

**AIRGRAM**

**DEPARTMENT OF STATE**

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SUBJECT - PROP - Housing and Urban Development

REFERENCE - NONCAPITAL PROJECT PAPER (PROP)

Country: Peru

Project No: 527-11-830-065

Submission Dates: March 4, 1971

Original

Revision /X/

Project Title: Housing and Urban Development

U.S. Obligation Span: FY 1962 through FY 1974

Physical Implementation Span: FY 1962 through FY 1975

Gross Life-of-Project Financial Requirements: 1/

U.S. dollars: \$ 1,028,000

U.S. owned local currency: See narrative

Cooperating country cash contribution (in U.S. \$ equivalent): \$ 373,000

OTHER AGENCY

1/ Excludes housing investment guaranty and loan funds.  
See narrative.

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AID AND OTHER CLEARANCES

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## A. Summary Description

### 1. Justification

United States assistance in support of housing and urban development for Peru under this project began in 1962, as the result of a growing recognition of the pressing problem of inadequate housing as an important factor in the economic and social development of Peru. Although progress has been made, Peru continues to face a spiraling housing shortage and a critical, nation-wide housing problem, magnified greatly by the Peruvian earthquake disaster of May 1970.

Pre-earthquake statistics showed a persisting housing deficit of about 1.5 million dwellings. According to GOF figures, 68 per cent of the nation's housing for nearly two-thirds of its population consisted of one or two-room dwellings. Of these, over 70% lacked all utilities.

Further, GOF demographic studies project increasing pressures upon the urban centers as the nation's population rises over the 10 year period 1970-1980, from 13.5 to 18.5 million. Urban centers are expected to absorb nearly 11 million people, as against the present 7 million.

Added to this, an estimated 11% of Peru's population was affected by the disaster in which approximately 160,000 homes, housing approximately 800,000 persons, were completely destroyed or rendered uninhabitable. Of these, about 30% can be repaired and the rest must be totally replaced. The greatest impact of the earthquake was upon the housing of lower income groups, due largely to the inadequate building materials and methods used in construction.

The following are among the more pressing areas upon which Peru's public and private sectors must focus for immediate and longer-range solutions to housing needs:

- a. Immediate planning and action to rehouse both temporarily and for the longer range future those affected by the earthquake, both urban and rural.
- b. Finding viable solutions to the problems of urban population pressures and the requirements of urban growth, particularly in those urban centers devastated by the earthquake, which must be rebuilt, and their people rehoused.
- c. Improved housing policies, planning, legislation, institutions and administration.
- d. Increased public and, more particularly, private investment in housing development and construction.
- e. Continued improvement of the housing finance and credit system.

- f. Increased modernization and expansion of the domestic housing construction and building materials industries.
- g. Practical methods and incentives to accelerate lower cost housing construction, with particular attention to practical, seismic-resistant building, and self-help construction.
- h. A responsive, long-range housing development plan and construction program, directed towards reducing the housing deficit backlog, progressively meeting a higher percentage of annual requirements for new housing, and ultimately bringing total housing needs and production into reasonably satisfactory balance.

## 2. Project Goals

The goals to be achieved under the Project are as follows:

- a. The satisfactory completion, within CY 1974, of the program of reconstruction of housing and related community facilities in the May 1970 earthquake disaster area, under the recently authorized Housing Investment Guaranty (HIG) program for the disaster area. This program includes the implementation of Project 527-HG-008, authorized in November 1970, and Project 527-HG-005, authorized earlier and reactivated in November 1970. One of the program's main objectives will be the development of a viable credit program for low income groups in urban centers, as a pilot demonstration susceptible to adoption nation-wide, without reliance upon external support.
- b. The further strengthening of the country's Savings and Loan system, through the introduction and competent operation of: (i) an FHA-type mortgage insurance system, new in Peru, to provide greater security to residential mortgages and attract increased private capital investment in residential mortgage properties, thus also facilitating the development of a secondary mortgage market, which is a continuing objective of the Project; 1/ (ii) a sound system of insurance for savings deposited in savings and loan associations, to provide added security for savings and to generate additional resources for home financing. Taken together, the introduction of these mechanisms should contribute importantly towards achieving, by 1975, an increase in total savings from the 12/31/70 level of 4,640,000,000 soles to a minimum of 10 billion soles.
- c. The completion of construction and disbursement under the \$10 million cooperative housing program for workers, \$6 million of which provided by an AID loan

