

UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

EL SALVADOR

PROJECT PAPER

MARGINAL COMMUNITY IMPROVEMENT  
(SUPPLEMENT)

Project Number: 519-0251  
Loan Numbers: 519-T-026  
519-T-027  
HIC: 519-RC-006

AID/IA/P-045/1

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number  
Amendment 1

DOCUMENT CODE  
3

2. COUNTRY/ENTITY

EL SALVADOR

3. PROJECT NUMBER

519-0251 519-HG-006

4. BUREAU/OFFICE

LAC

05

5. PROJECT TITLE (maximum 40 characters)

Marginal Community Improvement

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
1 2 3 1 8 2

7. ESTIMATED DATE OF OBLIGATION

(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 8 0 B. Quarter 3 C. Final FY

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 80			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	825	5,000	5,825	950		11,950
(Grant)	( 825 )	( )	( 825 )	( 950 )	( )	( 950 )
(Loan)	( )	( 5,000 )	( 5,000 )	( )	( 11,000 )	( 11,950 )
Other U.S.						
1. HG		9,500			20,000	20,000
2.						
Host Country		6,000			6,000	6,000
Other Donor(s)						
<b>TOTALS</b>	<b>825</b>	<b>20,500</b>	<b>21,825</b>	<b>950</b>	<b>37,000</b>	<b>37,950</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SD	720	860	860	-0-	-0-			600	4,000
(2) FN	254	205	250	-0-	-0-			350	7,000
(3) HG							5,000		20,000
(4)									
<b>TOTALS</b>								<b>950</b>	<b>31,000</b>

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BR	BR	EQTY
B. Amount	10,000	15,000	4,000

13. PROJECT PURPOSE (maximum 480 characters)

the  
To assist/GOES to meet immediate needs for basic community services, minimum shelter and productive opportunities for the poor and improve GOES capacity to address basic human needs of the poor in marginal communities in a comprehensive, coordinated manner.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
1 2 8 2 1 2 8 4

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 27 page PP Amendment.)

To add an additional \$5.0 million to the Housing Investment Guaranty authority, to further the original project purpose of meeting the immediate shelter needs of the target population. These supplemental HG funds are expected to produce up to an additional 2,060 housing units.

17. APPROVED BY

Signature

Martin Dagata

Title

Director, USAID/El Salvador

Date Signed

MM DD YY

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20541

ASSISTANT  
ADMINISTRATOR

GUARANTY AUTHORIZATION

PROJECT 519-HG-006

PROVIDED FROM: Housing Guaranty Authority

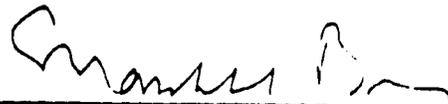
FOR : The Government of El Salvador

Pursuant to the authority vested in the Assistant Administrator, Bureau for Latin America and the Caribbean, by the Foreign Assistance Act of 1961, as amended (FAA), and the delegations of authority issued thereunder, I hereby amend the captioned authorization to increase the amount of guaranties authorized to be issued pursuant to Section 222 of the FAA by Five Million Dollars (\$5,000,000), for a total amended authorization of Twenty Million Dollars (\$20,000,000). The guaranties shall be issued to eligible U.S. investors (Investor) acceptable to A.I.D. The guaranties shall assure against losses (of not to exceed one hundred percent (100%) of loan investment and interest) with respect to loans, including any refinancings thereof, made to finance housing projects in El Salvador.

These guaranties shall be subject to the following terms and conditions:

1. Term of Guaranty: The loans may extend for a period of up to thirty years (30) from the date of disbursement and may include such terms and conditions as shall be acceptable to A.I.D. The guaranties of the loans shall extend for a period beginning with disbursements of the loans and shall continue until such time as the Investor has been paid in full pursuant to the terms of the loans.
2. Interest Rate: The rate of interest payable to the Investor pursuant to the loans shall not exceed the allowable rate of interest prescribed pursuant to Section 223(f) of the FAA and shall be consistent with rates of interest generally available for similar types of loans made in the long term U.S. capital markets.
3. Government of El Salvador Guaranty: The Government of El Salvador shall provide for a full faith and credit guaranty to indemnify A.I.D. against all losses arising by virtue of A.I.D.'s guaranties to the Investor or from non-payment of the guaranty fee.

4. Fee: The fee of the United States shall be payable in dollars and shall be one-half percent (1/2%) per annum of the outstanding guarantied amount of the loans plus a fixed amount equal to one percent (1%) of the amount of the loans authorized or any part thereof, to be paid as A.I.D. may determine upon disbursement of the loans.
5. Other Terms and Conditions: The guaranties shall be subject to such other terms and conditions as A.I.D. may deem necessary.



\_\_\_\_\_  
Otto Reich  
Assistant Administrator  
Bureau for Latin America and the Caribbean

Sept 20, 1982  
\_\_\_\_\_  
Date

Clearances:

PRE/HUD: FHansen  Date 9-28-82  
PRE/HUD: JHowley  Date 9-28-82  
PRE/HUD: PVitale  Date 9/28/82  
FM/LMD: ESOWens  Date 9/29/82  
GC/LAC: GWinter  Date 9/30/82  
LAC/DR: DJohnson  Date 9/30/82

MSW  
GC/HUD: MJWILLIAMS:prj:09/22/82:0535P

EL SALVADOR - PROJECT PAPER SUPPLEMENT

Project 519-HG-006

I. SUMMARY AND RECOMMENDATIONS

A. Recommendation

USAID/ES recommends the authorization of a supplemental \$5 million Housing Guaranty to finance additional output under 519-HG-006 as described in the following section.

The Borrower of the HG funds will be the Government of El Salvador acting through the Ministry of Planning.

B. Summary Description of Project

This project is a direct outgrowth of the production effort begun by the first \$15 million in HG funds, authorized in April 1980.

Depending upon the type of projects selected for financing, the supplementary HG can result in the construction of: (a) approximately 770 apartment and core units on IVU owned land costing between \$6,400 and \$6,600 each; (b) approximately 2,060 apartments, core units, sites and service solutions, and self-help unit upgrading, site regularization, and basic services solutions, on IVU owned land costing between \$1,200 and \$6,600; or (c) approximately 780 core units on IVU owned land costing between \$6,400 and \$6,560.

