executive Director, said:

"The beauty of the whole thing is this unsophisticated man who looked at a problem and defined a solution in an equally unsophisticated manner that appeals to people and easily understood by layman and professional men alike.

"He took a problem that other men see with such complexity they can't move. Without any degrees in economics or political science which seem to be the calling cards of most development professionals, he simply established the fact that if you are going to work with poor people and help them develop within their own capacity and desires, what you offer them should be simple."

Mr. Greene loves aphorisms, he calls them the "poetry of prose". He has one that sums up his work in Guatemala with no further explanation necessary:

"If you don't have faith in mankind, you don't belong in the development business."



A Colombian villager welds a mattock to help build a community center. The National Development Foundation of Colombia assisted.