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1/ An earlier AID loan of \$7.5 million to support the establishment of a needed national housing bank and extend the Savings and Loan System (See Annex A, para 1) included a provision that best efforts would be made to establish a secondary mortgage market when practical to do so. To this end, grant-funded training and technical advice was provided in 1968. However, progress was slowed by the changed political situation in October, 1968, when sweeping governmental reorganizations occurred. Reinstitution of efforts in this area have only recently again become feasible.

and \$4 million by a GOP contribution (see Annex A, para 3, for status of program); and evaluation of cooperative housing methods as a possible means of achieving improved, lower-cost housing and of ensuring adequate, post-construction maintenance and dependable mortgage payment collections. Construction and disbursements under this program will be completed within FY 1971, and evaluation of cooperative housing will be completed within FY 1972.

d. Determination, within FY 1972, of action to be taken, relative to presently pending, approved HIG projects outside the earthquake disaster area, totalling \$23 million, and, should these projects be reactivated, satisfactory progress in their implementation, with particular emphasis upon helping to accelerate private sector participation in lower-cost residential construction.

The continuing AID assistance will be directed to these four specific areas.

### 3. Basis for Continuing U.S. Participation

While in its hierarchy of priorities the GOP of necessity gives precedence, in the housing development sector, to the reconstruction and rehabilitation of homes and community facilities devastated by the May 1970 earthquake, it is making serious efforts to carry out the reconstruction program in a manner that will contribute towards providing durable, long-term solutions to the housing problem of the affected zone, as well as nationally, through improved planning and strengthening of housing institutions, legislation and administration. Continuing U.S. participation in Peru's housing and urban development efforts depend upon the GOP's willingness to devote adequate resources, consistent with overall available resources, to housing needs. This includes the special demands of the earthquake affected areas, and sustained efforts to improve housing policies, institutions and administration.

With regard to specific areas to which AID assistance is directed, the Project goals, targets and time frame described in the preceding Section 4.2/<sup>above</sup> and in Section D2, below, are believed to be realistic, and should be considered minimum achievements for continued U.S. participation.

### 4. General Plan of Action

To assist in the reconstruction of housing and related community facilities in the earthquake disaster area, within the framework of a rational plan responsive to needs, and to achieve the institutional and operating improvements in the housing sector, noted under Project Goals (Section 2, above) and discussed more fully below, a modest level of highly selective technical assistance inputs are required, directed to the four specific areas of AID concern.

For earthquake reconstruction efforts, a contract will be entered into with a local architectural/engineering firm for the procurement of technical services, on an "as-needed" retainer basis, beginning in the last quarter of FY 1971. Technical and advisory services, and participant training, for on-site building trades training

and adobe improvement will be provided on an "as-needed" basis under a contract with the International Institute of Housing Technology of Fresno, California. A scope of work for this activity will be developed by a representative of the Fresno Institute, together with Mission and GOP personnel, in the latter part of FY 1971. The program to be served under the contract with the Fresno Institute will place particular emphasis upon auto-construction methods and upon the improvement of the local adobe building material and its use to provide anti-seismic and water-resistant construction. The Ministry of Housing will be assisted by the Fresno Institute to initiate an effective program responsive to the needs in the disaster area; concurrently, a limited number of Peruvians will receive short-term training at the Institute in Fresno. The program will be closely coordinated with activities of other agencies - UN, IDB, OAS.

The necessary technical assistance for the further strengthening of the Savings and Loan industry, to achieve the objectives described above, will be provided for with FY 1970 and FY 1971 funds, and advisory services should be completed by the end of CY 1972. Short-term "refresher" training will be provided for a limited number of key personnel in Savings and Loan operations, mortgage insurance and secondary mortgage market through CY 1974.

Concurrently with the Mission's evaluation of cooperative housing methods, in relation to the HIG Program, special training will be provided in the U.S. and third countries in management, organization, and administration for a limited number of leaders in the Peruvian cooperative housing movement.

The HIG programs outside the earthquake disaster area should not require special technical assistance. The full-time USAID Housing and Urban Development Advisor responsible for the USAID/HUD Program as a whole, supported by the services of an International Development Intern (IDI) and the part-time services of Peruvian local hire engineers employed by USAID, together with legal assistance on an "as-needed" basis, should provide adequate backstopping for this activity.

The services of a full-time International Development Intern (IDI) will be required, beginning in mid CY 1971, to assist the USAID Housing and Urban Development Advisor in the operation of the USAID/HUD program as a whole.

