

The Association for Diplomatic Studies and Training  
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**PETER KIMM**

*Interviewed by: Alex Shakow  
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***Peter Kimm was Director of USAID's Office of Housing and Urban Programs for 36 years. Between 1963 and 2002, more than 200 Housing Guarantees totaling \$3.1 billion were issued, enabling housing authorities, municipalities, banks and builders in 48 countries to arrange loans on U.S. capital markets for the financing of low-cost home building, community facilities, infrastructure and slum improvement directly benefitting more than 30 million persons. Moreover, he and his Regional Offices used the value of those guarantees to leverage policy changes and institutional development for even broader impact thereby improving the quality of life of millions of urban slum dwellers across the world.***

**INTERVIEW**

*Q: This is Alex Shakow and I am very pleased to be in the lovely home of Peter Kimm. We are starting the first session of his oral history. This is a very special oral history because Peter Kimm has a very unusual and unique story to tell about his role as the leader of the Housing Guarantee Program and all that is related to it. I am going to now ask him a few questions and try to unleash Peter Kimm's imagination and his recollections about 36 years at AID and a lot of years before that influenced him. Thank you for doing this. Please tell me first a little bit about your background. Where you were born, what your parents did and to the extent that it is*

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<sup>1</sup> Kimm passed away before he could review his oral history. His widow Grace, his brother Vic Kimm, and one of Kimm's former Regional Officers, Dave Leibson have added footnotes to clarify points they believe Peter would have added if he had been able to edit his comments. See also "[The Past and Future of USAID Housing and Urban Programs](#)" - City Partners International 2012 for more detail and a complete history of the programs he managed. The Executive Summary is available from [www.tcgillc.com](http://www.tcgillc.com).

*relevant what influences there were in your childhood that might have led you to this extraordinary career in the AID program.*

KIMM: Well thanks a lot Alex. I really appreciate the alumni association taking this much time and effort to put in on me. I guess if you go all the way back to 1940, I grew up in what was a working class - middle class family in Brooklyn. My mother was a schoolteacher and my father was a construction inspector and they both had jobs during the 30s.

*Q: What year were you born?*

KIMM: 1929.

*Q: OK, they did have jobs during the 30s-- government jobs?*

KIMM: Yeah, my mother was a teacher, and my father worked for the New York State Insurance Fund.

*Q: So, during the depression that meant that you had food on the table.*

KIMM: We didn't think of ourselves as being affluent, but we were by contrast to many of our neighbors, quite affluent. We had a car. It sat in the garage; sometimes we took it out on Sunday for an hour. I would say my family was middle class. But - culturally I think we were really working class. Most of our neighbors were cops and firemen. Not most, but a very significant number. They had jobs and had paychecks and could buy houses. At one point all the houses in this neighborhood, which I will call the Marine Park section of Brooklyn, were in the hands of the bank. They had foreclosed the poor people out and were all empty by the time my parents bought the house for I think \$4,000, they could have had one of 15 or 20 empty houses.

*Q: So, they bought the house in the late 30s, not when you were born. Were your parents born in this country?*

KIMM: Yes, both of my parents were born in this country.

*Q: Were your grandparents born in this country?*

KIMM: No. My grandparents came from England, Ireland and Germany.

*Q: Was Kimm the Irish name or the English name?*

KIMM: Kimm was a German name. I am not quite sure how to work out the name. My name on my birth certificate is Peter Melia Kimm. Melia is the middle initial. There is a Melia family that owns hotels and travel facilities that are from Ireland, but they got to Ireland when the British sank the Spanish Armada, and these were the better swimmers. They got to Ireland and became prosperous.

*Q: Well Melia does sound like either a Portuguese or as Spanish name.*

KIMM: Right.

*Q: All right, so I would say you were not part of an immigrant community at all.*

KIMM: No, and I learned about the German Kimms later on in life - through websites - and that there are some areas in the middle west with a lot of people named Kimm.

*Q: So Kimm was not a shortening of some longer name as far as you know.*

KIMM: If so, I never knew it. Most of this was done by a third party. One of my cousins got interested in all of this. He had somebody spend all the time but basically all of my roots were Irish. Some of them German and at least one generation passed through England. They went to Ireland by way of Peter Melia who was my grandfather whom I never met. He lived in England for a generation before migrating to the United States.

*Q: Did they come as far as you know to New York? So, they never left the area or did they come from some other part of the country and find their way to Brooklyn?*

KIMM: The Kimms that influenced me **all** stayed around New York City.

*Q: What about schools? You went to the public schools in Brooklyn?*

KIMM: My mother taught in public schools; I attended mostly Catholic schools. We moved into the Marine Park neighborhood around 1938. I was nine or ten years old. We lived across the street from the church and a parochial school. So, most of the kids I went to school with went to Catholic schools. That is an important fact as I got my cultural values largely from Catholic schools. Now the next most important thing is that in the class we were we had enough money to do all that we were doing. We never accumulated any reserves.

*Q: Did you go to a Catholic high school, too?*

KIMM: Yes, but this is worth probably two minutes. At that time every neighborhood in Brooklyn had a church. It had a parish and there was the parish priest and two or three others. Each parish had a school and each school graduated people into high school. The best students with the highest marks went to diocesan high school. I did that. I went to St. Augustine High School, where we were taught by Christian Brothers, an order of lay brothers.

*Q: This is also in Brooklyn. St. Augustine is in Brooklyn?*

KIMM: Yes, it has since closed.

*Q: Did you have a particular interest in high school? Did you have areas that you had already begun to focus on? Were you interested in sports?*

KIMM: Although I was a pretty good athlete, I didn't play a lot of sports in high school. I always could get marks, near the top of each class without putting much effort into it. After graduating from a Catholic high school, I next went to Manhattan College which is a Catholic school also run by the same Christian Brothers. As far as money was concerned, as long as I lived at home, the family had enough cash to pay my tuition out of each month's earnings. Then in a relatively short period of time my father was diagnosed with cancer and died.

*Q: What year would that have been?*

KIMM: 1949

*Q: So it was sudden?*

KIMM: Yes, to this day I don't know whether it was prostate or abdomen skin cancer. At that time, they didn't tell the guy who had the cancer that he had it, much less tell the family.

*Q: The world is very different today. He probably could have been cured of that.*

KIMM: He might very well have been. Anyway, when he died my mother was retired and there was no family income, so I dropped out of college after a year and a half. I went to work as a construction laborer placing reinforcing steel bars in concrete forms

*Q: Now this was during the war, right?*

KIMM: No, I dropped out of school in 1950 just as the Korean War was beginning.

*Q: Were you manufacturing the steel or climbing up on the top of these great skyscrapers installing the stuff.*

KIMM: Well, we did go up to the top of skyscrapers but we weren't the first guys up there. The people who put the steel frames up were different from us. They were called iron workers.

*Q: I have a vision of American Indians going up and doing that kind of work.*

KIMM: Yes, that is correct. I remember a high percentage of American Indians did that structural steel work. My job was setting reinforcing bars into concrete forms and, as laborers, we got paid a lot less than the iron workers.

*Q: Did you just kind of fall into that job? Or because that was a job that was available at that time.*

KIMM: Our next-door neighbor was a union delegate, and he wanted to help me find a reasonably well-paid job. So, it was fate maybe but that is what happened. I went back to work. After a while my mother got reinstated as a teacher in the New York City system. She had been retired for a while but she did the paperwork and got a job as a teacher and then I got drafted.

*Q: And this was '52?*

KIMM: 'No, I was drafted in 1951 although I might have evaded it since I was still a major bread winner for my family - for which I originally received a draft deferment. Actually, I welcomed being drafted. I didn't know what the war was all about. We were all anti-communists, and this was a war against communism. So, I was sort of a willing accomplice to them drafting me even though they had deferred me in the past.

*Q: You were drafted into the army.*

KIMM: I served in the army from '51 to '53.

*Q: Where did you go? Did you go overseas?*

KIMM: I did a year in the States. I did basic training a couple of times. Once as a trainee and once as a trainer. Then I went over and spent a year in Korea. I have some stuff I could show about my year in Korea, but I won't do that. I was awarded a combat infantryman's badge and rose to the rank of master sergeant. Believe me, it was harder to become a master sergeant in two years in the army than to become a colonel.

*Q: It is wonderful that you were recognized as an extraordinary figure even at that time. Were you in combat?*

KIMM: Yes. I served in combat. There was one platoon in an infantry regiment, one platoon of 50 people that the military considered having engineering skills. They include laying mines, picking up mines, undoing booby traps. And you were a member of the Colonel's headquarters company. At that time, we had a static front. We had the line and the North Koreans had fortifications opposing us. And we sat there and looked at each other for a year. Life got exciting when either side decided to disrupt or shake the other side. We had night patrols where your mission was to go 500 yards outside your front lines, then 1000 yards and then 1500 yards and find someone to shoot at.

