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CLASSIFICATION  
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-44

1. PROJECT TITLE  NUEVO CHORRILLO HOUSING COOPERATIVE			2. PROJECT NUMBER 525-HG-008	3. MISSION/AID/W OFFICE RHO/PSA
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY)			<input type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> FINAL EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	
5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY <u>77</u>	B. Final Obligation Expected FY <u>80</u>	C. Final Input Delivery FY <u>80</u>	A. Total \$ <u>5,219,000</u> B. U.S. \$ <u>3,400,000</u>	From (month/yr.) <u>July 1977</u> To (month/yr.) <u>Sept. 1980</u> Date of Evaluation Review

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airmgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Monitoring completion disbursements of funds allocated by BHN for Nuevo Chorrillo from the proceeds available under HG-007	William Mann RHO/PSA	12/31/80

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T <input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C N/A <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P	A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
William Mann, Jr., Project Manager Lic. Berta de Fernández, Sociologist, MIVI Arq. Federico Ritter, FUNDAVICO, General Manager Lic. Enrique Bougan, FEDPA Mario Pita, Chief, RHO/PSA	Signature _____ Type Name Ing. <u>Maestro Ruiz</u> Date <u>Oct. 16, 1980</u>

### 13. Summary of Evaluation - HG-008

#### a) Project Description

Chorrillo, a slum community in the center of Panama, is mainly composed of delapidated wooden buildings which served as dormitories for Canal construction workers. The social and physical environment in this barrio are substandard and the old buildings have been condemned by the GOP as unfit for human occupancy. But no alternative housing was available for the low income residents of Chorrillo.

In response to this problem, some of the residents organized a cooperative, purchased a site beyond the west border of the former Canal Zone (Nuevo Chorrillo) acquired a concrete block-working plant, and initiated some urbanization and house construction. However, they lacked long-term mortgage financing. AID agreed to and did provide \$3.4 million in long-term financing through HG-008, making possible the construction of 750 units of low-income housing. The resulting Nuevo Chorrillo community is a great improvement over the Chorrillo barrio.

#### b) Execution Method

The urbanization work was executed by construction contract under the supervision of an A & E firm engaged by the coop. The more technical aspects of home construction were performed by skilled labor hired by the coop. Other operations were carried out by self-help. The project was divided into blocks of about 20 houses and each block assigned to a team of coop families who worked together in carrying out basic construction (ayuda mutua). Individual home owners performed their own finishing work (ayuda propia).

#### Findings

(i) In balance this project is a highly successful demonstration of the cooperative approach to low income housing (see Table 2). Its goal was adequately met. The purpose, though broadly ambitious for a single project, was achieved in substantial aspects.

(ii) Financial and self-help inputs were not programmed for community facilities.

(iii) Though short-term and long-term technical assistance inputs were provided with good results, this assistance was not adequate in coop training and organization, and in providing the coop with management support. This would not have been the case if FUNDAVICO had functioned as intended.

(iv) The coop has not measured up to expectations in maintaining and improving grounds. Considerable work in erosion control is needed. This deficiency is partly a result of (ii) above. Although the coop did perform excellently in building the school and has established a day nursery its community upgrading work needs improving.

(v) House construction quality is good and the rate of producing units was adequate. Crucially, significant cost savings were realized through self-help and through direct construction management by the coop.

(vi) The consolidation of Nuevo Chorrillo as a community is advancing well as evidenced by total occupancy and by the large number of units which have been expanded and improved.

(vii) Coop management, though improved as evidenced by the significant reduction in mortgage payment deficits, need further strengthening.

#### 14. Evaluation Methodology

The evaluation team was organized along functional lines with the RHO engineer, together with technicians from MIVI, BHN and coop, handling technical aspects' the BHN covered financial matters; coop organization and management were dealt with by MIVI staff. All three sub-teams worked closely with coop officers. Overall direction and coordination were provided by the RHO Project Manager.

An evaluation plan guided to work. The methodology involved a review of the PP, Implementation Agreement, RHO and BHN files, and also coop reports and files. A survey form was used to collect information on coop organization and management. Interviews were held with coop employees officers and members.