With the BVP and the Ministry of Housing as major coordinators, AID assistance and that of other donors provide a significant portion of the external inputs which the GOP needs to enable it to make a reasonably satisfactory attack on the nation's housing problem. The immediate, emergency needs of the earthquake zone have, of course, diverted GOP human and financial resources from "regular" housing and other development programs. However, the GOP and its Housing Ministry are giving clear indications that long-range rehabilitation of the affected area will provide an opportunity to accelerate progressive housing policies and programs.

### 5. Other Donors

The IDB, OAS and UN, as well as AID, are assisting in the Peruvian housing and urban development field. The IDB over the past 8 years has authorized 4 housing loans totalling \$37.6 million, including one recently authorized for \$12.6 million. These loans have been directed toward financing housing throughout the country. In addition, IDB recently authorized a \$35 million loan matched by \$17 million GOP funds. Of this total, approximately 50% will be directed toward financing housing reconstruction in the disaster area. The OAS, in addition to emergency housing assistance, contributes usefully with training programs in self-help construction, and urban and regional planning. The UN is providing a one-hundred-dwelling-unit demonstration project in the disaster area, and also is conducting studies for the regional planning of the affected area.

### 6. LOP Financial Inputs

See pages 11 and 12 for Tabular Breakdown of Life of Project funding.

### B. Setting/Environment

The magnitude of the Peruvian housing problem, greatly aggravated by the earthquake of May, 1970, is described above, and is further detailed in past Program Memoranda and Country Program Submissions.

Over the past eight years, substantial progress has been achieved in a number of the problem areas noted. The Banco de la Vivienda del Peru (BVP), the Peruvian National Housing Bank and its associated Savings and Loan associations operating throughout the country, which were developed with U.S. assistance provided under the Project, are proving increasingly productive institutions contributing importantly to the country's housing finance and capital formation, with the growing support and confidence of the GOP and general public. The new Ministry of Housing, created in April, 1969 is in effect a national housing authority, replacing the ineffectual National Housing Board (JNV). There are increasingly encouraging efforts by the Government of Peru to improve housing policy, planning and administration, and to provide essential housing legislation to help combat the persisting housing deficit and continuing shortage of capital and other resources for lower-cost housing expansion. In recent months, a number of housing laws were enacted, which provide for certain tax exemptions and other incentives to accelerate production of lower-cost ("social interest") housing, for land use regulations and controls against excessive land speculation, and for enabling occupants of "Pueblos Jovenes" (squatter settlements previously called "Barriadas") to obtain title to the lands they occupy. This last is expected to provide a strong incentive to dwellers in such settlements, who represent a high percentage of Peru's urban population, and to local authorities and community organizations, for the organized upgrading and continual improvement of these settlements. Recently, an Office for the Development of Pueblos Jovenes (Oficina Nacional de Desarrollo de Pueblos Jovenes) was established in the Office of the Prime Minister to provide, together with the new Ministry of Housing and other appropriate entities, needed impetus, support and direction for the upgrading and improvement of Pueblos Jovenes.

A better informed and more realistic understanding and appraisal of the magnitude and complexity of the country's housing problem, and of the modern methods and long-range efforts required to obtain durable solutions, are increasingly evident in the Peruvian public and private housing and urban development sectors. Over the next five years, the GOP is expected to become increasingly responsive to housing needs. Present policies and emphasis upon accelerating housing construction, and more particularly lower cost housing for limited income groups, will in all probability be strengthened and enforced with increasing vigor supported by the necessity to satisfy the growing popular demand for adequate housing and to stimulate the presently lagging economy and provide employment to a growing labor force.

### C. Strategy

The continuing U.S. assistance provided by the Project is directed towards helping to support the efforts of Peru's public and private housing and urban development sectors in four key areas where enduring solutions can best be achieved, or accelerated, with limited inputs of outside support, technical assistance, advice, and demonstrated "know-how".

Past U.S. assistance, which, as noted above, has had strong and positive influence on the establishment, growth, and development of the national housing bank (BVP), a nation-wide savings and loan system, a Ministry of Housing, and in increasing private-sector participation in the housing industry and stimulating cooperative housing development, are described in Annex A to this PROP.

The method of achieving Project objectives and the way that the Project contributes to U.S. goals are described more fully in other sections of this PROP and in Annex A.