, projects eligible for the supplementary authorization are located in such diverse parts of the country as: (a) the Metropolitan San Salvador Area; (b) Santa Ana; (c) Sonsonate; (d) San Vicente; (e) Usulután; and (c) San Miguel. All will be built during the period 1983 - 1984 by private builders contracted by IVU or constructed by force account.

It is proposed that the supplemental be used largely in financing projects emanating from the Instituto de Vivienda Urbana (IVU) simply because they have been first to present to AID a solid list of projects which are eligible for HG financing. This does not, however, preclude AID from considering and accepting projects ultimately funded by others, e.g. the Financiera Nacional de la Vivienda (FNV) and the various participating Savings and Loan Associations (S&Ls) to the extent they are able to present eligible projects.

The supplemental HG funding responds to evidence that a strong demand for durable and sanitary low-cost shelter continues to exist. USAID/ES and World Bank analyses carried out in recent years indicates that 47% of the population resident in the San Salvador Metropolitan area lives in squatter or slum communities and roughly 60% of the population of the nation's secondary cities live in inadequate housing without basic infrastructure services. With new household formation estimated at 84,000 for the 1978-82 period and new unit production by the principal Salvadorean institutions

growing, but expected to total only slightly more than the 3,199 units projected for the 519-HG-006's initial \$15 million authorization (1981-82 period), there remains a substantial current need.

The supplemental funding also responds to the country's special need to maintain the highest possible levels of employment. Currently it is estimated that the projects in planning will require about seven employees per unit. This level is derived from a combination of traditional construction techniques which require 12 workers per solution and poured concrete techniques, which are faster, and require about five employees. The supplemental can, therefore, be expected to generate about 7,000 jobs over the two-year period, or about 3,500 jobs per year, a help for an industry badly depressed in recent years.

Finally, in its letter requesting supplemental financing, the Ministry of Planning has proposed a more rational interest rate structure than has been in use in the current phase of the project. IVU's lending rates for its higher cost solutions will be increased from 10% to 12%. (It was 6 to 8% prior to the HG project). The lower 10% rate will be reserved for lower-cost core houses and, if developed, for sites and services and self-help unit upgrading, site regularization, and basic services projects.

As in the past, RHUDO will coordinate short term technical assistance which will be directed at project implementation, though some attention will be given to assuring that the S&L system is in a position to replicate projects in the future through generation of domestic and non-concessional international resources. Of special importance will be assistance to the S&L's and IVU to help with shelter unit marketing. Housing finance experts will help refine the client selection and loan processing procedures so as to expedite sales.

#### C. Implementing Institutions

The institutional framework established for the original project will remain unchanged. The Ministry of Planning will remain project manager, following the policy direction provided by the Consejo Nacional de la Vivienda. The FNV will continue to be the primary financial channel and IVU and the S&Ls will be the project selection, design approval and financing entities. These latter may be joined by other institutions (FUNDASAL, for example), if they are willing to accept the basic concept that all costs must be recovered to the fullest possible extent, a concept reflected principally by interest rate adjustment.

#### D. Conditions and Covenants

The GOES will not contract for this supplemental \$5 million until it has drawn down all the funds, \$3.63 million, in escrow of the first \$9.5 million contracted for this project, and until it has presented eligible mortgages and/or similar documentation to start drawing down a substantial portion of the second \$5.5 million contracted. Definition of what would constitute a substantial portion of eligible mortgages will be worked out later between AID and GOES.

## II. BACKGROUND

### A. Original Project Terms

The project that serves as the base for this supplemental request was authorized in April, 1980, and combined a DL, 519-0251, of \$10 million and 519-HG-006, a \$15 million HG. Additional support was provided by a \$950,000 DG. The shelter component of the Project, to be covered by the HG loan, included \$4.0 million in home improvement loans, to be carried out by two small loan making federations, FEDECREDITO and FEDECACES, and \$5.5 million in new shelter solutions to be located in the San Salvador Metropolitan Area (SSMA). A second phase was to direct \$5.5 million at shelter solutions in the nation's secondary cities.

The project's objectives included redirection of resources to the nation's low income families, expansion of shelter services to low income families in the nation's secondary cities and the rationalization of interest rates to permit recovery of resources and assure their future application to comparable projects.

### B. Project Status

Early in the implementation process it was decided that both FEDECREDITO and FEDECACES could not, or would not be able to participate in the home improvement lending program as expected and it was determined that no new GOES program could be established within a short timeframe. Thus, this component was folded into the new core unit component. Among the reasons for this change were concerns about land title in slum or illegal squatter communities and changes in management which changed FEDECACES' policy vis-a-vis the GOES supported shelter program.

Subsequently IVU was approved as an alternative destination for the project funds. This change resulted from withdrawal by the GOES of a FNV-S&L system project which had become complicated by plans to build a major highway through the heart of the project. The funds from a first disbursement of \$2.225 million which were provided to cover construction financing for this project were reallocated to cover the two IVU projects. The two IVU Projects are located in Soyapango (a low income suburb of San Salvador) and Santa Ana and will produce 734 units. In December, 1981, the FNV presented two private sector projects and an additional IVU project as justification for a further advance of \$3.775 million. With the authorization of this request, total HG disbursements reached \$6.0 million in advances and approximately \$3.5 million in escrow which will be disbursed once the eligible mortgages are presented by IVU to AID.

It appears that the principal obstacles to rapid implementation of the \$15 million HG project have been removed and the remaining funds will be disbursed in the first half of 1983.

The delay in the disbursement from escrow has been used beneficially to establish working level contact between mission and RHUDO personnel and

GOES and private sector officials. An understanding of fundamental principles including, for example, the all-out effort to hold construction costs to a minimum, and to apply interest rates more reflective of the cost of resources, has been reached.

Furthermore time has permitted the new management of the S&L system to understand the project's objectives and to begin to encourage development of appropriate projects. The following table lists the projects to be completed in the first \$15 million component and their location.