#### 15. External Factors

Several influences beyond the parameters of the actual project affected the performance on goal purposes and outputs:

a) Within the project setting (Metropolitan Panama) the demand for lumber exceed the supply for a short period, making it difficult to obtain lumber for roof framing. A similar condition developed with electric cable. Although both problems were solved in a few weeks, construction progress and accomplishment of objectives were delayed.

A surge of construction activity in the Metropolitan Area after years of near dormancy caused the materials shortage. Nevertheless, this pointed up the coop's deficiencies in advance construction programming. This aspect has been greatly improved by the full-time architect engaged by the coop.

b) Relocation of beneficiaries from the city center to a suburban location some 12 miles away was a drastic change tolerable only with the provision of reasonable transportation, a service contemplated by as an adjunct to but beyond parameters of this project. Access to education was another determining factor. The coop confronted this first problem by establishing its own bus line. However, for a time bus service was so erratic and access so uncertain in the rainy season that home buyers refused

to move. This problem was solved when the new bridge was built by MOP and coop brought bus service to reasonable levels. The coop built its own school making unnecessary the daily travel of children into Panama. It has since established a day nursery as well.

c) Strained institutional relationships of the coop with MIVI and BHN hampered coordination. A result was that the coop did not have full benefit of services available from MIVI and BHN. Furthermore, the capacity of MIVI to administer and replicate coop projects did not advance as rapidly as expected because MIVI's experience with Nuevo Chorrillo was limited. These relationships were improved. MIVI's lingering view of coops as pressure groups has been substantially erased through this project. The coop has recognized the advantages available from MIVI and BHN and is using them.

#### 16. Inputs

The following planned inputs were provided in a timely fashion:

- HG Loan of \$3,400,000
- Downpayments of \$650,000
- BHN construction loan of \$750,000
- Inter-American Foundation grant of \$239,000
- GOP contribution of \$85,000
- Gift from prior land owner of \$45,000
- IRHE payment of \$50,000 for power line right of way

Technical assistance inputs were contemplated by the Project Paper in the:

- Development of BHN policies and procedures and assessment of its technical assistance needs. This technical assistance was provided and its aims substantially accomplished.
- Coordination with FUNDAVICO in housing cooperative promotion, organization and development. Despite repeated promises to RHO and despite several overtures by FUNDAVICO, the coop made limited use of FUNDAVICO. The reasons for this were the coop's strong pride in its "boot-strap" type success and protectiveness of its "turf", FUNDAVICO's withdrawn institutional posture coordination more difficult.
- Assistance to Nuevo Chorrillo in carrying out this project and securing financing for subsequent stage of the project. This technical assistance was provided by RHO with concrete results. Stage I is completed and Stage II of the project is under construction with financing arranged by RHO. It is worthy of note that subsidies to this project, consisting of intermittent services from a MIVI technician, and AID technical assistance are negligible. This coop is paying its way.

17. Outputs

a) A new community comprised of 700 low cost houses.

Table I below shows how planned physical outputs in shelter were exceed both quantitatively and in providing units affordable by the least advantaged:

<u>Solution Type</u>	<u>Planned Number and Cost</u>		<u>Actual Number and Cost</u>	
A1	150	\$4,745	508	\$4,900 (Av.)
A	350	5,100	-	-
B	100	5,580	234	5,578
C1	50	7,435	0	-
C2	50	9,360	8	9,357
	<u>700</u>		<u>750</u>	

Building the least finished basic unit resulted in lower cost and provided to families a broader range of flexibility in meeting their individual needs and tastes. Savings also resulted from self-help contributed by beneficiaries and from the coop performing in its own contractor. All 750 units are occupied by coop member families. Additional physical outputs achieved by the coop with non-HG resources include the school, day nursery, block factory, and door and window factory.

b) The second planned output is "a socially motivated and successful administrative organization represented by the housing cooperative". The project was instrumental in the growth, stabilization and consolidation of the coop. Nuevo Chorrillo, with a present membership of 1,560 stands as the prime example of coop housing in Panama. It has expanded to transportation and retail sales but has not yet initiated credit union activities. As will be seen below, its training activities and administration need strengthening.

c) The third output of an established "coop office within BHN which will function directly with coops as it does with its savings and loan institutions" was not realized as such. However, demand has not yet reached the level to support a separate coop office within BHN. The present arrangement under which designated BHN staff handles coops together with MIVI and S&L business is adequate.

d) The final programmed output of a linkage between FUNDAVICO and BHN is achieved. However, long-term financing necessary for making this linkage productive of coop housing projects is still limited.