*Q: Sounds scary to me.*

KIMM: Well it scared the hell out of me, and I resolved at that point that if I ever got out of there alive, I would try to devote my life to something more worthwhile than warfare. Two pieces to that. One is I wanted to do something idealistic, and two is Catholic social principals. One of the many ironic things is I don't go to church anymore. Now I am home safe, I could go to church on Sunday if I wanted to, but I don't.

*Q: Did that come gradually?*

KIMM: It came gradually.

*Q: Is there a sense that you lost faith in the formalities of the church but that this didn't undermine your faith's influence over your life?*

KIMM: Yes, I quickly decided that I didn't need to go through the motions such as a going to mass every Sunday or not eat meat on Fridays. I got over that quite quickly. As a matter of fact, so did my children as they became self-assertive. I watched their habits and to some degree they converted me to becoming agnostic and doubting the existence of God.

*Q: Did you raise your children to go to mass every week when they were young?*

KIMM: When they were young yes.

*Q: I raise this because I married a woman who grew up in the Catholic tradition and she has a sister who is a nun. Her brothers' children do not go to church either. They have completely walked away from that. So, your situation sounds familiar to me.*

KIMM: That would be very much the same situation. They gradually developed doubts about the whole thing. It may all be a sham, a figment of your imagination. We will find out. But my best guess right now is that there is no way there is someone up there counting souls and assigning people to different places after life.

*Q: And that doesn't trouble you?*

KIMM: I wish it were otherwise but that is my conclusion and is most likely true. While I was in Korea at 22 or 23 years old, I believed with all my heart and soul that you could go to heaven or hell eventually depending on how good a life you lived.

*Q: So, what happened when you got out? You luckily did not face injuries from your combat.*

KIMM: I had a bit of post-traumatic stress when I got out. I remember when I was in Korea, I thought if I ever got out of here, I would love it, every minute of it. But then when I got out of Korea in about three days I was bored.

*Q: So, what happened when you got back in 1953?*

KIMM: I went back to work in construction, got married and started engineering school at Cooper Union at night.

Q: Cooper Union is a college in New York City.

KIMM: Quite an elite college and it was free.

*Q: You had already had two years in?*

KIMM: A year and a half.

*Q: So, you attended at night, and did you until you graduated?*

KIMM: Yes, I went back to college at night and worked full-time. I was able to get hired by New York City as a construction inspector.

*Q: But did you have a bachelor's degree?*

KIMM: No, I didn't yet have a bachelor's degree and you needed a bachelor's degree and four years' experience to get licensed as a Professional Engineer. If you are licensed as PE, you can sign plans and approve them. The PE license is the equivalent of the doctorate of the professional engineer

*Q: So, then what happened? How many years did you spend doing this?*

KIMM: I finally got my degree in '58. I was 28 years old now.

*Q: Did you get it from Cooper Union?*

KIMM: Yes,

*Q: Was it a BA or a BE?*

KIMM: It was a BSCE. Bachelor of Science in Civil Engineering.

*Q: OK, so with this degree and the experience you have gained you could be....*

KIMM: I could become the person who people thought of as a professional engineer. I worked initially for the City of New York.

*Q: What kind of engineering did you do?*

KIMM: I began as a supervisor of the construction of major sewage disposal facilities.

*Q: So, the City of New York as you know it today is a product of your efforts. A lot of that stuff is now being renewed.*

KIMM: Oh yes but a lot of the social policies of that time were mistaken. However, I was by no means setting social policy for anybody.

*Q: Were you still living in your mother's home, or were you living on your own?*

KIMM: I got married six months after I got out of the Army in the summer of '53 and married in January of '54

*Q: Where did you meet her?*

KIMM: She grew up in the same neighborhood. Well not exactly the same neighborhood, but within walking distance. We met at a friend's party two weeks before I went in the Army. We wrote letters for two years and really got to know each other.

*Q: Wonderful. So, Grace was the one who kept you going through all this period when you were going to school at night.*

KIMM: Yes, and then we went ahead and had a baby in the first year. We were married 13 months when our first child was born. We wanted to do that. When I sit back and think about what we did, it was crazy, but that baby was our daughter Mary with whom we are remain very close.

*Q: So it worked out.*

KIMM: It worked out.

GRACE: That was a tough time and our economic resources were very limited at first. That is a whole 'another story after his life in the army.

KIMM: But in addition to everything else, we were concerned about my mother. She came from a working-class family. Nobody in her family had been to college but she had master's degrees in education from Brooklyn College and an undergraduate degree from Hunter College. These are both excellent schools. She taught in Catholic schools after leaving the Brooklyn system with a pension, so she could live on that. But she had sold her house because she had the idea that when the old man died you had to move out of the house. It was too big, and she couldn't manage it. None of that was true. It took about three years for it to sink in that she was miserable living in the apartment. So, she bought another house very much like our original home back in our old neighborhood.

*Q: In the same area?*

KIMM: Yes, it was within a mile. So, my brother, who was five years younger than I, got the job of helping my mother and getting her through these hard times.

*Q: How long did she live after that?*

KIMM: Until almost a hundred.

*Q: No kidding. Obviously, your brother did a good job then.*

KIMM: Oh yeah. So, then I am off on my own professional career.

*Q: You are working as an engineer and working for the city and how long did you do that?*

KIMM: I needed to get four years' experience to get licensed. My plan was as soon as I got a PE license then I would appear to be a highly desirable piece of property if you want to hire me and

I could pick a job. However, my plans changed in part responding to JFK's famous "Ask Not" speech.

My brother and I together volunteered for a small Catholic NGO, called the Association for International Development (AID), in 1962. AID Paterson operations were something like the Peace Corps which at that time did not accept families. AID/ Paterson was a small operation with only a couple of dozen people. Their mission was placing volunteers for two -year assignments to promote economic development in Latin America. And so in 1962, we entered into a training program with that organization called the Association for International Development which predated the U.S. government renaming their foreign assistance programs the Agency for International Development having those same initials.

*Q: This is a Catholic organization?*

KIMM: Yes, and their Latin American connections were largely through friendly bishops.

*Q: This volunteer work you did in 1962 with your brother, did you actually go to Latin America?*

KIMM: Yes, we did. We initially lived in Paterson, New Jersey for four months in a Puerto Rican community, driving each day to Montclair to attend classes at Seton Hall University while a friendly family looked after the children.

*Q: I see, so this was a domestic program.*

KIMM: No, it was training for work overseas. It would be as if you went to work for AID and they provided you with training domestically before sending you overseas. The courses were taught by very liberal priests and focused on anthropology and social justice, featuring the teaching of Margaret Mead, Phil and Dan Berrigan, and others.

*Q: So, after you were there in Paterson, did you then go to Latin America?*

KIMM: Yes, we next attended 16 weeks of language and cultural adaptation classes in Cuernavaca, Mexico. My classmates were all professionals – burses, engineers, priests, nuns. I notice looking through my papers that at that time I put on my resume I was bilingual. I wasn't anything like bilingual. I had gotten enough Spanish that I could engage in social conversations but sixteen weeks with slightly above average learning capacity for languages, did not make anyone truly bilingual.

*Q: And it worked.*

KIMM: Then my brother and I both were still in Chula Vista, Cuernavaca awaiting assignment from the organization. They were going to use their connections with certain bishops and certain activities to match local desires for US volunteers with the candidates' qualifications. This process worked for my brother - he and his family spent three years with a local social center in Michoacán, Mexico.

However, AID Paterson was not able to find an appropriate assignment for me so we returned to Washington where I sought employment opportunities and found a job with the AFofL/CIO's program for Latin America called the American Institute for Free Labor Development (AIFLD).

My first boss was Bill Dougherty a real backslapper kind of politician. So, I sort of learned the international development business from one of the worst possible role models. Dougherty was a very talented guy but, he was ambitious, and he had very few friends outside the US labor movement.

*Q: OK, and by this time you had a taste of what it was like overseas and you got involved in this international work. This was about the same time*

KIMM: Right.

*Q So how did you get exposed to AID? Through AIFLD?*

KIMM: Yes. AIFLD represented the interest of trade union members in Latin America. We had a slice of US AID's Housing Guaranty authority. We didn't know what a Housing Guarantee was but basically, AID reserved \$57 million worth of housing loans for trade union sponsored projects. You go put the projects together and make it work, and we will see to it that you get a guarantee authority. Bill Daugherty ran social services programs for AIFLD, and I worked for him.

The senior management of AIFLD said, "We like the way you are handling our housing projects, and you are a real top-notch guy, and we would like you to start a new housing department and we will give you the people and the space and so on." This would have put me on the same level as Dougherty and created a potential competition for resources.

At that point I should have said "what is my budget?" I didn't. I figured I would work that out within the framework of AIFLD. They had money. They wanted me to do something and they would allocate the money. But I figured wrong. Then the people who made the decision that I should be in charge of this new operation didn't see to it that I got the tools that I needed and I didn't know how to bargain at that time. So, I was unhappy. By now it is the end of '65 and I looked for a new job. I was offered jobs by Stanley Baruch at AID and by OEO.<sup>2</sup>

*Q: And these are people and places that you know about because being with AIFLD gave you exposure to this world.*

KIMM: Yes, I actually put together a lot of projects that got built for AIFLD.