### D. Planned Targets, Results, Outputs

The four specific areas to which continuing U.S. assistance is directed and the general plan of action are described in Sections A2 and A4, above. To recapitulate, the four areas are: (a) earthquake reconstruction (housing and related community facilities); (b) savings and loan industry; (c) cooperative housing; and (d) the HIG program (outside the earthquake disaster area).

Planned targets are as follows:

#### a. Earthquake Reconstruction

i. Completion, by the end of CY 1974, of an estimated 15,000 dwelling units (in new construction and repairs) under Projects 527-HG-008 and 527-HG-005, as part of the GOP's overall permanent reconstruction program for the area affected by the May 1970 earthquake.

Under these two Projects, individuals, cooperatives and other borrowers meeting the eligibility requirements will be able to obtain loans for construction and repairs of lower cost housing destroyed or damaged by the earthquake. As already noted, lower income groups suffered most in the earthquake disaster and, therefore, the cost of housing financed under these two Projects will be geared strictly to the limited means of these income groups. Particular emphasis will be placed upon the construction of soundly planned, low-cost, expandable "core" housing on urbanized land; a substantial part of the housing financed under this program will be of this type.

ii. Development of a needed, viable credit system, on a limited pilot demonstration basis, to enable low income groups in urban centers, presently unable to qualify for loans from Peruvian savings and loan sources, to obtain credit to finance home construction and repairs, and the installation of essential services, with maximum input of guided self-help. A test of this part of the program in the earthquake disaster area, if successful, is expected to lead to wider application nation-wide without external support.

iii. Introduction of improved adobe building materials and methods to provide anti-seismic and water-resistant construction, which can continue to be applied in the use of the local adobe for construction.

It should be noted that provision of temporary housing in the earthquake disaster area, with AID and other donor's assistance, is largely completed. AID inputs for this purpose have included a \$1.2 million grant to finance the construction, now completed, of some 2,800 family units, which have provided temporary housing for an estimated 16,000 persons, and the procurement and distribution, also completed, of approximately 250,000 sheets (4' x 6' per sheet) of aluminum roofing (equivalent to approximately 500,000 Peruvian standard size roofing sheets), which have provided provisional shelter for an estimated 120,000 persons.

b. Savings and Loan Industry

i. Introduction, within FY 1972, of an FHA-type mortgage insurance system, and a savings insurance system; and effective operation of the two systems, without reliance upon external advisory services, by the end of CY 1973.

ii. Development of a secondary mortgage market. It is not possible to project a realistic time schedule for the accomplishment of this at the present time.

iii. An increase in savings from the 12/31/70 level of 4,640,000,000 soles (cumulative) to a minimum of 10 billion soles.

c. Cooperative Housing

i. Completion, within FY 1971, of the construction of 2,200 dwelling units and related disbursements, under the \$6 million AID loan (No. 527-L-034) and the \$4 million GOP contribution for cooperative housing.

ii. Evaluation, within FY 1972, of cooperative housing methods, as described in Section A2, para c, above, to determine whether the expanded use of such methods in the HIG program would be advisable.

d. HIG Program (outside disaster area)

Determination, within FY 1972, of action to be taken, relative to presently pending, authorized HIG projects and approved HIG applications planned for locations outside of the earthquake disaster area, totalling \$23 million, as set forth in Section A2, para d, above.

E. Course of Action

The areas of AID emphasis are detailed above. Specific activities to achieve Project targets with upcoming Fiscal Years funding are:

- FY 1971: Provide adequate staffing for the USAID's HUD program, as described in Section A4, above; initiate negotiations for a contract with the Fresno International Institute of Housing Technology to provide advisory services and training, relative to improved, anti-seismic adobe construction and auto-construction; provide a short-term (2 months) consultant in savings insurance; initiate a contract with a local architectural/engineering firm to provide technical services on a retainer basis; provide training for 10 participants in the fields of low-cost housing, anti-seismic adobe construction, cooperative housing, and advanced housing finance and credit practices.
- FY 1972: Continue to provide adequate staff for USAID/HUD; begin effective operation of the Fresno Institute contract; continue the local architectural/engineering services contract; provide a short-term (6 months) advisor in mortgage insurance operations; provide training for 10 participants in the fields of secondary mortgage market, mortgage insurance, cooperative housing, and housing finance.

- FY 1973: Continue a ~~two~~-man USAID/HUD staff; continuation of advisory services and training under the Fresno Institute contract, and of local contract architectural/engineering services; AID direct participant training in housing finance and related fields (mortgage insurance, secondary mortgage market); cooperative housing.
  
