

# A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

88-1

IDENTIFICATION DATA

<b>A. REPORTING A.I.D. UNIT:</b> <u>USAID/Bolivia</u> (Mission or AID/W Office)  (ES# _____ )	<b>B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?</b> yes <input type="checkbox"/> slipped <input checked="" type="checkbox"/> ad hoc <input type="checkbox"/> Eval. Plan Submission Date: FY ___ Q ___	<b>C. EVALUATION TIMING</b> Interim <input checked="" type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/>			
<b>D. ACTIVITY OR ACTIVITIES EVALUATED</b> (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)					
Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
511-0567	Private Sector Low Cost Shelter Evaluation of Technical Assistance Grant	9/8/83	9/30/83	\$1,650	\$1,450

ACTIONS

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	Name of officer responsible for Action	Date Action to be Completed
Action(s) Required		
1. Reprogram the level of effort of the areas of technical assistance for national housing policy, CACEN and for the S&L's. (See Attachment 1)	Dino Siervo	03/30/88
2. Amend grant to provide additional US\$200,000 to bring total to authorized amount of US\$1,650,000	Dino Siervo	03/30/88
3. Submission by the implementing agency of project documentation and supporting evidence to substantiate the in-kind local counterpart contribution	CACEN	05/03/88

(Attach extra sheet if necessary)

APPROVALS

**F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION:** mo 2 day 26 yr 88

**G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:**

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature Typed Name	 Reese Moyers	 Ernesto Wende	 Lance Downing	 Reginald van Raalte
Date:	3/1/88	3/01/88	3/3/88	3/11/88

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## H. EVALUATION ABSTRACT (do not exceed the space provided)

The purpose of the project is to revitalize the Savings and Loan System in Bolivia and to strengthen its capacity to provide low-cost shelter financing. The project is being implemented by the Caja Central de Ahorro y Préstamo para la Vivienda (CACEN). This mid-term evaluation (2/87-1/88) was conducted by a team from the consulting firm, Deloitte, Haskins & Sells on the basis of a review of project documents; visits to the implementing agency, the Ministry of Urban Affairs, and two of the Savings & Loan offices in La Paz; and interviews with project personnel, and the long-term advisor from the consulting firm working with CACEN. The principal purpose of the evaluation was to assist the Mission to assess the achievements of the technical assistance grant component to date, and to make recommendations for future activities and emphases. The major findings and conclusions are:

The main lesson learned was that technical assistance can make a difference. Technical assistance, when combined with a minimal amount of financial assistance, in this instance the PL-480 funds, did ensure the survival of a key financial system, a system which has assisted thousands of Bolivian families to improve their shelter condition. On the other hand, the S&L system may be too dependent on USAID. Self-sufficiency and self-sustainability of the system should be key objective over the next few years.

The project outputs are, in general, being met in spite of the fact that most of the project inputs have not materialized. The number of shelter related solutions, as contemplated in the Project Paper, have not been produced due to the lack of IG funds, although some solutions have been provided with financing from other sources, principally PL-480 funds.

Training is the other aspect of the grant component that was relevant for the S&L System. From a qualitative standpoint, the training activities have been effective in enhancing the S&L personnel in housing projects methods, as well as administrative and banking operations.

Also, the technical assistance was essential in convincing the GOB to take crucial steps which permitted the S&L System to remain solvent.

## I. EVALUATION COSTS

1. Evaluation Team		Contract Number OR	Contract Cost OR	Source of
Name	Affiliation	TDY Person Days	TDY Cost (US\$)	Funds
Daniel S. Coleman	Deloitte Haskins + Sells	OTR-0000-I-13-6103-00	\$18,000	S&L PS&I
Raúl Lacayo	Deloitte Haskins + Sells	Delivery Order #13		

2. Mission/Office Professional Staff Person-Days (estimate) 3

3. Borrower/Grantee Professional Staff Person-Days (estimate) 4

ABSTRACT

COSTS

# A.I.D. EVALUATION SUMMARY PART II

## J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided) Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/Bolivia Date this summary prepared: February 29, 1988

Title and Date of Full Evaluation Report: Evaluation of Technical Assistance under Project #511-0567, February, 1988.

The principal purpose of this evaluation is to assist the Mission to assess the achievements of the technical assistance grant component to date, and to make recommendations for future activities and emphases. The evaluation was carried out over a two-week period, from January 25 to February 5, 1988, by two consultants from Deloitte Haskins & Sells.