*Q: Let's take a step back if you would for a moment. In terms of the influences on your wanting to get engaged in this kind of international work, first of all it was the childhood upbringing with Catholic Schools.*

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<sup>2</sup> Office of Equal Opportunity

KIMM: Yes, Catholic principles as I understood them.

*Q: At the time.*

KIMM: Yes

*Q: But you weren't involved in church formalities. You didn't do altar boy and all of that stuff.*

KIMM: Well the NGO that I ended up joining was really a dissident group. There was a new pope - John XXIII. He was something like Pope Francis. Things were breaking that way.

*Q: OK, so you had the church, you had your experience in Korea that led you to want to do something that was productive rather than destructive.*

KIMM: Right.

*Q: You had a lot of tangible skills yourself based on having worked in the construction industry and being very involved in development work in Latin America. These were all factors leading you, and you had as well this NGO Catholic development group ala the Peace Corps. I am trying to put these pieces together. Those were all things that would influence you in thinking about a career associated with international development.*

KIMM: Right and particularly with those international things that were all focused on serving the poor people, Basically, Stanley Baruch, my new boss at AID, didn't believe that the governments of Latin America could get anything done. He was unwilling to participate in a design that said that a local government was going to do this, that, and the other because he didn't believe that they would do it. But he did believe in savings and accumulating savings and setting up a network of US style savings and loan associations in any country that they could. AID's efforts to promote saving and loan Associations in Latin America in the 60s were very successful.

*Q: Stanley Baruch is the man who hired you into AID in 1965?*

KIMM: He was the head of what he called the Office of Housing and Urban Development.

*Q: What was it called officially?*

KIMM: The Housing and Urban Development Division. But Baruch didn't want to be part of anything as small as a division, so he always got rid of that word "division" in whatever papers he got.

*Q: To whom did he report in the AID structure? What was the hierarchy?*

KIMM: It was in the Latin American Bureau.

KIMM: Phil Glayson was the person that shows up on the ER<sup>3</sup> as the rating officer.

*Q: What was better about the Baruch offer from what you were getting from others?*

KIMM: It was all the same pay scale GS-15 and temporary appointment as a super grade 16 or 17.

*Q: That is pretty good for somebody coming in.*

KIMM: Well I was a valuable piece of property in that I had a lot of related experience. He offered me the job as his deputy. But then he fuzzed that up by making a million other people his deputy. I didn't really quite trust him. We got along, we enjoyed each other's sense of humor and I was very radical to him. I could help energize an office. Let's see who was there when I first got there? Herb Adelman. You know Herb?

*Q: I know the name, but I don't know the person.*

KIMM: He was the GC<sup>4</sup> and then he was sort of special projects resource and did assignments for the Latin American Bureau. Herb said, "Each successful case had to have a good program officer and a superior lawyer." The lawyers were uniformly excellent. It was not true of the existing Housing Officers. Some were, but they are not uniformly excellent. So, I followed Herb's lead and got rid of a bunch of the real Elvises.

*Q: For people who read this and do not know about housing guarantees and AID maybe you should clarify. Had there been this housing office from the beginning of AID or were there antecedents that go back much earlier than that. I mean, where did the notion of housing come from and what was involved. What did you walk into before you started changing it?*

KIMM: At that time, The Housing Guarantee program responded directly to applications from the public. Builders would apply directly to AID.

*Q: American builders or builders in all countries.*

KIMM: They were mostly Americans builders who did some housing in the United States, but they wanted to build in Latin America. There were mostly modest sized guys, but the real deal is they knew how to get into a new situation. They hired the best lawyers in Washington to represent them in front of AID. The situation I faced when I went into AID was, the office was overwhelmed with hundreds of applications and they didn't have a system on how to process them.

*Q: These applications were for getting government guarantees. This was not a cash transfer.*

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<sup>3</sup> Employee Evaluation Review

<sup>4</sup> General Counsel

KIMM: Yes, not directly. What you won if you did win was a government commitment to guarantee housing mortgages. Say you are going to and build houses in Guatemala. You get a letter from AID saying if you proceed with project XYZ, we will guarantee a loan of up to X million for that purpose. So, you get a line of credit that you couldn't possibly get otherwise. Without the guarantee, if you had a pretty good credit rating, you could usually get one-year loans. But with a Housing Guarantee this was X which you could repay *it* over 30 to 40 years.<sup>5</sup> AID had clarified its position by writing in provisions defining what the housing guarantees could be used for. I think the person mostly responsible for that was Charlie Paolillo. Did you know Charlie?

*Q: Well of course Charlie was, my deputy in PPC. He came down from the Hill. He was helping to write legislation.*

KIMM: I had to deal with all legislative requirements to get anything approved. The program required real, market-based interest rates. The Congress didn't want artificial interest rates pushing a project into a feasibility stage when it really wasn't economically sustainable over time.

*Q: Was the housing office located with all the other AID offices or were you somewhere else?*

KIMM: When I arrived, we were in the State Department where most of the other AID offices were, including the AID Administrator. Over the course of 36 years we were in about five different places.

*Q: Who was the Administrator of AID when you first arrived? Was that Bill Gaud or was it still David Bell?*

KIMM: It was David Bell for a very short time. I dealt mostly with Gaud and there were very difficult circumstances in which one of the developers of an AID housing guarantee project in Columbia had connections to Wayne Hays.

*Q: Congressman from Ohio as I recall.*

KIMM: He was Chairman of the House Administration Committee. Gaud and Bell were saying the last thing in the world they wanted to do was to give anything unusual to this guy in Columbia. The guy would come in with ridiculous demands of one sort or another like, would we guarantee his construction financing, which we resisted.

*Q: And did you sort him out? Did you help get them out of that situation?*

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<sup>5</sup> Kimm is referring here to the early days of the program when he first joined. The guarantees, then, were raised on U.S. capital markets by private American builders of housing projects overseas. Under Peter's leadership, the program shifted to the guarantee of loans raised by developing country agencies and institutions, and technical assistance to strengthen those institutions and their policies became an important part of the program.

KIMM: We did eventually make some small compromises on a couple of things that we never would have made without the Congressman's pressure.

*Q: I am getting ahead of your story because you came in as deputy and you had responsibility of moving some people out. Was it possible for you to do that changing of personnel and were you able to get good people in?*

KIMM: Yes, but it took time. You had to be patient. On at least half a dozen occasions we had a marginal employee come into the office. After a trial period we would say to them, you are good enough to be an AID employee, but not in this unit where we have to hire employees with certain standards, and quite frankly, you don't meet them. Stay here and ten years from now you are going to be in the same job. So, you figure out what to do about that. All or almost all of them moved out in a relatively short period. It was voluntary whether they were going to, but it did help us recruit strong professionals.

*Q: But it worked so you moved them to other parts of AID?*

KIMM: They generally moved to other parts of AID.

*Q: How long were you Deputy before you managed to nudge Stanley Baruch out?*

KIMM: Seven years. Stanley Baruch was found cheating on his travel vouchers by Congressional and internal investigators. So, I had nothing to do with his departure.

*Q: Did you know what he was doing?*

KIMM: No. I learned about it when the IG issued a report. Under the terms of a settlement agreement he got a suspended sentence. He didn't do any jail time but he had to resign from AID.

*Q: He brought it on himself. Were you the only Deputy?*

KIMM: Well most of the time there was only one deputy.

*Q: Did he delegate much of the responsibility to you?*

KIMM: Yes, within his framework. He had concluded that a savings and loan was a very good goal for the developing countries. He may have been right at that time. He also didn't want to negotiate any deals with the UN as an intermediary. He didn't think the UN could get anything done. He didn't think the Latin American governments could do anything about housing. However, changing these policies was my idea. I wanted to run slum upgrading and infrastructure financing, program that would help the poor people in urban slums. I was able to shift the policy focus over the first year after Stanley left.

*Q: During the time Baruch was there, institution building in the developing countries was not something he was particularly interested in?*

KIMM: Or he didn't think it was achievable.

*Q: And therefore, didn't give it much attention.*

KIMM: Right.

*Q: But you were able to change this by building your staff and then by using the various tools that were available to you.*

KIMM: Right.

*Q: And did you get support from the Administrator John Hannah?*

KIMM: I didn't deal with Hannah. I was still absorbed within the Latin American Bureau.

*Q: This was all Latin America focused.*

KIMM: All the HG programs were focused in Latin America when I worked for AIFLD and when I worked for AID in the 60s.

*Q: When did it become a global housing guarantee program?*

KIMM: They changed the law to make the guarantee authority worldwide in 1973.

*Q: Was there somebody else who was in charge of the global housing program?*

KIMM: Not at that time. Each geographic bureau had some entrepreneurial guy who put together a few housing programs, maybe half a dozen in Africa and Asia.