- FY 1974: Continuation of a one-man USAID/HUD staff; short-term "refresher" training.

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

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Table 1

PROP Date:

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Housing and Urban Development

Original / / Revision: / x /

Country: PERU

Project N° 527-11-830-065

Fiscal Years	Ap.	L/G	Total	Contract	Personnel Serv.			Participants		Comm.		Other Costs	
					AID	PASA	CONT.	U.S. Ags.	CONT.	Dir. Ag.	CON	Dir. Ags.	CON
Prior through FY <u>1970</u>	AG	G	558	268	191		260	67		12		20	8
FY <u>1971</u>	AG	G	95	7	45		6	20				23	1
FY <u>1972</u>	AG	G	150	35	58		43	20	15			7	7
FY <u>1973</u>	AG	G	150	50	60		30	25	15			15	5
FY <u>1974</u>	AG	G	75	20	35		10	13	7			7	3
Total Life			1,028	410	389		401	145		12		72	9

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NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

Table 1

Project N° 527-11-830-065

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Fiscal Years	AID-controlled	Other Cash	Other	Food for Freedom Commodities		
	<u>Local Currency</u> U.S. Country owned owned \$ equi. \$ Eq.	<u>Contribution</u> Cooperating Country \$ Equiv.	Donor Funds (\$ Equiv)	Metric Tons (000)	CCC Value \$ Freight (000)	World Market Price (000)
<u>Prior through</u> <u>FY 1969</u>		196	NA (See narrative)			
<u>FY 1970</u>		17				
<u>Oper.</u> <u>FY 1971</u>		40				
<u>FY 1972</u>		40				
<u>FY 1973</u>		40				
<u>FY 1974</u>		40				
<u>Total</u> <u>Life</u>		373				

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U.S. ASSISTANCE TO HOUSING 1961-70ANNEX A 1

1. In 1961, AID/DLF authorized a seed capital loan of \$7.5 million, matched by a \$7.5 million GOP contribution, for the purpose of establishing a Peruvian central housing bank and developing an expanded national savings and loan industry. At the time there were only two functioning savings and loan associations in Peru, both in the capital city of Lima, serving a relatively insignificant number of depositors and borrowers. The U.S. loan and matching Peruvian contribution (now fully disbursed), plus U.S. technical assistance, produced exceptionally positive results:

- The Banco de la Vivienda del Peru (BVP), the Peruvian National Housing Bank, was established in 1962.
- An increasingly productive Peruvian savings and loan industry was developed, presently considered to be the most successful such industry in Latin America. The following comparative figures for 6/30/61 and 12/31/70 illustrate the industry's solid growth:

	<u>6/30/61</u>	<u>12/31/70</u>
N° of S & L Associations	2	22, with 46 branch offices, operating throughout the country
N° of Depositor Accounts	7,711	407,388
Total Net Savings (Cumulative)	42*736,000 soles <u>1/</u>	4,640,000,000 soles <u>3/</u>
Total Loans Granted (Cumulative)	31*343,000 soles <u>2/</u>	5,277,000,000 soles <u>4/</u>

A further benefit deriving from the success of this industry has been its positive impact upon the country's savings habits, contributing toward increasing domestic capital formation.

- 1/ Equivalent to \$1.5 million at 26.80 soles per U.S. \$1, then the current exchange rate.
- 2/ Equivalent to \$1.1 million (at S/.26.80 per \$1).
- 3/ Equivalent to over \$136.9 million computed at 26.80 soles to U.S. \$1 for the period 1961 to August 31, 1967 and at 38.70 soles to U.S. \$1 thereafter (the 26.80 soles to U.S. \$1 rate was in effect until the devaluation of the Peruvian sol at the end of August 1967, after which an official "Certificate" rate of 38.70 soles to U.S. \$1 has been in effect up to the present time, although the free market exchange rate has varied somewhat).
- 4/ Equivalent to over \$154.8 million computed similarly as the figure for deposits in the preceding Foot Note 3/.

ANNEX A 2

2. In 1964, the Alianza Sindical Cooperativa (ASINCOOP), a savings and loan association, was created, with the assistance of the American Institute for Free Labor Development (AIFLD), to help serve the home financing needs of lower income Peruvian workers and stimulate workers' savings.

