



THE COOPERATIVE HOUSING FOUNDATION

A NON-PROFIT ORGANIZATION DEDICATED TO BETTER HOUSING AND BETTER COMMUNITIES
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FINAL REPORT AND EVALUATION
OF THE
PANAMA OPG
AID/otr-G-1583
(Panama)

This report was prepared by the Cooperative Housing Foundation under
AID/otr-G-1583 (Panama) August 1981.

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Final Report and Evaluation
of the Panama OPG

I. Introduction

The Cooperative Housing Foundation (CHF) submitted an Operational Program Grant (OPG) Proposal for Panama to AID in July 1978 titled "Improvement in the Shelter Delivery System for Lower Income Families". The Proposal was approved by AID and funding was provided for it beginning in September 1978.

The OPG Agreement which described the program, the institutional responsibilities and the "project goals" was signed by the Panamanian Ministry of Housing (MIVI), the Panamanian Foundation for Cooperative Housing (FUNDAVICO) and the Panamanian Federation of Credit Unions (FEDPA), AID and CHF in October 1978. Two Amendments to the Agreement were prepared and signed to reflect decisions by all parties to modify the scope of work which resulted in a reduction of CHF assistance. The first Amendment was signed in February 1980 and the second Amendment was executed on 5 December 1980.

This final report and evaluation of the Panama OPG is prepared to comply with the requirements of the Grant Agreement for the OPG.

II. Background

The OPG Proposal identified three separate but interrelated sub-projects to result in the improvement of the shelter delivery system for lower income families, identified in the OPG Agreement as urban and rural families with incomes below the median for their respective area which range between the 20th and 50th percentiles, through cooperative housing. The sub-projects are:

- A. Establishment of an office in MIVI for the promotion and development of housing cooperatives.

- B. Revitalization of FUNDAVICO as the result of it developing urban and rural projects.
- C. Development of the capability in the credit union system to participate in the shelter delivery system.

III. Summary

An office in MIVI was assigned the responsibility of cooperative housing development. Staff in MIVI were orientated in cooperative housing, and a review of all of the housing cooperatives was undertaken by MIVI with the collaboration of the National Cooperative Office (DINACOOB).

MIVI was instrumental in establishing a Consultative Committee for Housing Cooperatives that brought together public and private institutions working with cooperatives and/or housing. Regulations for the Committee were drafted and discussed by the various institutions integrating it such as MIVI, the Ministry of Planning and Economic Policy, the Panamanian Cooperative Institute (IPACOOB) the institution that replaced DINACOOB, the National Mortgage Bank (BHN), the cooperation housing federation in formation, FEDPA, and FUNDAVICO. MIVI's work with the organization of the Committee was not only improving its intra-institutional contacts but it was also enabling it to prepare a policy for cooperative housing with the collaboration of the various institutions that would be part of a cooperative housing system.

FEDPA entered into an agreement with CHF to establish a revolving fund (\$50,000 from FEDPA and \$50,000 from the CHF OPG) for home improvement loans for credit union members defined as the "target group". After some minor initial problems, the funds were fully used for home improvement loans in accordance with the conditions of the FEDPA-CHF Agreement.

MIVI, in October 1980, proposed a collaborative program with FEDPA with financial assistance from the National Mortgage Bank. FEDPA was interested in such a housing program for credit union members and was authorized by

its board of directors to follow-up on a housing program with the assistance of CHF.

The change of Ministers at MIVI in February 1981 resulted in a shift from the emerging interest and support to the use of cooperatives as another mechanism to help alleviate the housing problem for low-income families that was being given by the previous minister to one of no priority by the present minister. The development of the Consultative Committee for Cooperative Housing and the formation of a policy for housing cooperatives have been suspended. No further conversations have been held between MIVI and FEDPA regarding a housing program for credit union members.

FUNDAVICO has several urban and rural cooperative housing projects in different stages of organization and planning that it is assisting. It did not, however, provide financing for the construction of any housing project for the target group during the period of the OPG assistance.

IV. Evaluation

The OPG Proposal contained a Logical Framework Matrix that is reviewed below to describe what was accomplished under the OPG.

A. Project Inputs

1. 49 person months of the CHF Technical Assistance.