In cost and value the Nuevo Chorrillo basic unit compares favorably with similar solutions available in Panama at around the same time:

	<u>Unit Area</u>	<u>Lot Area</u>	<u>Sales Price</u>	<u>Cost Per M<sup>2</sup></u>
Nuevo Chorrillo	49 m <sup>2</sup>	300 m <sup>2</sup>	\$5,200	\$106.12
Almirante	47 m <sup>2</sup>	260 m <sup>2</sup>	\$7,800	\$165.96
Roberto Duran	25.2 m <sup>2</sup>	180 m <sup>2</sup>	\$3,626	\$143.88

18. Goal and Purposes

a) Goal

Increase the availability of shelter units for low income families in Panama.

The project achieved this stated goal by providing units to 750 income families (a total population of around 4,000) and by paving the way for the provision of the additional 1,350 units in subsequent phases.

b) Purpose

Development of the capacity within the GOP and its housing finance institutions to administer, finance and replicate other low-cost cooperative housing programs.

The key word in this statement is "capacity" which we take in this context as comprising institutional resources, finance system, administrative and technical skills, and construction industry facilities - the delivery system for coop housing. This is a tall order for a single project.

Together with the FCH OPG, this project did help strengthen in MIVI and BHN the capability to develop and administer housing coops. Although MIVI did not establish a separate coop department, a sociologist was assigned to coop matters full-time. On the financial side, BHN increased its skills in applying its know-how to coop projects. The relatively good quality construction industry capacity is underused; construction industry facilities are available to to replicate the Nuevo Chorrillo experience. Two deficiencies are:

(1) Funding

Through HG-007 residual funds, \$1,500,000 has been loaned to the coop for a second phase of 272 units, replicating the HG-008 project. Financing of a subsequent phase through HG-011 is contemplated. However, the GOP has not covenanted itself to coop housing through budgetary or other financial commitments.

(2) Coop Organization and Training

Low income coops cannot afford to pay FUNDAVICO's fees for TSO services. No other TSO exists.

Prior to the completion of HG-008 the coop, on AID advice, engaged a full time financial manager and a full time architect. Also, it has implemented financial management improvements recommended by the BHN. One result has been the reduction of mortgage payment deficits from 67% in October of last year to around 18% at present.

The coop's all-day seminar for new members successfully provides members with a knowledge of their responsibilities under the reality of the coop. However, little follow-up training in day coop operations is given.

Despite improvements, Nuevo Chorrillo needs consistent assistance in coop organization, management and training. These same services are needed by other housing coops in Panama. RHO/PSA is working with MIVI and FUNDAVICO in effort to determine a means of filling this gap.

Through this project sizable assets have been vested in a community of poor families whose previous net worth was negligible. These families are accumulating equity in property which is appreciating in value. The summary conclusion under this element is that through this project significant advances were made on a purpose which was broadly stated and perhaps too ambitious for a single project of this type.

#### 19. Beneficiaries

The beneficiaries of this project were residents of the Chorrillo slum area (75%) residents of other inner city slum areas (20%) plus low income families from other areas of Metropolitan Panama. The average monthly family income of \$290 places beneficiaries at around the 25th percentile. This is excellent performance in serving the target group.

An important fact which deserves special note is that 248 homeowners (33%) are female heads of households.

#### 20. Unplanned Effects

a) This project has had a spin-off of secondary beneficiaries in its surrounding area:

Existing scattered rural housing has been upgraded. The most common type of upgrading is the replacement of wood exterior walls with concrete blocks which likely were produced at the coop's plant. Another impact is evident in the number of new houses built in the area, many of concrete blocks also. All these secondary beneficiaries are low income working class families.

b) This project has served as a demonstration of the coop approach and self-help techniques, not only in Panama but to interested groups from other countries. Housing specialists from Paraguay and Honduras and a group from COPVIDU VIII benefitted from visits to the project.