*Q: So, it was the individual program officer or project officer in the field that came to you on their own initiative to seek a guarantee? Without overall control of a program from Washington?*

KIMM: Right. There was a struggle as to who would actually call the shots. We did work it out, and we received the delegations of authority. Under the law the Administrator made delegations of authority for new housing guarantees to the regional Assistant Administrator. At that time Herman Klein delegated the authority to implement the program to me.

*Q: That was just Latin America.*

KIMM: No that was not just Latin America, but worldwide.

*Q: So how did people...*

KIMM: Well, when we got the delegations of authority, they were not just for Latin America. If I wanted to do a housing guarantee program in Africa, I had to get the Assistant Administrator for Africa to approve it.

*Q: But while you were still in those early years in Latin America only did you compete with other regions for authority or was there no shortage of Housing Guarantee authority.*

KIMM: No, in fact there was adequate authority for projects that were consistent with my new policy of dealing with local institutions to implement policies to upgrade rather than demolish urban slums and thereby improve the quality of life for poor slum dwellers. .

*Q: So it was not an issue at that point about demand exceeding supply.*

KIMM: No. We frequently would develop projects and then it took a long time to get them approved and to get to where you could implement changes.

*Q: This was because you had to deal with the private sector and with governments.*

KIMM: Yes, and there were a whole bunch of housing projects out there that had everything else solved except the money. Typically, the sponsor had to get clear title for the land and all other permits and agreements to meet AID's requirements. The developers had to invest their own money thinking they can make a lot of money if the project got built and sold. In a number of cases developers invested in a Housing Guarantee project and made a lot of money. Of course, they also had to take on a great deal of risk that they could successfully meet all of the technical requirements to qualify for a loan guarantee.

*Q: This gets to the question of how does this become a low-income program? Tell the story about that.*

KIMM: Basically, the idea of low-income housing at real market interest rates in developing countries is unrealistic because the poor in developing countries lack the income to qualify for mortgages for complete housing units. This reality led us to switch our focus from funding individual housing projects to upgrading existing urban slums to improve the quality of life of the poor.

*Q: Now you tell us.*

KIMM: There wasn't a clear definition of who were the poor, so we created a working definition of the urban poor. First of all, we said that 90 percent of the houses financed by the housing bureau had to be affordable to people with less than the median income for that municipality. That is a fairly tough criterion. Of course, there are a lot of places where the median income is very low and the cost of building materials and labor and all can't be reduced a hell of a lot. That doesn't do it. You need to have a whole bunch of things happen - principally a change in focus of the program. To meet the new criteria the developers had to produce a study about what was the median family income for that city.

*Q: Was the data available to you at that point. It has been lousy in this area for a long time.*

KIMM: Income data was limited and so we used whatever data was available. However, I would say that we paid a lot of attention to income figures and that we met the median income requirements were met.

*Q: You were saying you then also changed the program's focus and for that I thought you were going to talk about slum clearance.*

KIMM: Our new policies got us out of slum clearance projects and focused on upgrading the quality of life of poor slum dwellers.

*Q: Which would tend to be traditional housing?*

KIMM: When we focused on housing for the poor, including affordable but very basic housing units, we met a lot of resistance from host country officials. Many political leaders in Africa and Asia would denounce our new policies saying that we were building chicken coops for their people to move into. Their people had to have a full-sized house like everybody else. Over time we were able to get them to realize that market forces and interest rates made new priorities imperative if they were to better serve the poor flooding into urban centers around the world.

*Q: When you say this happened in ...*

KIMM: Yeah, we are now in 1973 or '74. I have been director for a year or two and we are starting new projects. We got to where we had the idea of a deal between AID and host country institutions as qualification for a Housing Guarantees. That is if the host country were to stop subsidizing housing for middle-class and use that money for other low-income projects, then that would meet our goals. Our focus was on projects that provided clear title to the land, basic utilities for electricity and potable water enhanced security improvements to existing structures and land plans that included space for schools and community facilities, and assumed that the residents would expand over time as their income rose. By adopting such policies, the host country had the opportunity to produce millions of houses every year and create related financing institutions and improved infrastructure.

*Q: Is it from an engineering point it was more complicated, or it was just more difficult?*

KIMM: It was what the people were willing to do and able to pay for. Homeowners were generally willing to finance potable water coming in their homes but less willing to pay for sewer services which they saw as what the municipality is supposed to do. And so, we had to convert the municipality decision makers and the residents to the idea that they had to finance their sewage collection if the full health benefits of access to potable water were to be attained. This continues to be an ongoing problem.

*Q: You say you had difficulties in getting that part of it taken care of, but you were going ahead and doing these projects anyway.*

KIMM: And we had to work it out with particular local institutions. Each country had some sort of a water authority. Some of those authorities are run by very able people. You can make a deal with them to finance needed improvements and develop service fees that the homeowner is willing to pay.

*Q: Were you able to pick and choose the countries you would do this in based on having more confidence about these institutions? How much of what you were able to do was being dictated by overall levels of assistance that were required for a country or how much could you say OK this country is ready for this kind of a program and others are not. How much, I don't want to say autonomy but how much opportunity for independent judgment were you able to exercise?*

KIMM: Yes, we had the ability to choose among nations based on their willingness to shift national priorities. Well, with me the basic question was could you make a meaningful deal. But if you had somebody that had the authority and willingness to implement policies, I could pretty much fix the U.S. part of a guarantee agreement.

*Q: There are U.S. programs in a lot of countries around the world. Were you in Washington making the deals or did you have your people in the field making the deals and you delegated that to them? How much were you involved as director of this office?*

KIMM: I would frequently be involved in the very beginning of negotiations by making a commitment, saying what we would and wouldn't support. After that the field people negotiated what was feasible. We really had some very good people in the field serving as Regional Housing and Urban Development Officers (RHUDO's). I do believe that the RHUDO's were largely responsible for the success of the program

*Q: I know you had a very dedicated group of alumni with whom you worked and I they still have a very strong affection for you and for their jobs, so clearly there was a good relationship. You must have delegated quite a lot to them.*

KIMM: Yes, the RHUDO's had a lot of authority and it was seen as a great job.<sup>6</sup> You had a travel budget that was quite generous.<sup>7</sup> Nobody questioned it. You would travel whenever you needed and send your people wherever they needed to go. We had enough money for scholarships. AID used to have a free-standing offer at the Kennedy School at Harvard. We could send somebody there with free tuition. I worked that out for five different people. You got your full salary, and you got a master's degree from Harvard. If you were performing well for the Office of Housing the rewards you got were a lot more than you got for most other jobs with AID.

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<sup>6</sup> Projects needed Country Mission Director support and each loan guarantee ultimately had to be approved by the AID Regional Assistant Administrator, but Peter allowed RHUDO's a lot of room in identifying, developing, and negotiating responses to requests for Housing Guarantee assistance. He also expected a lot of responsibility for oversight of project implementation and leadership of the policy dialogue with host country officials.

<sup>7</sup> AID charged Borrowers a fee for its guarantee which funded reserves against losses, but also funded program operating expenses. This allowed the Office and the RHUDO's more flexibility in meeting travel and other needs in the countries of their sometimes-large regions than other parts of AID where OE (operating expense budget) was usually very constrained.

*Q: Absolutely!*

KIMM: So, the basic underlying trick was I kept the FTE<sup>8</sup> down in our headquarters to four or five people. That way, there was always enough money to pretty much make any decision I wanted to improve program performance. We had regular meetings with the field personnel. This brought together our RHUDO's and staff and promoted inter-country communications on program goals and accomplishments.

*Q: Indeed, but you were being very protective of your budget.*

KIMM: Yes, as we entered the 90s the composition of the House of Representatives changed. Under Newt Gingrich's Republican leadership, budgets for foreign assistance were curtailed and the Republicans at that time were very concerned about our national debt; making them particularly concerned about loan guarantees and putting added pressure on AID's Housing Guarantee program.

*Q: I am afraid that in this interview we are going to hop from one thing to another in the sweep of your career. The RHUDO's were the Regional Housing and Urban Development Offices. That was the global program that was set up in the early 70s?*

KIMM: Well I built the program year by year.

*Q: What do you mean?*

KIMM: Almost everybody in my office was a Foreign Service officer. After they came and worked in headquarters, they had to go overseas somewhere, so I then picked target assignments. For example, I proposed to the Agency that they set up a regional housing development office in Guatemala. That was successful. We had one in Central America the whole time. If I started in a new area and the local Mission Director wanted to have a bigger housing program as we did in Zimbabwe, and in Korea. Each such initiative had to have support from the local Mission but we were able to expand the program over the years.

*Q: Did you have them in each region?*

KIMM: Yes. We had to close some down for some reasons. Noriega threw us out of Panama and some countries became very dangerous. In Kingston, Jamaica a woman Housing Officer was kidnapped and raped and subsequently killed in a traffic accident.