3. In 1965, AID authorized a \$6 million loan, coupled with a \$4 million Government of Peru contribution, for the purpose of financing the construction and purchase of lower cost housing for Peruvian workers through housing cooperatives and of strengthening the Peruvian housing cooperative movement.

Funds have been disbursed or committed to finance the construction and purchase of a total of 2,200 dwelling units, of which 2,068 units are completed and the balance will be completed within FY 1971. In addition, the loan has contributed towards strengthening the democratic labor movement and the cooperative movement in Peru by: channeling fifty percent of the loan funds and accompanying Peruvian contribution through ASINCOOP, referred to above, for lending, under the supervision of the BVP, to labor union members enrolled in housing cooperatives, and channeling the remaining fifty percent through local provincial savings and loan associations for lending, also under the supervision of the BVP, to similar cooperative groups; enabling Peruvian labor leaders, appointed to the Board of Directors and managerial positions in ASINCOOP, to gain practical experience in the organization, management, and operation of such a needed facility.

4. In 1962, AID authorized the guaranty of a private U.S. loan investment of \$1.2 million to finance a housing guaranty project in Lima, the first such AID guarantied investment in Latin America. The success of this and subsequent AID guarantied private U.S. investments in housing projects in Peru attracted increasing interest in the U.S. and Peruvian private building and investment sectors and led to a rapidly expanding Peruvian housing investment guaranty (HIG) program.

To date:

- A total of 12 projects have been authorized. Of these 5 (totalling 4,200 dwelling units and \$20.28 million in guarantied investments) are completed and occupied and one project (for \$2.9 million) is in construction, with over 100 dwelling units completed and occupied and another over 400 units projected.
- AID Guaranty Authorizations have been issued for an additional 6 guarantied investments for Peru, totalling \$42.2 million. (Two of the 6, totalling \$28.28 million, are located in the earthquake affected area and are expected to be implemented in the near future).

ANNEX A 3

- An additional \$9 million in guaranty authority was programmed for Peru by AID under the 1968 program, for which 6 applications were approved for feasibility study but specific projects have not been authorized.

In addition to producing needed moderate cost housing, the HIG projects provide:

- Effective demonstration of one or more of the following elements of well planned and executed housing projects; land planning and technical innovation, volume production, efficient use of manpower and materials, production scheduling, volume marketing, low down payments, long-term financing, careful inspection during construction, volume mortgage servicing, and techniques for maintaining the dollar value of local currency mortgage loan payments.
- A means by which: progressive U.S. private enterprise can make a meaningful contribution, jointly with the Peruvian private sector, towards alleviating one of the country's pressing problems; and by which key members of the U.S. and Peruvian housing finance and development industries can establish valuable relationships, with continuing productive potential.

A further result of the HIG program, which should be noted, is the consistently positive record of mortgage payments maintained by homeowners in the 5 completed HIG projects, with a total of 4,200 houses. For CY 1969 the overall average percentage of loans with only one monthly payment due was 8.4% and the overall average percentage of loans with more than one monthly payment due was 2.5%. In the longest occupied project, with over 800 homes (the first of which were completed in 1963), the average percentage of loans with only one payment due was an exceptionally low 1.7%, and there were no loans with more than one payment due in the entire year. (A review of the 1970 mortgage payments in completed projects is in process and is expected to be similarly positive).

5. Another positive contribution of U.S. assistance is the growing pool of increasingly qualified, executive, managerial and administrative personnel in the Peruvian public and private housing and urban development sectors.

6. Other U.S. assistance provided under this Project in prior years includes: a \$236,000 grant (fully disbursed) to the Government of Peru, authorized by AID in 1961 to help finance a minimum cost, aided self-help housing project, totalling 374 dwelling units; a 26,000,000 soles "Cooley" loan (fully disbursed) to Hogares Chavarria, S.A. (a Peruvian affiliate of World Homes Inc., a U.S. Corporation), authorized by AID in 1964 to finance a low-cost housing project, totalling 419 dwelling units; U.S. and third country training for a total of 32 Peruvian participants in housing finance and credit systems, housing policy and institutions, and related fields.

U.S. assistance has also been instrumental in providing needed impetus and in stimulating support for housing development in the Peruvian public and private housing sectors, leading to acceleration of the annual housing construction rate, as evidenced by the production of an estimated 538,000 dwelling units in the period 1961-70, as compared with 300,000 dwelling units in the preceding 20-year period 1940-1960; establishment of a Ministry of Housing; and enactment of basic housing legislation.

BELCHER