TABLE 1  
PROJECT DATA (1st. Authorization)  
HG-006

<u>Project Name</u>	<u>Agency</u>	<u>Location</u>	<u>Number of Units</u>	<u>Unit Price</u>
Los 44	IVU	Santa Ana	234	¢ 13,000
San Bartolo	IVU	Soyapango*	500	13,000
Llanos del Espino	IVU	Ahuachapan	266	16,500
San Martin	IVU	San Martin	133	16,500
José Simeón Cañas	IVU	Mejicanos*	200	16,500
Prados de Venecia	FNV	Soyapango*	474	13,093
La Toma	FNV	Aguilares	312	13,000
Jardines de Sel-Sutt	FNV	Ilopango	680	13,000
Sonsonate	IVU	Sonsonate	400	13,000
<b>T O T A L</b>			<b>3,199</b>	

\* Part of SSMA

See Annexes 1 and 2

As mentioned earlier, construction is complete on the first 734 of the units listed above with production of another 1,142 scheduled for completion by March, 1983. The remaining 1,323 units should be completed by July 1983.

As part of the process of assuring the institutional development necessary to carry out the project, the HG authorization included a series of conditions precedent to the authorization of the originally planned second phase. The GOES with AID grant support has undertaken a variety of carefully coordinated studies of the critical factors in the shelter delivery process (capital markets, a sector coordination methodology, the mechanics of full investment recovery, effective housing demand, construction standard costs), which will lead to the design of a new project proposal and which addresses the underlying concerns of these conditions. These analyses are scheduled to be completed by November 30, 1982. Also personnel have undergone

training at the Office of Housing Workshop. One of the most significant and sensitive of these original conditions, the rationalization of home mortgage lending rates, has been advanced substantially by this Project.

With some of the major obstacles out of the way, and an evident willingness on the part of the Government to support the low cost shelter process, it would appear timely to assist with the shelter production effort itself. This supplemental request is designed to realize that objective.

### III. DETAILED PROJECT DESCRIPTION

#### A. Goal and Purpose

The project goal and purpose are not substantially changed from the original project. The project is designed to achieve the goal and purpose through an increase in activity, following the format developed during implementation of the first HG loan.

The purpose is to assist the GOES to meet the immediate shelter needs of a large percentage of the target population providing minimum shelter and productive opportunities in secondary cities and metropolitan San Salvador in a comprehensive, coordinated fashion.

#### B. Outputs

The supplemental is designed to produce from approximately 770 to 2,060 shelter solutions ranging from apartment and core units to sites and service solutions to self-help unit upgrading, site regularization and basic services solutions. The price of solutions ranges from: (1) \$6,400 to \$6,600 for apartments and core units; (2) \$960 to \$1,200 for sites and services solutions; and (3) \$1,400 to \$2,600 for self-help unit upgrading, site regularization, and basic services solutions. It is expected that the production effort will generate approximately 3,500 jobs per year. An additional output will be improved institutional capacity with respect to the marketing and sales of low cost units and as related to the coordinated development of shelter programs directed at identified needs in specific locations. (See Annex 3.)

#### C. Inputs - Financial Plan

The sole input to be derived from this supplemental is an additional \$5 million in HG. USAID/ES has reached an agreement with GOES that disbursement of the capital will be completed twelve months after it is contracted with a U.S. investor.

The long term financing will be disbursed against mortgages, apartment sales agreements, and other official documentation generated from: the sale of units; from planning and organization of lot tenancy and installation of basic services; and/or completion of the upgrading of a unit. It is expected that all projects to be financed by the supplement will be completed by July, 1984.

The GOES has committed itself to provide counterpart funds at an interest rate such that the total lending package will carry a cost that can be recovered by IVU and the S&L system. Lending rates for these institutions are expected to be a minimum of 10% for the public institutions such as IVU and 13% for the nationalized S&L system. Furthermore the GOES has committed itself to provide a counterpart which will assist both IVU and the S&L in meeting their administrative cost.

#### D. Beneficiaries

The project beneficiaries remain those identified in the original Project Paper (see Annex G 5 for effective demand analysis). The solutions produced will be affordable to families with monthly incomes of between \$200 and \$270 using present cost calculations.

#### E. Implementation

The project manager for the GOES will continue to be the Ministry of Planning. Project financing will be allocated by the FNV and project design and execution will be the responsibility of IVU, the S&L associations and other institutions such as FUNDASAL should it become involved.

AID Mission and RHUDO/LA staff or contract personnel will be responsible for day-to-day monitoring, and for regular evaluation of project progress.

### IV. TECHNICAL ANALYSIS

#### A. Economic and Financial Conditions

In response to deteriorating economic as well as social conditions in FY80 U.S. assistance shifted from conventional development programs to economic support directed at short-term goals including balance of payments support together with employment and income generation. The HG program role in this context was "...balance of payments support, meeting critical housing requirements, and generating employment through reactivation of the private construction industry." Since this redirection of the U.S. support program economic conditions in El Salvador have further deteriorated. Income from coffee has dropped; disruption from violence has persisted. The current balance of payments deficit may be as high as \$200 million.

The Mission views the HG program as one of the instruments available for helping mitigate economic problems while providing sorely needed shelter. The interest rates to be applied will accurately reflect local capital market rates, providing the participating institutions with the opportunity to strengthen their capital base; and the foreign exchange will provide the GOES with needed resources to improve its balance of payment situation.

#### B. Institutional Capacity

A review of institutional capacity suggests that important progress has been made since project Authorization. A network of relationships is now

in place permitting reflection of policy throughout the delivery system and recognition of technical obstacles not only at the site but at the policy making level as well.

The shelter policy process is directed by the Consejo Nacional de Vivienda (CONAVI), whose chairman is the President of the country. Other members include the Vice-President, the Ministers of Planning and Public Works, the Undersecretaries of Public Works and Housing and Urban Development and representatives of all the public sector implementing institutions (FNV, IVU, etc.). The construction industry also has a seat on the Council. CONAVI has broad authority to make policies and regulations and set standards.

The Minister of Planning is the legal representative of the GOES for the HG project, operating also with representation on the Board of Directors of the FNV. The Minister gives final approval on all projects to be funded by the HG loans.

The FNV, the regulatory institution for the S&L system, has been given a vital coordinating role in the project, and may be designated in the near future as the National Housing Bank. FNV has the initial approval responsibility for all projects submitted for project funding. FNV receives local currency from the Central Bank, and contracts to lend the funds to the implementing institutions. The FNV also carries out technical supervision of project construction through contracted independent technical inspectors.

The principal implementing institutions are IVU and the seven S&L associations. At the time the original project was authorized the Savings and Loan Associations were beginning a period of structural reform due to nationalization and personnel changes. Therefore, they were faced with declining output as a result of policies out of step with the times. The problems of these institutions reflected in part the absence of clear direction from the GOES and a tradition of fragmentation of responsibility as well as heavy financial subsidy.