*Q: That was my cousin.*

KIMM: I organized funeral arrangements for the memorial service for her. You called me up and said what are we going to do about Sarah? I said let me find out what I can do to run a funeral. I never did that before. And so, we organized a well-received memorial service for Sarah.

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<sup>8</sup> Full Time Employees

*Q: Well thank you for doing that. I am sure that her parents were very grateful to you.*

KIMM: Two other people died in the course of the time that I was there. One was Al Votaw who was killed in the embassy in Beirut when it was attacked by a terrorist bomb.

*Q: But he had just flown in from Bangkok or something.*

KIMM: He was in charge of the regional office in Asia and he is French speaking, but I had to reassign him to a new program in Lebanon. He had previously been the regional chief in Tunisia. We had a Tunisian Administrative Assistant fly in to set up offices and files for his new assignment. They both died in the blast.

*Q: I had forgotten about that.*

KIMM: There is only one more. The third one, John Kilgore, was a very high performer kind of guy. He went boating in Panama and had a leaking fuel can that he brought back to his condo in Panama City where it created a fire. He suffered terribly for a few days before he died.

*Q: All right, so you have this regional structure that you set up, but to what extent in these years that you were head of this office did you have to pay attention to the normal USAID strictures or did you feel pretty much like an independent entity?*

KIMM: I felt that I was more independent than most parts of AID.

*Q: But I know you were committed to AID's fundamental objectives.*

KIMM: Yes, it was luck and I had a lot of good people who were pursuing our program objectives aggressively. We could have turned out good stuff for another 20 years. I couldn't prevent it but I could see change happening. In 1994 the Republicans gained control of the House. We fought with Gingrich. We thought that would probably hold on for one or two more elections. Pretty much ever since '94, the Democrats have hardly ever been in power in the House. The chair or ranking member of the committee who had jurisdiction over the housing program was a Republican, Toby Roth. He hated foreign aid and was particularly against the US loan guaranty programs because of their concerns with our national debt.

*Q: Where was he from?*

KIMM: I think it was Wisconsin. He has since left the Congress and has become a lobbyist. Toby Roth would have knocked us off in nothing flat if he could. And then besides that, a staffer on the Democratic side, with in my judgment poor judgment went after the program because she said it helped too many rich people. We did allow funding for 10 percent greater than the medium income recipients but we had been pushing hard to impact poorer slum dwellers for years. The other 90 percent of eligible program beneficiaries. It turned out; she also later wanted to work in our program.

*Q: Who was she working for?*

KIMM: Gingrich.

*Q: So, what happened? Are you telling me that the Housing Guarantee program no longer exists?*

KIMM: Yes. The Housing Guarantee program is gone. All of the people have been reassigned to other things. The decline in the program's fortunes was exacerbated by a hostile GAO report that we were never able to adequately refute.

*Q: When did it end?*

KIMM: Well I left AID in 2002 and it was already on a downward trajectory. The Congress had passed a law that took away the authority to issue Housing Guarantees. They modified it to what is now called a Development Credit Authority which is 50 percent guarantees in local currency.<sup>9</sup> It is a significant deviation. The Housing Guarantee program financed improvements in the client nation's ability to serve poor slum dwellers. The DCA program, which I think has many virtues, doesn't focus on housing.

*Q: I wonder in this new development finance institution that they have just approved, there is some return to a guarantee program of some kind. I haven't looked at it carefully and you don't know do you?*

KIMM: No, I don't.

*Q: I wonder if this is their attempt to capitalize on the availability of private finance and blend it with aid funds in various ways. Your AID program is a forerunner and a model for this.*

KIMM: Yes, the early 2000s saw a greater emphasis on public-private partnerships. And that became AID's marching orders - toward greater involvement of the private sector. Somehow or another I was no longer effective in communicating the benefits of our program. I retired in 2002 after one year of George W. Bush. Now, I would love to have him back!

*Q: Wouldn't we all.*

KIMM: Senior AID management came to me in the late 90s and asked me to take another assignment in an Office promoting environmental protection in Asia.<sup>10</sup>

*Q: So, what did you do after retirement?*

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<sup>9</sup> Housing Guarantees were 100 percent on US dollar denominated 30 year loans

<sup>10</sup> USAEP – The U.S. Asia-Environmental Partnership, a joint effort with USAID, the Department of Commerce and the Environmental Protection Agency to promote public private partnerships, exchanges and technologies for management of the environment in Asia.

After I left AID, I was part of a group that established the International Housing Coalition to promote priority funding for urban and housing programs in developing countries. I declined not to become that organization's CEO because I did not want to take on responsibility for fund raising. However, I did play a major role in the policy direction of the organization by becoming the Chairman of their Board of Directors.

*Q: There is a new generation that is coming up.*

KIMM: Exactly, and I am not going to walk away from past programs that clearly worked to improve the quality of millions of urban slum dwellers.

*Q: So, it exists.*

KIMM: IHC exists and it is now run by Judith Herman. She is very able and strong willed and has good experience and all, but the IHC hasn't been as successful as the other things that I have done in the past.

*Q: And not as influential on policy and legislation as you have been.*

KIMM: Yes, and so far we haven't attracted support from the Democrats for our ideas. We went to their offices, but couldn't get in the door to talk to people about policy priorities for the future.

*Q: Let me go back again to one thing we haven't talked about - this whole issue of AID's focus on urban development or not and the decision to move Urban Affairs into your Housing Guarantee Program Office. Bill Minor and Eric Chetwynd were working in a small office that was dealing with urban affairs. Tell me your sense of how that all happened and what your take on it is.*

KIMM: Well, senior AID management decided to create that Urban Development Office. Nobody talked to me about what would be a reasonable division of labor and so on. So, I was against it. I had a big organization relatively speaking, of course, that could have benefitted from those resources and that kind of thinking and I thought that really should be assigned to my program.

*Q: And you really were thinking about your program as being an urban development program.*

KIMM: I think that our policies were at least as good ideas as those of Bill Minor and Eric Chetwynd. Both of them were very able guys. Like who was the other guy, Mike Farber, do you know him? He was mission director in a couple of places. He was full time with Minor and Chetwynd for a while. Chetwynd had another very rewarding career. He went to work for a contractor after he got out of AID. I think for five or six years he ran a big program and got all the gratification and headaches he would get out of doing that. If I had it back, I would have been kinder to Bill Minor. They knocked me off of the official delegation to the UN Habitat annual conference and put Minor as my replacement.

*Q: Too bad.*

KIMM: If I had it back, I would have reacted differently. Bill Minor was a nice guy.

*Q: He was. He just recently died. But how did it come about that ultimately it was absorbed into your office.*

KIMM: It happened during a change of administrations.

*Q: This happened under Dan Parker or under Gilligan?*

KIMM: No, later than that. Minor and Chetwynd had an Assistant Administrator who was aggressively pursuing their interests. Maybe it was Rich Bissel.

*Q: Bissel ultimately became PPC<sup>11</sup>, They were in ...*

KIMM: S&T.<sup>12</sup>

*Q: I take it you found the existence of the separate Urban office was an impediment to working in areas where you wanted to work.*

KIMM: It was ineffective, and I resented it, but I never did much about it.

*Q: Eventually, it became part of your program?*

KIMM: Yes.

*Q: What about your views of AID Administrators you have known?*

KIMM: McPherson by a mile. Brian Atwood second. These were the best.

*Q: What is it about Peter McPherson that made him number one as far as you are concerned?*

KIMM: He made good decisions and strongly supported my policies toward helping urban slum dwellers. Later I got into a dispute with Neal Peden. This is another thing I didn't want to bring up in this interview.

*Q: Go ahead. You got into a dispute with Neal Peden?*

KIMM: She was the Assistant Administrator for Private Enterprise. She was from Trent Lott's staff.

*Q: Oh, I see. This was after my time, so I don't know her.*

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<sup>11</sup> PPC -Assistant Administrator for Program Policy and Coordination

<sup>12</sup> USAID's Bureau for Science and Technology

KIMM: She had been working for the IG or the GAO<sup>13</sup>. She wanted to undo policies that she observed for not more than ten minutes. She would alter existing policies if she could. She criticized the implementation and authorization for the Housing Guarantee program. She said, “I want you to stop running that terrible program you are doing in Barbados. Well I will tell you the truth, Neal. That was Tradinck, the Assistant Administrator for the region who authorized the project and if you can get Tradinck to tell me to stop and I will put it down.” Peden’s predecessor was Elise Dupont. She was very supportive of our program and wonderful to work with.

*Q: Yes, she came in while I was still there. I thought this was going to be the real difference. If it ever was going to work with the private side if you have a DuPont.*

KIMM: What made Peter McPherson so good was his support of my policy direction for the Housing Guarantee program. I told McPherson, “Look, this lady, Mrs. Peden, she would fire me in a minute if she could. She would love to get rid of me. I need you to protect me if I am going to stay here, or I will have to go somewhere else.” He said, “Don’t worry about it. I will take care of anything that comes up.” So three years later I am in Kenya and I got a phone call saying McPherson wants to talk to me. He would very seldom call me directly when I was in the field. It took me four hours to get where I could call him back.