#### 21. Lessons Learned

a) It was planned that, for visual variety and in order to better varying family needs, a total of 5 different solutions would be provided. It was discovered, however, that families will shape one basic, expandable unit to fit their need and means, giving visual variety to the community according to their individual tastes.

b) That the relocation of center city slum families to a peripheral area is a viable alternative to urban renewal. Families have a sense of improved life quality (see Multi-Family report). The community is stabilizing. Cost of the journey to Panama - 25 minutes in time and 25¢ in money one way or just an hour and 50¢ a day - is affordable. Key factor in the success of this development concept is an effective coop organization which manages the existing plant efficiently and steadily upgrades the community.

c) A low income community-based organization can be expected to efficiently manage a large, complex development project.

High marks must be given to achievements of a slum-based organization in running its own affairs. It is evident, however, that Nuevo Chorrillo, now a multi-million dollar operation, is beyond the capability of the original coop members. The obvious lesson is that, within modest limits, such a community group can manage its own affairs. Beyond these limits, provision must be made for professional managers.

d) Productive cooperation between coops and government can be expected.

This issue arose because in Panama coops were rejected by some in GOP as "pressure groups". In other countries, despite the success of coops in contributing to housing programs, no legitimate role is given to coops.

More recent experience in Panama indicates a receptiveness to coops as another instrument for solving the national housing problem. The role here for AID is in fostering communications and understanding and in determining concrete measures for advancing benefits of the coop approach.

e) The successful execution of large coop housing requires a strong underpinning in coop development. A project such as this should incorporate and fund at its inception a built-in program of training and coop development as well as provisions for phasing in a structure of professional management (technical, financial, administrative) at predetermined stages. In doing this, care must be taken not to lose the original community character. The professionals must be answerable to the board of directors who must be answerable to and in touch with their membership.

f) Although the journey to work from Nuevo Chorrillo (either Panama, Puerto Vacamonte or La Chorrera) is less burdensome than from some other Metropolitan Area locations, the community would benefit from a better integrated project including more community facilities and services and sources of employment which would reduce the need to travel and result in better community consolidation. An integrated approach is necessary in order to insure the availability of the essentials of an adequate life quality to low income communities. RHO policy, established subsequent to this project, is to follow the integrated project concept.

COMPARISON OF NUEVO CHORRILLO  
WITH MAJOR CRITERIA FOR EVALUATING  
LOW-INCOME HOUSING SCHEMES IN  
LESS DEVELOPED COUNTRIES

<u>A. Project Design</u>	<u>Grade</u>
1. Located near concentrations of employment	2
2. Situated on suitable terrain	1
3. Reaches a reasonably wide range of lower income population	1
4. Designed at realistic low standards consistent with the economic abilities of the target group, local conditions and customs	1
5. Conceived within the context of metropolitan housing policy.	2
6. Provision of public utilities, services and community facilities	2
7. Use of indigenous or locally-produced materials	1
<u>B. Project Financing</u>	
1. Mobilizes capital costs and meets operating costs through payments by inhabitants	1
2. Effective and minimal use of subsidies	1
3. Support and subsidies for self-help efforts	1

**Comparison of Nuevo Chorrillo  
with Major Criteria for Evaluating  
Low-Income Housing Schemes in Less  
Developed Countries.**

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<u>C. Project Development and Management</u>	<u>Grade</u>
1. Provide security of land tenure	1
2. Encourage resident participation in development	1
3. Selection of participants	1
4. Effective planning of settlements	1
5. Effective management of settlements	2

**D. Project Replication**

1. Local acceptability and appropriateness	1
2. Reasonableness of costs to participant	1
3. Extent to which subsidies are used	1
4. Development and administrative ability of the sponsor agency	2

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Total 24

(Perfect score - 19)

1. Satisfactorily meets criterion
2. Partially meets criterion
3. Does not meet criterion

\* From "Evaluation Successful Low-Income Housing Schemes in Less Developed Countries", Abeles, Schwartz and Associates, New York, N.Y. for AID, March 1977.