Among the steps taken in 1981 to redress these problems and permit beneficial use of the HG Program funds are the following:

- . creation of the CONAVI;
- . a definition of the functions of the participating institutions, making clear the responsibility for production of low-cost housing;
- . employment of an engineer by the Ministry of Planning to support FNV activities, and increase that institution's capacity to handle project review and approval;
- . inclusion of IVU in the HG program and initiation of a gradual change in that institution's interest rate policy to reflect current market conditions;
- . the direct involvement of the Ministry of Planning in the direction of the S&L system;

the involvement of the Under-Secretary of Housing Urban Development in the HG program, and initiation through that office of a comprehensive analysis of this nation's shelter delivery process and the needs to which it must respond.

In combination with the allocation of RHUDO and Mission contract personnel specifically to the project, the participating institutions have put together projects for over 7,000 new units located in communities around the country, and have begun a major construction effort. Major policy issues such as cost recovery and identification of the appropriate target population have been confronted with vigor, suggesting, that although more remains to be done, a basic institutional capacity has been established and an attack on a long-neglected national problem has begun.

#### C. Solution Types and Production

A greater variety of shelter solution outputs is contemplated to be financed by the supplemental than that proposed in the original \$15 million authorization. Under the supplemental, financing may not be limited simply to core units. Apartments, sites and service solutions, self-help unit upgrading, site regularization, and basic services solutions may also be financed. As noted in Annex 3, some \$28.5 million of solid projects have been identified to consider for financing under the supplemental.

Persistent supervision by USAID/ES and RHUDO, as well as the Ministry of Planning, FNV, IVU, and S&L personnel will be required to assure that basic services (water and electricity) are connected to shelter solutions as quickly as possible so that mortgages and sales agreements eligible for reimbursement under the HG are readily produced. As the country's public utility agencies do not have the capacity to meet even IVU's demand for the provision of such services, the supervision that can be offered by each of the parties cited above becomes doubly important to insure that units become habitable and saleable soon after the completion of construction.

#### V. PROJECT IMPLEMENTATION

##### A. Loan Contracting and Disbursement

Following approval of this supplemental authorization, the existing Implementation Agreement will have to be amended to reflect increased Project funding. The Ministry of Planning is expected to contract for the newly authorized HG as soon as possible after meeting conditions precedent.

##### B. Evaluation and Monitoring

Overall project monitoring will continue to be the responsibility of the

RHUDO and the USAID/ES staff. However, daily operations will be carried out by resident PSC personnel as at present.

Interim evaluations will be carried out on a quarterly basis due to the speed of project implementation. A comprehensive evaluation will be carried out following the last disbursement of HG funds.

C. Conditions and Covenants

The GOES will not contract for this supplemental \$5 million until it has drawn down all the \$3.63 million and a part of the first \$9.5 million contracted for this project which is currently in escrow. Furthermore, the GOES will not contract for the \$5 million supplemental funding until it has presented eligible mortgages and/or similar documentation to start drawing down a substantial portion of the second \$5.5 million contracted.

Definition of what would constitute a substantial portion of eligible mortgages will be jointly determined by AID and the GOES.

SUMMARY OF MORTGAGES TO BE GENERATED FOR DISBURSEMENTS AGAINST \$5.5 MILLION IIG LOAN AND LIQUIDATION OF \$6 MILLION ADVANCE  
PROJECT 519-10-006

INSTITUTION	PROJECT	Oct.-Nov.-Dec./82		Jan.-Feb-March/83		April-May-June/83		July/83	
		No. of Units	Value of Mortgages	No. of Units	Value of Mortgages	No. of Units	Value of Mortgages	No. of Units	Value of Mortgages
IWU	Centro Urbano								
	José Simón Cañas			140	\$ 877.800	60	\$ 376.200		
IV	Urb. San Martín <sup>1</sup>					100	\$ 627.000	33	\$ 206.910
IWU	Urb. Llanos del Espino <sup>2</sup>					210	\$1,316.700	56	\$ 351.120
CASA	U. Prados de Venecia <sup>2</sup>	192	\$ 898.560	250	\$1,170.000	32	\$ 149.760		
CASA	U. Reparto La Tuna <sup>2</sup>	62	\$ 290.160	158	\$ 739.440	92	\$ 430.560		
	<b>SUB - TOTAL</b>		\$1,188.720		\$2,787.240		\$2,900.220		\$ 558.030
	<b>CREATIVE TOTAL</b>					\$7,434.210			
ATLANTIC	Jardines de Sol - Sutt <sup>3</sup>	170	\$ 795.600	170	\$ 795.600	170	\$ 795.600	170	\$ 795.600
	<b>GRAND-TOTAL</b>		\$1,984.320		\$3,582.840		\$3,695.820		\$1,353.630
	<b>CREATIVE TOTAL</b>					\$10,616.610			
SOURCE: Project Delivery Plans of sub-projects updated as of 6/30/82 by the implementing institutions									
<sup>1</sup> 95% of sales price									
<sup>2</sup> 90% of sales price									
<sup>3</sup> The possibility exists that the S&L system may replace eligible mortgages of another completed project for these.									
<sup>4</sup> ODES will have to present to AID eligible mortgages of other projects worth \$883,390 so that the \$5.5 million loan and the \$6 million advance may be fully liquidated. IWU already has completed projects that could be considered eligible for the OOD project.									

Construction/Marketing Status

Annex 2

El Salvador 006

<u>Project</u>	<u>Units Planned</u>	<u>Urbanization Status</u>	<u>Houses Started</u>	<u>Houses Completed</u>	<u># of Families Approved by IVU/ Sold by Promoter</u>	<u>Applications for Projects</u>
Los 44	234	90% completed	234	234	234	-
San Bartolo	500	90% completed	500	500	500	-
Los del Espino	266	Completed	50	50	-	-
San Martin	133	Partially completed	-	-	-	Project was promoted by 500 families in the area.
José Simeón Cañas	200	Completed	80	80	-	Both projects located metropolitan area. Selection is being made by a raffle among 600 applicants in IVU with down-payments.
Sonsomete	400	Completed	-	-	-	Financing still pending
Subtotal IVU	1,733		864	864	734	
Prados de Venecia	474	Completed for 250	250	40	-	600
La Tuna	312	In progress	30	-	-	300
Jardines del Selsut	680	Completed	200	200	-	800
Subtotal FINAVI	1,466		480	240	0	1,700 in process
<b>TOTAL</b>	<b>3,199</b>		<b>1,344</b>	<b>1,104</b>	<b>734</b>	