*Q: Ah the good old days.*

KIMM: McPherson said, “I am going to become Undersecretary of the Treasury. And I want to be sure that I have left you in an OK position. So, you figure out what I have to do to ensure that you are OK. So, what the Administrator did was to change the administrative structure. So, I no longer reported to Peden but reported directly to Jay Morris who was a Deputy Administrator. McPherson said he would take care of me and he did. It is also true that one of the first things he did as Administrator was getting me a Presidential Rank of Distinguished Executive in 1981.

*Q: Soon after he came in.*

KIMM: And the award had been approved by the committees during the Sander Levin regime before then. I thought I was going to go through the bureaucratic channels. The first year was 1980, and no one knew whether McPherson was going to be the Administrator anymore. There were only 25 in the whole federal government that got the Presidential award that year and only one in AID.

*Q: Right. Wonderful.*

KIMM: So, a guy who makes decisions like that was in my view a genius. I am very fond of him.

*Q: And I as well of course.*

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<sup>13</sup> IG – Inspector General; GAO – General Accounting Office

KIMM: I have got a photo of me and McPherson and Joe Wheeler, who was then the Deputy Administrator talking with my now 56-year-old son who at that time was 12.

*Q: This was your son who was the first born son?*

KIMM: Not my first born son – we lost him in 1995.

*Q: Oh, I am very sorry.*

KIMM: He lived next door. He was killed in an auto accident when he was 35 years old. He had a great career ahead of him as a lawyer having just made partner in his law firm and was working too hard preparing to argue his first case before the Supreme Court.

*Q: Oh, I am sorry, what a tragedy. How do you survive something like that?*

KIMM: You don't. You never get over it. And he two small boys and a pregnant wife.

*Q: I can't imagine what that would be like. How many other children do you have?*

KIMM: Two. One of them lives here in this house with us. She has a separate apartment downstairs. She eats every meal with us, and she lives in the same building we live in.

*Q: It is nice to have that support here.*

KIMM: It is wonderful. She is the publisher of a regional newspaper chain. It includes the Potomac Almanac and a number of local papers in Northern Virginia including Reston, McLean, Arlington and Alexandria. They are called the Connection Newspapers. I think there are about 14 of them. She has won all sorts of awards but there are fewer and fewer local newspapers.

*Q: It is like print news everywhere. It is so hard, especially for these local papers. And you have another son?*

KIMM: We have another son who has for 25 years been a vice president of Verizon. He recently switched jobs tot a very high level position with another firm. Chris was the president of the school body at Vassar. For a man to win that was considered an extraordinary feat at the time. He is a very good politician.

*Q: There are so many questions I want to ask you, but we have been doing this for two hours. I think it is enough.*

KIMM: Two hours is enough

*Q: There are some things that are left on the table so...*

KIMM: I could organize myself a little better than I have but this 94-page report called “History of USAID Housing and Urban Programs” I could give you a copy or send you a copy if you care,

but I don't want burden you down. But I did print out the first three pages which is the index. As an index it flows from the beginning of the program through all the different stages. You might consider including the three-page executive summary of this report as an appendix to my biography.<sup>14</sup>

*Q: I would love to have a copy of that. Maybe it would stimulate some questions I want to ask you. But then I also want you to think about for the next time what is your overall assessment of the accomplishments of this program. I mean I had not even realized, that shows how ignorant I am, that there is no longer a continuing program. So basically, you were there from almost its creation to its demise. Yet you have, I know, an enormous number of accomplishments that you attach to it. I would like to hear your sense of those as well as some more talk about some of the personalities you have known.*

KIMM: Oh, I made a lot of deals to change their policies concerning urban slums from destruction to upgrading services thereby improving the quality of life of the urban poor.

*Q: So that is another thing I want to ask about the next time we get together.*

KIMM: OK, let me see what I can do.

*Q: Again, this is Alex Shakow and I resume the oral history interviews with Peter Kimm. It is 26<sup>th</sup> of November, right after Thanksgiving. We are going to pick up a few things we didn't cover adequately the first time around.*

*So, Peter, first of all, I think, as we just discussed, we probably will want append some of the history of the HIG. Did you call it HIG or HG?<sup>15</sup>*

KIMM: I used HG, but others used HIG depending on who wrote it.

*Q: It is easier to say HIG than HG.*

KIMM: Yes, either one will do.

*Q: With the History of USAID Housing and Urban Programs, we have a long view of the program, but I think we need to get your personal view knowing that you are really Mister Housing Guarantee from the beginning of the program to the time as you described it as recently demised. Could you give your own personal assessment of what was accomplished and what were the high points? What was most significant and what are your disappointments about it.*

KIMM: Well I think there was a point, and you can see that looking through the documents, where AID was looked upon as the leading donor and innovator in housing and urban affairs for developing countries in the world.

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<sup>14</sup> The Executive Summary of the final report, "The Past and Future of USAID Housing and Urban Programs" – City Partners International 2012 is attached

<sup>15</sup> HIG – Housing Investment Guarantee; HG – Housing Guarantee

*Q: Now the field you are talking about is...*

KIMM: People working on housing and urban development in the developing countries. At the time I became director, we didn't have any field officers and the projects that were looked upon most favorably dealt with the development of savings institutions mirroring US savings and loan associations. In the course of shifting our priorities, we were following pretty clear congressional instruction. The legislation indicated that they wanted the program to reach lower income people. In the beginning the program was only able to reach, upper income families. So our challenge was to get our impact to lower income slum dwellers. To do that we had to come up with definition of low-income people and we focused on how to improve the quality of life for urban slum dwellers on a sustainable economic basis.

*Q: And I know you talked the last time about this definition and so forth. From your standpoint were you able to reach people who were, say, in the bottom half?*

KIMM: Yes. What we did was to focus over time on improving the quality of life of urban slum dwellers by enhancing local activities that provided: clear title for home purchases, improvements to existing structures, upgrades to physical security, accessibility to potable water and planning that included space for municipal services such as schools and community facilities, etc. We required that the 90% of the units financed by our guarantees served families with less than the median family income for that city. We also supported training and technical assistance for improved municipal services for the poor. In our earlier years we focused on financing homes that cost about 10,000 dollars while in the later years we were more concerned with upgrading slums through improving existing structures, infrastructure improvements and strengthening the management of municipal services.

In the 60s and 70s in a developing country with a very low labor cost you could approach \$10,000 per unit for a multi-bedroom starter home. But for that price the poor in urban slums could not qualify for a mortgage at competitive interest. Therefore, we had to focus on minimal starter homes. We ended up with different kinds of programs which required many of the governments in the developing world to make major policy changes. Many of these policy changes were very controversial among some local officials but became more generally accepted over time.

*Q: And were your contracts signed with the minister of finance or with the mayor? Did you deal with the central government or with the mayors?*

KIMM: When we finally hit our groove, it was with the government of developing nations. What we did is another subject worthy of a paragraph or two. The beginning of the program was very private. For example, we might finance Mr. Romani's project in Mexico because Senator Smathers<sup>16</sup> put in an appropriation bill that AID would finance a project in Mexico. Within the program we recognized that there would be future devaluations of currency etc. So we required the local financial institution to set up a reserve fund. If the financial borrower of a Home

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<sup>16</sup> George Smathers, U.S. Senator Florida 1951-1969

Guarantee was paying 6 percent, to the US lender, the homeowner might have to pay 10 percent in order to build up a reserve over the years to cover potential future currency devaluations.

*Q: And these agreements you had with the central government that they would perform that side of the bargain?*

KIMM: Our later HGs were almost always with the central banks but on occasions, such as with the biggest housing institution in India it wasn't a government owned bank. The Indian government owned stock in the bank and was going to finance the HG activity. So that, basically, we were permitting the local institution to borrow at the rate of 6 percent. Typically, these institutions couldn't borrow in the world market for 10 or 15 percent. That is the good part of the deal for them but the deal that we are interested in is that you are going to do future lending and how you might improve your current policies to advance the quality of life of urban slum dwellers. The outcome of these negotiations is what we called "the Deal".

*Q: Are there particular countries that you feel especially proud of in terms of the work that was done and what was accomplished?*

KIMM: Yes, I would say India was a very successful collaborative effort. When I first went there to talk to them about housing guarantees, I began talking with the next to the highest level in the Indian finance ministry. They were not interested and treated me in an insulting manner.

*Q: That is when you first went, and then after?*

KIMM: Then 20 years later when Bob Bakley was the Mission Director, things had changed. The Indians had set up a housing bank and the Indian running it would call Bakley and ask his advice about operational problems. Another major factor in the success in India was our ability to work with four young Indians, some of whom went to U.S. business schools, they opened up a new organization and they figured out their way around the government regulations by calling themselves a finance company and not a bank.