The technical assistance component of the Low Cost Shelter through the Private Sector Project began in September, 1984, and continues to the present date. It is expected to be completed in January, 1989, although the project itself will continue to the end of FY 89. The original contractor was the United States League (USL), however, the project was extended in 1986, and Planning and Development Collaborative International, Inc. (PADCO), was awarded the new contract. However, the long-term advisor and most of the short-term advisors continued to work on the project regardless of the holder of the contract.

The goal of the project is to improve the shelter conditions of Bolivia's low income families, while the purpose is to expand the private sector's capacity to address the shelter-related needs of these families. The goal and purpose have remained unchanged even though the project was extended as a result of Amendment No. 1, dated July 29, 1986.

The project contemplated a housing guaranty loan of \$15 million, plus grant funds for technical assistance and training of \$1.65 million, of which \$550,000 was authorized in the original Project Paper and the remainder in Amendment No. 1. The S&L's would finance 20% of the cost of each loan, giving an additional \$3.75 million in local funds, and the GOB would contribute \$40,000 to National Statistics Institute (INE) to carry out certain income surveys. To date, only the grant funds for T.A. have been disbursed. Therefore, most of the designated project inputs have not materialized. Additional inputs have been made available, specifically a disbursement of \$3.5 million in PL-480 funds and \$2.25 million in a USAID water and sanitation loan and grant, of which about 25% has been disbursed.

The project outputs are, in general, being met in spite of the fact that most of the project inputs have not materialized. The number of shelter related solutions, as contemplated in the PP, have not been produced due to the lack of FG funds, although some solutions have been provided with financing from other sources, principally PL-480 funds. The S&L's market share of savings did not reach the 6% target as of December 87, nor is INE able to provide family income data. On the other hand, the remaining six outputs have been essentially achieved.

The consensus within the Ministry of Urban Affairs, which represents the GOB; CACEN, which reflects not only its own interests, but also the particular thinking of the smaller S&Ls and the two S&L's in La Paz, which reflect the opinion and ideas of some of the larger S&L's, is that the T.A. was essential in convincing the GOB to take crucial steps which permitted the system to remain solvent. In addition, the T.A. was effective in convincing USAID that that S&L system, in its most direct needs, was worth saving. This resulted in USAID providing PL-480 loans to the system to compensate for the delay in HG funding for shelter purposes, and to assist CACEN to cover its administrative costs at a time when CACEN was receiving no fee income.

The T.A. was also very useful to CACEN in filling the gap in staff resulting from the reduction in force. While this was not the intent of the T.A., circumstances ruled otherwise. The role of the long-term advisor was particularly useful in a quasi-operational role, although, as will be discussed later, his role as technical advisor may be <sup>directed</sup> for the remainder of the contract.

The short-term advisory services covered a wide spectrum of services, and as might be expected, the effectiveness of their services was mixed although overall quite good. In several areas, the T.A. was not only useful, but highly appreciated by all the recipients - the T.A. in information systems was one area that fits the category. Conversely, only one S&L has adopted the recommendation made in the area of personnel management, indicating that perhaps that area of T.A. was less effective. However, the DH&S consultants believe that both the short-term and the long-term T.A. was useful and effective, although, as will be seen later, they make recommendations for a more effective use of the T.A. for the one year remaining in the contract.

The main lesson learned is that technical assistance can make a difference. Technical assistance, when combined with a minimal amount of financial assistance, in this instance the PL-480 funds, did ensure the survival of a key financial system, a system which has assisted thousands of Bolivian families to improve their shelter condition. On the other hand, the S&L system may be too dependent on USAID. Self-sufficiency and self-sustainability of the system should be a key objective over the next few years.

The principal issues facing the system now are:

- a) The need to continue the progressive GOB housing policy.
- b) The role of CACEN within the system.
- c) Improvement of relations between CACEN and some of the associations.
- d) The financial viability of the smaller associations.
- e) Self-sufficiency of the S&L system.

AID should focus the technical assistance inputs to helping the system resolve these issues. Accordingly, T.A. should be directed to the GOB in the area of shelter policy, to CACEN in institutional strengthening and to the associations in financial management.

The long-term advisor should redirect his efforts to assisting the associations in improving financial management, and specifically assisting the smaller associations in attaining financial viability. In addition, he should dedicate a part of his time to advising the GOB and the Ministry in shelter policy.