## LIST OF POSSIBLE PROJECTS TO BE FINANCED BY SUPPLEMENTAL HG AUTHORIZATION OF \$5 MILLION

ORDER OF PRIORITY	TYPE OF PROJECT	NAME OF PROJECT	NUMBER OF SOLUTIONS	COST PER SOLUTION \$	TOTAL COST \$
1	Apartments (IVU)	C.U. José Simón Cañas	100	6,600	660,000.00
Sub Total 1	NA	NA	100	NA	660,000.00
2	Core Units (IVU owned land)	C.U. José Simón Cañas Campamento San Antonio San Marcos IVU Los 44 (3rd Phase) Reparto Guaranal Sonsonate Santa Ana San Bartolo San Vicente Puerto El Triunfo Santiago de María San Miguel	100 25 240 200 100 450 165 1,000 350 90 300 500	6,400 6,560 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400	640,000.00 164,000.00 1,536,000.00 1,280,000.00 640,000.00 2,880,000.00 1,056,000.00 6,400,000.00 2,240,000.00 576,000.00 1,920,000.00 3,200,000.00
Sub Total 2	NA	NA	3,520	NA	22,532,000.00
3	Sites and Services Project (IVU owned land)	Tugurio Nicaragua Campamento Técnico Industrial Tugurio La Puerteza	250 350 500	1,200 960 1,200	300,000.00 336,000.00 600,000.00
Sub Total 3	NA	NA	1,100	NA	1,236,000.00
4	Unit upgrading through self-help, site and basic services projects (Water and Electricity) (IVU owned land)	Campamento Banco Hipotecario Campamento San Antonio Centro Urbano San Bartolo I Centro Urbano San Bartolo II	109 81 207 214	2,056 2,025 2,600 2,600	224,104.00 164,025.00 538,200.00 556,400.00
Sub Total 4	NA	NA	611	NA	1,482,729.00
5	Sites and Services Projects (land owned by others)	Tugurio Compañ Tugurio Renson Tugurio Las Palmas Tugurio Corazón de María	140 500 750 207	1,200 1,200 1,200 1,200	168,000.00 600,000.00 900,000.00 248,400.00
Sub Total 5	NA	NA	1,597	NA	1,916,400.00
6	Unit upgrading through self-help, site and basic services projects (Water and Electricity) (land owned by others)	Campamento 3 de Mayo Campamento Técnico Industrial	48 350	2,400 1,400	115,200.00 490,000.00
Sub Total 6	NA	NA	398	NA	605,200.00
TOTAL	NA	NA	7,326	NA	28,432,329.00

Source: IVU  
Exchange Rate: \$1 = \$2.50

Drafted by: M. S. V. M., IIA

4/1/77-7-02

THE HOUSING GUARANTY PROGRAM

STATUTORY CHECKLIST

NAME OF COUNTRY

PROJECT NO. 515-HG-006

ANSWER YES OR NO PUT  
PP PAGE REFERENCES  
AND/OR EXPLANATIONS  
WHERE APPROPRIATE

A. General Criteria Under HG Statutory Authority.

Section 221(a)

Will the proposed project further one or more of the following policy goals?

(1) is intended to increase the availability of domestic financing by demonstrating to local entrepreneurs and institutions that providing low-cost housing is financially viable;

Yes

---

(2) is intended to assist in marshalling resources for low-cost housing;

Yes

---

(3) supports a pilot project for low-cost shelter, or is intended to have a maximum demonstration impact on local institutions and national; and/or;

Yes

---

(4) is intended to have a long run goal to develop domestic construction capabilities and stimulate local credit institutions to make available domestic capital and other management and technological resources required for low-cost shelter programs and policies?

Yes

---

Section 222(a)

Will the issuance of this guaranty cause the total face amount of guaranties issued and outstanding at this time to be in excess of \$1,555,000,000?

No

---

Will the guaranty be issued prior to September 30, 1982?

Yes

---

Section 222(b)

Will the proposed guaranty result in activities which emphasize:

(1) projects providing improved home sites to poor families on which to build shelter and related services; or

Yes

---

- (2) projects comprised of expandable core shelter units on serviced sites; or  
Yes  
\_\_\_\_\_
- (3) slum upgrading projects designed to conserve and improve existing shelter; or  
Yes  
\_\_\_\_\_
- (4) shelter projects for low-income people designed for demonstration or institution building; or  
Yes  
\_\_\_\_\_
- (5) community facilities and services in support of projects authorized under this section to improve the shelter occupied by the poor?  
Yes  
\_\_\_\_\_

Section 222(c)

If the project requires the use or conservation of energy, was consideration given to the use of solar energy technologies, where economically or technically feasible?  
Not Applicable  
\_\_\_\_\_

Section 223(a)

Will the A.I.D. guaranty fee be in an amount authorized by A.I.D. in accordance with its delegated powers?  
Yes  
\_\_\_\_\_

Section 223(f)

Is the maximum rate of interest allowable to the eligible U.S. Investor as prescribed by the Administrator not more than one percent (1%) above the current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development?  
Yes  
\_\_\_\_\_

Section 223(h)

Will the Guaranty Agreement provide that no payment may be made under any guaranty issued for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible?  
Yes  
\_\_\_\_\_

Section 223(j)

- (1) Will the proposed Housing Guaranty be coordinated with and complementary to other development assistance in the host country?  
Yes  
\_\_\_\_\_
- (2) Will the proposed Housing Guaranty demonstrate the feasibility of particular kinds of housing and other institutional arrangements?  
Yes  
\_\_\_\_\_

(3) Is the project designed and planned by A.I.D. so that at least 90 percent of the face value of the proposed guaranty will be for housing suitable for families below the median income, or below the median urban income for housing in urban areas, in the host country?

Yes

---

(4) Will the issuance of this guaranty cause the face value of guaranties issued with respect to the host country to exceed \$25 million in any fiscal year?

No

---

(5) Will the issuance of this guaranty cause the average face value of all housing guaranties issued in this fiscal year to exceed \$15 million?

No

---

Section 238(c)

Will the guaranty agreement provide that it will cover only lenders who are "eligible investors" within the meaning of this section of the statute at the time the guaranty is issued?