*Q: Sounds good.*

KIMM: We gave them the most we could which was \$25 million a year. But at that stage in their development this Housing Development Finance Corporation, HDFC, was undergoing rapid growth. At any rate Deepak Parekh is now one of the most prominent guys in finance in India and the organization is enormously successful. When they didn't have much money, but a little bit of savings and some good ideas, we guaranteed loans to them of \$25 million a year for the earliest few years of what has become a huge source of housing financing in India.<sup>17</sup>

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<sup>17</sup> An article in the Economist April 11, 2019 on-line edition titled, "How HDFC Breaks the Dismal Pattern of Indian Banking" paints a banking scene characterized by scandals and bad loans to the well-connected where, "one bank, HDFC, consistently shines. It describes HDFC's growth from a mortgage company to a full-service bank with 5,000 branches and "stellar" service to small companies as well as large and 30,000 employees promoting phone-based banking to shops and individuals in smaller cities and villages.

*Q: And they were able to get housing built and were they also into clearing slums?*

KIMM: No, they were not clearing slums, they are financing affordable housing. They were a source of mortgage financing but not a mortgage bank.

*Q: This is a photo of...*

KIMM: This is Dave Leibson.

*Q: Yes, I know Dave Leibson.*

KIMM: This is in 1975 and this is 2000. These pictures were taken by Dave Leibson 25 years before and after of the same urban area.<sup>18</sup>

*Q: Oh, and where is this?*

KIMM: Seoul.

*Q: Well that is a big difference. That is wonderful. And what is nice is that you trained Dave Leibson so well that he is now improving what is going on in his own hometown in Virginia.<sup>19</sup>*

*Q: Boy that is very impressive as well.<sup>20</sup>*

KIMM: That is thousands of new houses that made the city jump a river. We were the first ones to finance that project.

*Q: Is Korea another country where you would say the program was successful*

KIMM: Korea is very definitely a success story. They built this complex with 2000 maybe 3000 houses in it in one season. In the United States, it would take a couple of years to build by most under normal practices. The Koreans built the project including times when the weather was bad and they worked around the clock. They were the most amazing people.

Another story – a guy who was minister of construction later on became the head of the Korean CIA, and he murdered the incumbent president of the country.<sup>21</sup>

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<sup>18</sup> Photo in 1975 of a massive hillside squatter settlement in Seoul with mostly mud block housing that had been scheduled for clearance. Photo in 2000 of the same area 25 years after completion of a USAID Housing Guarantee loan financed program which legalized the land and improved roads, water and sewage. With secure land tenure and infrastructure improvements in their neighborhoods, families were able over time to invest and make major improvements in their homes on their own.

<sup>19</sup> Reference is to his advocacy for affordable housing and homelessness programs since his retirement from AID.

<sup>20</sup> Reference is to a photo of a large complex of apartments also built in Seoul in the 1970's with Housing Guarantee loan financing for sale to low-income families.

<sup>21</sup> Kim Jae-gyu who was Korea's Minister of Construction 1974-1976, when the Housing Guarantee program there was negotiated, assassinated Korea's President, Park Chung-hee, in 1980.

*Q: He was one of your counterparts?*

KIMM: Yes, on housing policies but not on violent political action. They let him carry his gun into a meeting with the President because he was the then head of their intelligence agency.

*Q: And was he doing this under orders from somebody or was this just a personal vendetta?*

KIMM: I don't know.

*Q: Your job took you to many places around the world.*

KIMM: Yes, it took me many places and gave me interactions with many important local housing officials.

*Q: You couldn't keep track.*

KIMM: It got difficult to remember all the places the program took me.

*Q: What about in Latin America. In which countries do you think HG programs were most significant in Latin America, or Central America even?*

KIMM: It is difficult to say since different criteria apply to different countries.

*Q: Those were the early ones.*

KIMM: But on policy, Chile was a successful program. And, working under difficult circumstances, we continued to function in Central America.

*Q: OK, any other thoughts about your overall sense of accomplishment? What about disappointments? What is it that disappointed you?*

KIMM: I guess my biggest disappointment is that they didn't continue the HG program. It was widely recognized as successful in promoting new approaches to improving urban slums, but became a casualty to political stereotypes that never fully understood the nature of our evolving program.

*Q: You had a deputy, didn't you?*

KIMM: I had several deputies along the way.

*Q: But when you left it wasn't...*

KIMM: When I left the program, my deputy was Mike Lippe, a Harvard Law School graduate and a, first rate guy. He graduated from law school, served in Botswana in the Peace Corps and married a Botswanan woman. He had a great understanding of the challenges the program faced.

*Q: But he was not able to carry the ball forward after you left, or do you think that the political circumstances...*

KIMM: Yes, I believe the program was the victim, of changing political philosophies. But there were three other directors of the program during its demise including David Painter, Lippe, and Vivian Garry, do you know her?

*Q: Yes, I am trying to place her.*

KIMM: Perhaps the best of the three, although you wouldn't tell it from our paper, and the third one is David Painter.

*Q: Oh yes, of course.*

KIMM: Painter was sort of there as it all became irreconcilable.

*Q: Did it lose political support, or did it lose support inside the agency?*

KIMM: As described above, the program lost support among Republicans on the Hill. It also suffered a loss of some internal support within AID due to the inevitable bickering over scarce resources as resources for foreign aid were generally reduced.

*Q: During the time you were in the leadership, did you have a champion or several champions on the hill.*

KIMM: Yes, we had lots of supporters.

*Q: Who were they?*

KIMM: We had a connection through the Federal Home Loan Bank Board and with Senator Sparkman. He was the chairman of the committee with jurisdiction.<sup>22</sup> When Sparkman told his staff he wanted another \$200 million in housing guarantees, it appeared in our appropriations. We also enjoyed support from Senator Javits, Republican from New York. It was bipartisan. In the House there was Pete Domenici, and a staffer from Domenici's office, George Ingram, was very helpful.

*Q: Of course.*

KIMM: When I first got to AID and a problem came up that didn't look good, I went over to the Hill and had a very successful meetings with a staffer named George Ingram. It was my first meeting with a Hill staffer. I learned ten years later it was his first meeting as a Hill staffer, but we were able to communicate effectively for many years.

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<sup>22</sup> John Sparkman was Chairman of the Senate Committee on Banking, Housing, and Urban Affairs (92nd and 93rd Congresses), and a member of the Committee on Foreign Relations (94th and 95th Congress).

*Q: No kidding. Well and I saw George just over the weekend.*

KIMM: We have got a lot of mutual respect. George is a very able guy.

*Q: He is wonderful. He is still carrying on at Brookings.*

KIMM: Yeah. He is a force.

*Q: Oh yes. Then he has been active in mobilizing Support for foreign aid for many years. I didn't realize you provided his first occasion to deal with someone running a program for AID.*

KIMM: And for several years we settled the level of new housing guarantees with a single phone call. George would call and say, "How is \$125 million?" I would say, "125 is marvelous." And it would happen.

*Q: Some of those people were still around when you left. I mean maybe Sparkman.*

KIMM: Sparkman was gone, and I met with many different staff members over the years.

*Q: Those champions did not carry on in the 1990s is what you were saying.*

KIMM: No, but we continued to get strong support from some of them. The National Association of Realtors and the Federal Home Loan Bank continued to support our program. The president of the New York Bank Board Bryce Curry was very helpful and could deliver support from the Senate. If you could convince Curry of what you wanted, and if he agreed, he could get it done.

*Q: But that political support just wasn't there after you left the agency?*

KIMM: It wasn't really the kind of support that, say, the agricultural institutions in the United States could get out of a congressman. People didn't really feel strongly about the fate of urban slum dwellers in developing countries, and it was hard to get the new political types to travel to impacted countries.

*Q: What about inside AID? I mean the Administrators in the early 1990s after you left just didn't pay much attention to it.*

KIMM: Most of the Administrators thought highly of the HG program and certainly, with very few exceptions, I reported to the political level. I served under nine presidents and more than a dozen Administrators, so that makes eight transitions where somebody new arrives and does not know much about ongoing programs.

*Q: Well, they could just leave it to you to run and it didn't bother them, right?*

KIMM: They had a lot of things on their plate and at first many of them would want to take over and run the program in great detail. Then they would get into it a little and then they say, steady as it goes.

*Q: You said the last time that quite clearly you felt that of, the AID Administrators, Peter McPherson was far and above all the rest. Did you say that Brian Atwood was next?*

KIMM: Brian Atwood was in the same league - smart, knowledgeable, decisive and supportive of our program.