Action: The Panama OPG Proposal was designed for two CHF Resident technicians to assist on the three sub-projects for 24 months each and 1 month of short-term assistance. Two technicians were specified in the OPG Agreement. A CHF Resident Technician was assigned to the Panama OPG in October 1978. In May 1979 while CHF was in the process of actively recruiting for the second resident technician, MIVI advised

until the program justified another advisor. CHF consequently proposed a modification of the scope of work that had been prepared in December 1978 to reflect the presence of only one CHF resident technician. An Amendment to the OPG Agreement was prepared with the collaboration of the Panamanian institutions, but AID asked that any modification be delayed until a later date to determine the direction of the program. In February 1980, the first Amendment to the OPG Agreement was signed that modified the scope of work and reduced the number of CHF Resident Technicians from two to one and the total resident technician time to 33 months. The CHF Resident Technician departed Panama on 31 May 1980 and was not replaced. The second Amendment to the OPG Agreement, signed in December 1980, identified a series of short-term assignments with MIVI, FUNDAVICO and FEDPA and provided about 6.5 months of short-term assistance. Approximately 2 of the 6.5 months were used before the OPG was terminated on 15 July 1981 in accordance with the Second Amendment to the OPG Agreement.

2. \$50,000 from FEDPA to establish a rotating fund for a home improvement program.

Action: FEDPA provided \$50,000 to establish the rotating fund in accordance with the FEDPA-CHF Agreement.

3. Administrative support from the respective participating local institutions and counterpart program participation.

Action: The Panamanian institutions did assign staff to be responsible for their respective sub-projects. MIVI sponsored three seminars prepared summaries of the seminars, undertook an assessment of all of the housing cooperatives in Panama, worked on the creation of the Consultative Committee for Housing Cooperatives, etc., that required

considerable administrative support and some counterpart program contribution. FEDPA's implementation of the home improvement loan required both administrative support and counterpart program contribution. FUNDAVICO provided adequate administrative support but no counterpart contribution.

4. Downpayments from cooperative members related to specific projects.

Action: No downpayments for specific projects were made because no cooperative housing projects were developed with the assistance of the OPG.

5. \$500,000 FUNDAVICO long-term financing for projects.

Action: FUNDAVICO provided approximately \$150,000 to guaranty the construction financing for a 23 unit project for a multi-purpose cooperative. The long term financing came from the BHN. The mechanism to leverage the FUNDAVICO money is very good; the amount used was below the amount projected and the cooperative members were not in the target group as defined by the OPG Agreement.

B. Project Outputs

1. Trained staff at MIVI Cooperative Housing Office and supportive orientation of MIVI staff occupying intra-institutional operational positions.

Action: Ten MIVI staff members from the office responsible for housing cooperatives and other offices were trained in housing cooperatives by CHF with the collaboration of FUNDAVICO and FEDPA. In addition, several MIVI staff members attended one or all three of the seminars on cooperative housing that were sponsored by that institution.

2. MIVI developed and financed a plan for the promotion and development of cooperative housing.

Action: In January 1980, MIVI, with OPG support, sponsored a two day seminar to discuss a cooperative housing system for Panama. Another seminar held in August 1980 was sponsored by MIVI to discuss the assessment of all of the housing cooperatives in Panama and to establish a preliminary strategy for developing housing cooperatives taking into consideration the existing public and private institutions working with housing and/or cooperatives. Subsequently, the organization of the Consultative Committee for Housing Cooperatives took place under the leadership of MIVI and DINACOOP with the participation of different public and private institutions. In October 1980, MIVI made commitments for it and the BHN to collaborate with FEDPA in a housing program for credit union members. This was one of the areas of assistance defined in the Second Amendment to the OPG Agreement signed in December 1980. The present Minister of MIVI, who took office in February 1981, has advised AID that he has no interest in the FEDPA program.

It should be noted that MIVI does provide financial and technical assistance to housing cooperatives even though it has no specific financial or development plan for such organizations. For example, MIVI has assisted the Nuevo Chorrillo Housing Cooperative, the Riveria Housing Cooperative and others.

3. Funded program for the long-term financing of cooperative housing for the target population complete with promulgation of relevant eligibility procedures, program guidelines and regulations.

Action: This did not happen as is explained in 2 above.

4. FUNDAVICO has completed and financed a minimum of 2 rural cooperative housing projects.

Action: FUNDAVICO explored, without any luck, the possibility of getting financing from several donors to fund rural projects that it is developing. No rural projects were financed or completed.