Yes

---

B. Criteria Under General Foreign Assistance Act Authority.

Section 620/620A

1. Does the host country meet the general criteria for country eligibility under the Foreign Assistance Act as set forth in the country eligibility checklist prepared at the beginning of each year?

Yes

---

2. Is there any reason to believe that circumstances have changed in the host country so that it would now be ineligible under the country statutory checklist?

No

---

ASSISTANT  
ADMINISTRATOR

GUARANTY AUTHORIZATION

PROJECT 519-HG-006

PROVIDED FROM: Housing Guaranty Authority

FOR : The Government of El Salvador

Pursuant to the authority vested in the Assistant Administrator, Bureau for Latin America and the Caribbean, by the Foreign Assistance Act of 1961, as amended (FAA), and the delegations of authority issued thereunder, I hereby amend the captioned authorization to increase the amount of guaranties authorized to be issued pursuant to Section 222 of the FAA by Five Million Dollars (\$5,000,000), for a total amended authorization of Twenty Million Dollars (\$20,000,000). The guaranties shall be issued to eligible U.S. investors (Investor) acceptable to A.I.D. The guaranties shall assure against losses (of not to exceed one hundred percent (100%) of loan investment and interest) with respect to loans, including any refinancings thereof, made to finance housing projects in El Salvador.

These guaranties shall be subject to the following terms and conditions:

1. Term of Guaranty: The loans may extend for a period of up to thirty years (30) from the date of disbursement and may include such terms and conditions as shall be acceptable to A.I.D. The guaranties of the loans shall extend for a period beginning with disbursements of the loans and shall continue until such time as the Investor has been paid in full pursuant to the terms of the loans.
2. Interest Rate: The rate of interest payable to the Investor pursuant to the loans shall not exceed the allowable rate of interest prescribed pursuant to Section 223(f) of the FAA and shall be consistent with rates of interest generally available for similar types of loans made in the long term U.S. capital markets.
3. Government of El Salvador Guaranty: The Government of El Salvador shall provide for a full faith and credit guaranty to indemnify A.I.D. against all losses arising by virtue of A.I.D.'s guaranties to the Investor or from non-payment of the guaranty fee.

4. Fee: The fee of the United States shall be payable in dollars and shall be one-half percent (1/2%) per annum of the outstanding guarantied amount of the loans plus a fixed amount equal to one percent (1%) of the amount of the loans authorized or any part thereof, to be paid as A.I.D. may determine upon disbursement of the loans.
5. Other Terms and Conditions: The guaranties shall be subject to such other terms and conditions as A.I.D. may deem necessary.

---

Otto Reich  
Assistant Administrator  
Bureau for Latin America and the Caribbean

---

Date

Clearances:

PRE/HUD:F Hansen	_____	Date	_____
PRE/HUD:J Howley	_____	Date	_____
PRE/HUD:P Vitale	_____	Date	_____
FM/LMD:ES Owens	_____	Date	_____
GC/LAC:G Winter	_____	Date	_____
LAC/DR:D Johnson	_____	Date	_____

GC/HUD:MDWILLIAMS:prj:G9/22/82:0535P

ACTIVIDADES	FECHA DE TERMINACION
I. AGUA POTABLE	
1. SUMINISTRO DE TRES TRANSFORMADORES 37.5 KVA PARA BOMBA DEL POZO	13 SEPTIEMBRE 1982
2. INSTALACION DE TRANSFORMADORES	20 SEPTIEMBRE 1982
3. CONSTRUCCION CASETA PARA PROTECCION EQUIPO BOMBEO	18 SEPTIEMBRE 1982
4. INSTALACION COMPLETA DE EQUIPO DE BOMBEO Y ENTRONQUE AL SISTEMA	"
II ENERGIA ELECTRICA	
1. PAGO A CAESS	6 SEPTIEMBRE 1982
2. INSTALACIONES DE CAESS	"

CRONOGRAMA ABASTECIMIENTO DE AGUA POTABLE Y ENERGIA ELECTRIC.

CONSTRUCCION: REPARTO IVU LOS 44 SANTA ANA

ACTIVIDADES	FECHA DE TERMINACION
I. AGUA POTABLE	
1. PAGO SUB CONTRATISTA ANDA	6 SEPTIEMBRE 1982
2. CONEXION ANDA	13 SEPTIEMBRE 1982
II. ENERGIA ELECTRICA CLESA	
1. PAGO A CLESA	8 SEPTIEMBRE 1982
2. TERMINACION INSTALACION CLESA	"

SUMMARY OF MORTGAGES TO BE GENERATED FOR DISBURSEMENTS AGAINST \$5.5 MILLION IIG LOAN AND LIQUIDATION OF \$6 MILLION ADVANCE  
PROJECT 519-IIG-006

ANNEX 2

INSTITUTION	PROJECT	Oct.-Nov.-Dec./82		Jan.-Feb-March/83		April-May-June/83		July/83	
		No. of Units	Value of Mortgages	No. of Units	Value of Mortgages	No. of Units	Value of Mortgages	No. of Units	Value of Mortgages
IWU	Centro Urbano								
	José Simón Casas			140	\$ 877.800	60	\$ 376.200		
IWU	Urb. San Martín <sup>1</sup>					100	\$ 627.000	33	\$ 206.910
IWU	Urb. Llaros del Espino <sup>1</sup>								
CASA	U. Frados de Venecia <sup>2</sup>	192	\$ 898.560	250	\$1,170.000	210	\$1,316.700	56	\$ 351.120
CASA	U. Barrio La Pira <sup>2</sup>	62	\$ 290.160	158	\$ 739.440	32	\$ 149.760		
	<b>SUB - TOTAL</b>		\$1,188.720		\$2,787.240	92	\$ 430.560		
	<b>CUMULATIVE TOTAL</b>						\$2,900.220		\$ 558.030
							\$7,434.210		
ATACAMA	Jardines de Sol - Satt <sup>3</sup>	170	\$ 795.600	170	\$ 795.600	170	\$ 795.600	170	\$ 795.600
	<b>GRAND-TOTAL</b>		\$1,984.320		\$3,582.840		\$3,695.820		\$1,353.630
	<b>CUMULATIVE TOTAL</b>						\$10,616.610		
<p>SOURCE: Project Delivery Plans of sub-projects updated as of 6/30/82 by the implementing institutions</p>									
<p><sup>1</sup> 95% of sales price</p>									
<p><sup>2</sup> 90% of sales price</p>									
<p><sup>3</sup> The possibility exists that the S&amp;L system may replace eligible mortgages of another completed project for these.</p>									
<p><sup>4</sup> ODS will have to present to AID eligible mortgages of other projects worth \$83,390 so that the \$5.5 million loan and the \$6 million advance may be fully liquidated. IWU already has completed projects that could be considered eligible for the 000 project.</p>									