*Q: He had a lot of issues to deal with the pressure from Senator Helms and other people, but as far as the HG program he was supportive.*

KIMM: Yes, he was supportive, then the program began to unravel, and it was to some degree my fault. I was asked to take on several new responsibilities and lost my focus on housing. When the Clinton administration re-organized AID in '92-'93 the Office of Housing ended up in the Private Enterprise Bureau. In 1994 I became the Acting Head and then Deputy to the Assistant Administrator of AID's Environment Center. In 1998 I was named Director of the US-Asia Environmental Partnership (US-AEP).<sup>23</sup>

I got distracted. I got into climate change and into energy efficiency. It was something I didn't know anything about, and I loved that. I became the supervisor of the Environment Center Directors, but that meant I didn't have exclusive energy available to fight the urban fight. At that point, I was paying more attention to US-AEP. The Housing Office began to lose staffing and Guarantee Authority. I worked one year under Bush and retired in 2002.<sup>24</sup> I was not running the HG program during its final demise.

*Q: By that time, it was housing and urban programs.*

KIMM: Yes. More than half the world's population is urban and poverty has been moving to the cities. The words housing and the urban word ought to be of greater importance in development strategies and resource allocation. If I read Piketty<sup>25</sup> correctly, housing is at the basis of poverty in all the civilized world.

*Q: You were ahead of your time, Peter.*

*Q: So, when you left AID what did you do then?*

KIMM: Well first I took a year off.

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<sup>23</sup> The Partnership was a joint program of USAID, EPA, and the U.S. Department of Commerce with a number of U.S. and Asian universities, private sector companies and environmental management organizations. It had representative offices throughout Asia.

<sup>24</sup> While George W. Bush won the election of 2000, he did not take office until January 20, 2001.

<sup>25</sup> Thomas Piketty is the French economist and author of the influential and controversial *Capital in the 21<sup>st</sup> Century* and other books.

*Q: Literally a year off, just spending more time with Grace and family.*

KIMM: I had some surgery done that I had postponed but for a year and I did one consulting job for the UN for the first 18 months or so. And then I decided that I would probably be happiest if I were engaged for 100 days a year. I was prepared to donate half of that time - 50 days - to other activities. For the other 50 days I wanted to get paid. That is how I figured, and for a while it worked. For the 50 days I got paid. I did studies and analysis for the World Bank, the Inter-American Development Bank and for the Cities Alliance.<sup>26</sup>

*Q: Yes, I know the Cities Alliance.*

KIMM: For the Cities Alliance, and for GICA, a firm of people who were ex-World Bank: Toni Pelligrini and what is the guy's name, Sikh ...<sup>27</sup>

*Q: I know the guy's name, but I did something for them too at one stage. I see that was the for pay side, and for the pro bono side?*

KIMM: I became the first Chairman of the International Housing Coalition.

*Q: That is the one where you described you couldn't really put as much time into it as would be required to keep it as a thriving organization at that time/*

KIMM: That over-simplifies it a little bit too far. It was a bad decision on my part. I shouldn't have taken the chairmanship. I should have forced them to find somebody. Did you know Jack Howley?

*Q: No, I don't think so.*

KIMM: He was my deputy for several years. He died recently. They had three sons and we are making the arrangements for a celebration of life and that kind of thing as we sit here.

*Q: So, did you enjoy those retirement years.*

KIMM: Oh yes, the hundred days of work suited me fine.

*Q: How old were you when you retired?*

KIMM: 72.

*Q: So, 18 years later I assume, at the moment, you are not doing anything for pay.*

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<sup>26</sup> Cities Alliance is a United Nations global partnership supporting cities to deliver sustainable development.

<sup>27</sup> GICA - Global Infrastructure Connectivity Alliance

KIMM: No, I am not now doing anything. For a while after retiring I did interesting jobs for two or three different firms and I ended up with two clients who were prepared to pay me for my advice on overall management issues.

*Q: I am sure you did not disappoint them.*

KIMM: That was a lot of fun. So anyway, that was my 50/50 split. But I didn't pursue it into my 80s. I am 89.

*Q: One of the things that you mentioned to me but as I recall we did not talk about in your earlier discussion was this UN Habitat award they gave you. Could you describe that for me? Didn't you get some award from the UN habitat?*

KIMM: I am the recipient of many awards for my leadership role in the housing field, including one from my alma mater, but the UN Habitat award was a really big deal. Habitat once a year gives an international award to one or more recipients. In that particular year, they gave two awards, one to me and one to the Minister of Construction of China<sup>28</sup>. It reminds me of a story.

I had had ongoing contact with the Chinese Housing Authority through the UN. Habitat program for years and became friendly with my counterpart, the Chinese Minister of Construction who built 12 million houses or something like that. Anyway, one night, he says, "How many people work for you?" I said, "If I figure out all the contract people and everybody that is around on any given date, it is probably about a hundred. How many work for you?" I asked. He said, "Four million." (They hire the people that do the actual construction work.)

*Q: So, we were obviously much more efficient than the Chinese government in their building!*

KIMM: Well maybe not. That is a whole other subject about decision-making in a socialist country.

We collaborated with the UN on a series of major conferences about human settlements, the first was 1976 in Vancouver. The next was around the year 1996 in Istanbul. At that Istanbul conference, the Secretary General of the Conference, a man named Wally N'Dow, said "Peter Kimm contributed more over the past thirty years to the housing needs of the poor than anyone else in the world."

*Q: That is very impressive!*

KIMM: Yeah, he and he said it to the audience and nobody jumped up and left – but applauded instead.

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<sup>28</sup> UN Habitat Scroll of Honor Award is the United Nations' highest award for work carried out in the field of human settlements. The aim of the award is to honor individuals and institutions instrumental in improving the living conditions of the poor in urban centers of the world. He received this award for thirty years of "outstanding service assisting developing nations worldwide respond to housing needs of low income families and to meet the challenges of rapid urbanization."

*Q: To have that kind of recognition to come internationally from a developing country minister on behalf of the world is wonderful and a very great tribute to you and your accomplishments.*

KIMM: That was a big deal.

*Q: But you also had one from Ronald Reagan. You were the only person in AID, and one of only 25 in the U.S. government, who were given these awards. Peter McPherson helped to make that possible. Why don't you read what Ronald Reagan said about you?*

KIMM: It says, "Rather than focusing on new construction Peter Kimm led an effort to upgrade current housing units and promote self- help programs for the units' underprivileged occupants."

The major change to the way in which we did this was to bring water and sanitation to those that didn't have it, and then to work on the local government to pass something. I wrote a two-page piece on the Housing Guarantee Program and what it did for Janet Ballantyne's book - 50 years in USAID – Stories from the Front Lines.<sup>29</sup>

*Q: How did you become involved in Russia and the Former Soviet Union?*

KIMM: The whole U.S. government made the decision on how Russia was going to be a big priority. My understanding was that Presidents Clinton and Yeltsen at a meeting in Alaska or the Aleutians had taken a walk and came back agreeing that we were going to do housing. So, in collaboration with AID and State's Eastern European Bureaus, we launched housing technical assistance programs in Russia as well as several of the Eastern European and Former Soviet Union countries. These eventually included projects to assist with privatization of the existing stock and the development of mortgage banking systems as well as housing to military officers returning to Russia from the countries of the former Soviet Union and a joint project with the World Bank to help develop their first loans for housing and municipal infrastructure.

*Q: Were there other programs with that kind of political importance?*

Kimm: The State Department was often interested in having our HG program work in countries experiencing serious political or economic problems about which the U.S. had policy interests. Even before our help in response to the Russian request for assistance, the HG program was an important tool for State in promoting reconciliation between Jewish and Palestinian interests in Israel and political stabilization in Latin America, post-apartheid in South Africa, and others.

The post-apartheid government in South Africa, for example, had committed to build a million homes. We guaranteed the financing of, a very large number of houses. They did not, though, follow our advice about what to do. We did not want them to focus on building new houses. We wanted them to focus on financing for poor families. They did build a lot of houses which many

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<sup>29</sup> See pages 67-68, Fifty Years in USAID, published 2012 by Arlington Hall Press for the Association for Diplomatic Studies and Training.

people would consider a success - maybe a million houses - but we didn't successfully convince them at the time to emphasize the institutional and financial policies needed for the long term.

The minister at the time came to the United States for a visit. She and her delegation came to my home on a summer Sunday... The minister, her Ambassador and our entourage all sat here at this table talking about alternative housing policies. Memorable.

*Q: Looking back, how do you feel about your work?*

KIMM: The impact of our program was broad and long lasting, and it received widespread recognition. The most telling indicator of the result is the number of people who benefitted. Over the life of the program over 200 guarantees were issued for a total of \$3.1 billion which provided critical assistance to 30 million low income individuals in 48 countries worldwide. In addition, millions of other slum dwellers benefited from the training in the management of municipal facilities promoted by our program. I am very proud of my contribution to these truly significant accomplishments.

*Q: How would you sum up the philosophy and approach of the Office of Housing and Urban Programs?*

KIMM: The urban and shelter problems of the world are upon us. There are available, known and to some degree "proven" tools and methods of analysis and approach. If the right policies are pursued, the problem is manageable. Just barely, but it is manageable.

*End of interview*



*Photo: Peter Kimm with children at home under construction in Costa Rica  
From Peter Kimm's personal collection*