5. FUNDAVICO has a minimum of one urban housing cooperative under construction for the target group for which it has provided/received long-term financing.

Action: FUNDAVICO did provide a guaranty for the construction financing for a 23 unit urban, multi-purpose cooperative. However, its members were not of the target income group.

6. FUNDAVICO has designed and put into operation a capital investment plan programming the investment of \$500,000 of FUNDAVICO capital.

Action: This action is still pending.

7. FUNDAVICO is providing technical and education services to housing cooperatives.

Action: FUNDAVICO does provide technical and educational services to existing and "in formation" housing cooperatives. It provides cooperatives that it has sponsored with management type services. It offers cooperatives in formation assistance in legalization and organization, bookkeeping, etc. Under the OPG, CHF provided assistance to FUNDAVICO to strengthen its cooperative organizational and educational capabilities.

8. FEDPA has committed and disbursed \$100,000 for approximately 250 home improvement loans to individual credit union target group members.

Action: This action was completed.

9. FEDPA has developed a replicable system for training and orienting credit union staff in program implementation.

Action: FEDPA prepared the procedures and manual for the home improvement loan program that were used in the training of its staff and field agents. Because the program was adopted to use the on-going system under which credit unions borrow money from FEDPA for working capital, it was not necessary to develop a new system or training program.

10. FEDPA has designed and installed administrative components of the home improvement program.

Action: FEDPA was able to adopt the existing credit union loan delivery and recuperation system to the home improvement loan program. It was not necessary to design a new or additional system for the program.

C. End of Project Status

1. MIVI Office for the Promotion and Development of Cooperative Housing is operational with effective intra-institutional lineages functioning.

Action: The Physical Planning Section of MIVI's Programming and Budgeting Department was assigned the responsibility of cooperative development rather than create a new, separate office. The section assigned a professional to coordinate all aspects of development of cooperative housing projects within MIVI and with other institutions plus other staff on a need-be basis.

MIVI established and improved linkage with other institutions, public and private, as the result of the seminars, work sessions and the organization of the Consultative Committee for Housing Cooperatives. The Committee is composed of MIVI, the Panamanian Cooperative Institute (IPACOOB), the Ministry of Planning and Economic Policy,

the National Mortgage Bank, FUNDAVICO, FEDPA and a representative of the cooperative housing movement.

The future of MIVI's involvement with housing cooperatives is not known at the time of the preparation of this final report/evaluation. MIVI did ask CHF to participate in a seminar on cooperative housing that was held in June 1981 for members of the Consultative Committee. The Vice-Minister subsequently informed AID that MIVI did not have any interest in considering a shelter program with FEDPA for credit union members, an activity that the previous minister was developing with the assistance of the OPG assistance. CHF's understands that no meetings of the Consultative Committee for Housing Cooperatives has been held since the June 1981 seminar.

2. MIVI has developed a national plan for housing cooperatives for target group families and established a funded program whereby housing cooperatives meeting eligibility criteria can be financed.

Action: This action is still pending.

3. FUNDAVICO is (a) developing a pipeline of cooperative programs in urban and rural areas and (b) marketing discreet educational and technical services to cooperative groups.

Action: (a) FUNDAVICO has a list of urban and rural projects that it is assisting. It has worked out an arrangement with the BHN to use its (FUNDAVICO) money to provide a guaranty for the construction financing for one housing project and for the BHN to provide the long-term mortgage money. If it can use the same mechanism to fund other projects, it will be possible to establish a pipeline.

(b) FUNDAVICO is marketing its services to cooperative groups. For example, it provides management services to housing cooperatives that it has financed. FUNDAVICO provides some services to groups organizing housing cooperatives at no charge.

4. FEDPA credit union system is participating in shelter finance with its own capital and is capacitated to serve as a channel for other institutional sources of shelter finance.

Action: FEDPA states that the largest percentage of loans made by credit unions to their members is for housing related expenses, e.g., the purchase of a building lot, the downpayment on a lot or house, the rent payment, the improvement of an existing house, etc. In July 1980, for example, 27% of all of the credit union loans were made for housing relating expenses. FEDPA will be using the funds in the \$100,000 revolving fund created under the OPG Agreement to continue its home improvement loan program.

FEDPA is capacitated to serve as a channel for other institutional sources of shelter finance.