## LIST OF POSSIBLE PROJECTS TO BE FINANCED BY SUPPLEMENTAL HG AUTHORIZATION OF \$5 MILLION

ORDER OF PRIORITY	TYPE OF PROJECT	NAME OF PROJECT	NUMBER OF SOLUTIONS	COST PER SOLUTION \$	TOTAL COST \$
1	Apartments (IVU)	C.U. José Simeón Cañas	100	6,600	660,000.00
Sub Total 1	NA	NA	100	NA	660,000.00
2	Core Units (IVU owned land)	C.U. José Simeón Cañas Campanero San Antonio San Marcos IVU Los 44 (3rd Phase) Reparto Guarumal Sonsonate Santa Ana San Bartolo San Vicente Puerto El Triunfo Santiago de María San Miguel	100 25 240 200 100 450 165 1,000 350 90 300 500	6,400 6,560 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400 6,400	640,000.00 164,000.00 1,536,000.00 1,280,000.00 640,000.00 2,880,000.00 1,056,000.00 6,400,000.00 2,240,000.00 576,000.00 1,920,000.00 3,200,000.00
Sub Total 2	NA	NA	3,520	NA	22,532,000.00
3	Sites and Services Project (IVU owned land)	Turquío Nicaragua Campanero Técnico Industrial Turquío La Fuerteza	250 350 500	1,200 960 1,200	300,000.00 336,000.00 600,000.00
Sub Total 3	NA	NA	-1,100	NA	1,236,000.00
4	Unit upgrading through self-help, site regularization and basic services projects (Water and Electricity) (IVU owned land)	Campanero Banco Hipotecario Campanero San Antonio Centro Urbano San Bartolo I Centro Urbano San Bartolo II	109 81 207 214	2,056 2,025 2,600 2,600	224,104.00 164,025.00 538,200.00 556,400.00
Sub Total 4	NA	NA	611	NA	1,482,729.00
5	Sites and Services Projects (land owned by others)	Turquío Compañ Turquío Renson Turquío Las Palmas Turquío Corazón de María	140 500 750 207	1,200 1,200 1,200 1,200	168,000.00 600,000.00 900,000.00 248,400.00
Sub Total 5	NA	NA	1,597	NA	1,916,400.00
6	Unit upgrading through self-help, site regularization and basic services projects (Water and Electricity) (land owned by others)	Campanero 3 de Mayo Campanero Técnico Industrial	48 350	2,400 1,400	115,200.00 490,000.00
Sub Total 6	NA	NA	398	NA	605,200.00
TOTAL	NA	NA	7,326	NA	28,432,329.00

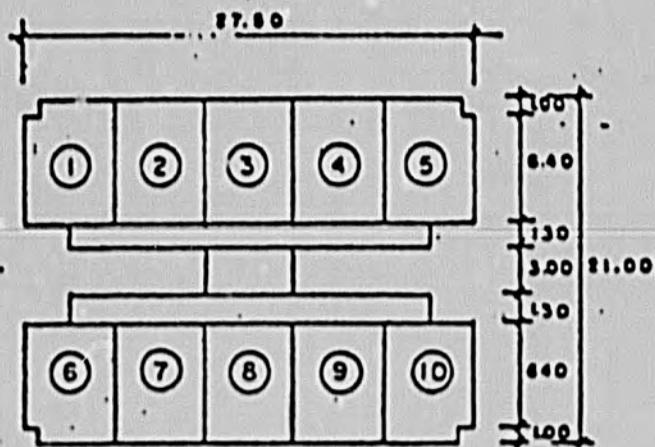
Source: IVU  
Exchange Rate: \$1 = (2.50

Drafted by: M Cáceres, IFA

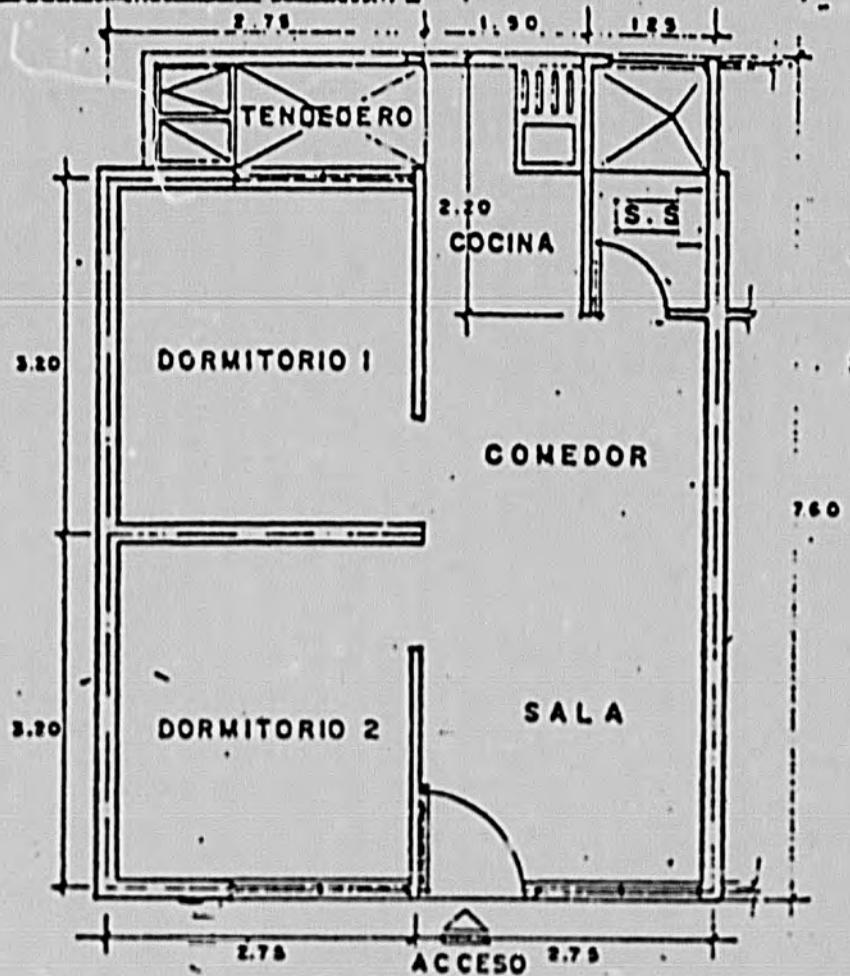
del/9-7-82

# EDIFICIO TIPO M-50

ANNEX 4A



**PLANTA DE DISTRIBUCION  
DE APARTAMENTO**  
Esc. 1:500



**PLANTA  
APARTAMENTO TIPO**  
Esc. 1:75

## EDIFICIO M-50

EDIFICIO MULTIFAMILIAR 50 APARTAMENTOS  
NUMERO DE APARTAMENTOS = 50 APTOS.

NUMERO DE NIVELES = 5 NV.

DIMENSIONES POR EDIFICIO 27.50 m x 21.00 m

AREA POR APARTAMENTO = 41.80 m<sup>2</sup>

### DISTRIBUCION POR APARTAMENTO

2 DORMITORIOS

SALA-COMEDOR

COCINA

UN BAÑO

LAVADERO TENEDERO

COSTO DE CONST. POR APTO. 8

DISEÑO ENERO/1980.

DEPARTAMENTO DE DISEÑO

ABRIL DE 19

APARTAMENTOS DEL 5° NIVELI. PRESUPUESTO TOTAL DEL PROYECTO

<u>Terreno</u>		<u>N.A.</u>
<u>Costos de Construcción</u>		
Urbanización	a. En el sitio	<u>196.404.00</u>
	b. Fuera del sitio	<u>-</u>
	c. Total urbanización	<u>196.404.00</u>
Vivienda		<u>1.485.679.00</u>
Sub-Total Costos de Construcción		<u>1.682.083</u>
<u>Costos Indirectos</u>		
Diseño		<u>220.443</u>
Supervisión	administración 10%	<u>-</u>
Financieros	11%	<u>242.474</u>
Otros Indirectos (desglosar)		<u>-</u>
Sub-Total Costos Indirectos		<u>462.917</u>
T O T A L		<u>2.145.000</u>

II. RECUPERACION DE LA INVERSION

Modelo	Precio Venta	Numero	Total
N5 (M-50)	16.500	130	2.145.00
		Total Ventas	<u>-</u>
		( - ) Presupuesto Total	<u>-</u>

III. DESCLOSE PRECIO VENTA/UNIDAD

	Total	(Por m <sup>2</sup> lote)
<u>Terreno</u>	<u>NA</u>	<u>NA</u>
<u>Urbanización</u>	<u>¢ 1.510.80</u>	<u>¢ 36.14</u>
		(Por m <sup>2</sup> vivienda)
<u>Vivienda</u>	<u>¢ 11.428.20</u>	<u>¢ 273.40</u>
<u>Indirectos</u>	<u>¢ 3.560.90</u>	<u>¢ 85.19</u>
T O T A L	<u>¢ 16.500.00</u>	<u>¢ 394.73</u>

IV. ESTRUCTURA Y CONDICIONES DE VENTA

MODELO: N5 (M-50)

Condiciones de Venta

<u>Precio de Venta</u>		<u>¢ 16.500.00</u>
(+) <u>Gastos de Cierre</u> (desglosar)		<u>                    </u>
(-) <u>Prima ( ¤ )</u>		<u>¢ 825.00</u>
<u>Monto a Financiar</u>		<u>¢ 15.675.00</u>
<u>(Tasa (%))</u>	( 12% )	
<u>(Plazo en Anos)</u>	( 20 )	
<u>Cuotas</u>		
Intereses/capital	<u>172.60</u>	
Seguros (desglosar)	<u>7.05</u>	
Otros (desglosar)	<u>                    </u>	
Cuota Total		<u>¢ 179.65</u>
<b>T O T A L</b>	<b>==</b>	<b>==</b>

SAVINGS AND LOAN ASSOCIATIONS

## Increase of Savings Accounts and Investors

(El Salvadorean Colones - ¢)

<u>Years</u>	<u>Annual Increase in Savings Accounts</u>	<u>Percentage Total</u>	<u>Number of Savers</u>	<u>Percentage Total</u>
1965-1970	¢ 29,929,791	4.8	25,218	6.3
1971-1975	212,686,362	33.7	108,015	27.1
1976	114,191,894	18.1	41,103	10.3
1977	120,931,158	19.2	32,199	8.0
1978	75,739,731	12.0	53,917	13.5
1979	86,492,138 (-)	13.7 (-)	61,031	15.3
1980	63,026,765	10.0	27,924	7.0
1981	100,191,173	15.9	49,377	12.4
<b>T O T A L S</b>	<b>¢ 630,204,736</b>	<b>100</b>	<b>398,784</b>	<b>100<sub>3</sub></b>

SOURCE: Financiera Nacional de la Vivienda,Décimo Noveno Ejercicio Memoria de las actividades realizadaspor la Institución y las Asociaciones de Ahorro y Préstamo,durante el 1° de enero y el 31 de diciembre de 1981, San Salvador,

El Salvador, p. 13.

LONG-TERM MORTGAGES

(El Salvadorean Colones ¢)

<u>Years</u>	<u>Number of Loans</u>	<u>Percentage Total</u>	<u>Total Amount in Loans</u>	<u>Percentage Total</u>
1965-1970	2,718	15.2	¢ 55,510,600	12.2
1975	5,547	30.9	93,428,700	20.6
1976	1,268	7.1	30,352,000	6.7
1977	3,118	17.4	83,968,000	18.5
1978	2,312	12.9	79,310,800	17.5
1979	1,352	7.5	50,074,800	11.1
1980	501	2.8	21,622,600	4.8
1981	1,120	6.2	39,068,200	8.6
<b>TOTALS</b>	17,936	100.0	¢ 453,335,700	100.0

SOURCE: Financiera Nacional de la Vivienda,  
Décimo Noveno Ejercicio Memoria de las actividades realizadas  
por la Institución y las Asociaciones de Ahorro y Préstamo,  
durante el 1º de enero y el 31 de diciembre de 1981, San Salvador,  
 El Salvador, p. 15