The short-term T.A. should be focused in the following areas:

- Assistance to the GOB to continue the development and implementation of a national housing strategy, which is oriented toward the private sector and which allocates resources to poor families.
- Assistance to the National Housing Fund (FONVI) and the Social Housing Institute (IVS) in the development of procedures, regulations and standards, permitting those institutions to meet their objectives of providing low income shelter solutions for all needy families.
- Assistance to CACEN in its efforts to become the S&L system regulatory agency on behalf of the Superintendency of Banks.
- Assistance to CACEN in reorganizing its managerial structure and operations to reflect its expanded role as the regulatory agency and the expected growth in operations and level of services to the system.
- Assistance to the smaller S&L's to help them attain a level of financial viability, or, in the unlikely event such attainment is impossible for all the S&L's, to assist in the orderly closing unprofitable S&L's.
- Assistance to all the S&L's to improve financial management. Such areas will include implementation of the new accounting system and the chart of accounts, asset/liability management, internal control and supervision, and continued improvement in management information systems.

Training activities over the next year should complement the suggested T.A. inputs. Training should be focused on a participant training for FONVI and IVS staff, continued training in financial reporting and accounting, asset/liability management, portfolio management, and auditing to meet Superintendency of banks requirements.

February 25, 1988

MEMORANDUM OF CONVERSATION

DATE OF MEETING: February 24, 1988

SUBJECT: Revision of Technical Assistance component of the Low Cost Shelter through the Private Sector Project (511-0567)

PARTICIPANTS: Dino Sicarvo, PS  
Fernando Torres, PS  
Julie Otterbein, RHUDO  
Eduardo Fuentes, RHUDO  
Robert Boni, PADCO

The purpose of the meeting was to review and agree upon the activities to be funded with the remaining funds of the technical assistance grant (511-0567) in light of the recommendations of the Project's evaluation (Deloitte, Haskins+Sells, February, 1988), and other needs which have been identified in the sector.

There are seven cost components in the grant program, the technical assistance component (PADCO contract) being the largest. Approximately \$211,000 remains to be spent under that component for short-term technical assistance, and an estimated \$162,000 remain to be disbursed against the contract of the long-term advisor. The other six components were also reviewed, and adjustments in funding were made according to expected needs. (See Annex.)

The previously cited evaluation recommended that about 10 percent of the funds remaining for short-term activities should be allocated to the GOB's national housing policy initiative and the rest divided about half and half between CACEN and the Savings and Loan Associations for technical assistance related to portfolio management and financial viability. Following those recommendations, a general breakdown of funds would be as follows:

TA related to the National Housing Policy	-	\$21,000 (10%)
TA for CACEN	-	\$95,000 (45%)
TA for S&Ls	-	\$95,000 (45%)

The activities which have been identified, to date, and estimated budgets, are detailed below.

I. National Housing Policy (\$21,000)

a. FONVI-BANAP Technical Cooperation Program: Two FONVI officials will spend two weeks in Caracas to learn BANAP systems, and two BANAP officials will spend three weeks in La Paz helping FONVI to establish operating systems.

No stipends are required. Per diem and air fare have been budgeted, as well as 8% PADCO fixed cost. Est. Budget \$9,000

b. Unprogrammed \$12,000

II. Technical Assistance to CACEN: (\$95,000)

a. Development of CACEN's supervisory/regulatory role: This TA will create the capacity within CACEN for financial regulation of the System which would allow it to have access to lines of credit such as FONVI. An estimated 70 person days are programmed. Budget estimates include stipends, 15% PADCO consultant fee, three round trips to La Paz, per diem, and 8% fixed rate costs. Est. Budget \$32,000

b. Management Audit of CACEN: This audit will review the roles and responsibilities CACEN has in addition to the regulatory one, to determine if there are contradictions and incompatibilities. Approximately the same level of effort is envisioned as for the previous activity. Est. Budget \$32,000

c. Development of Information Systems: This TA is aimed primarily at CACEN's monitoring and planning system, although some time will be devoted to reviewing the status of information systems in the mutuals, and about 3 person days to providing FONVI with recommendations on its information system and hardware requirements. An estimated 38 days (two trips) have been programmed for this activity. Est. Budget \$19,000

d. Review of the System's Potential for Insurance Services: This activity is to explore the possibilities for offering services which are not currently being provided by the financial system. Ten person days are estimated for this activity. Est. Budget \$5,500

e. Unprogrammed funds \$6,500

III. Technical Assistance to the Savings and Loans (\$95,000)

a. TA on Loan Processing and Control of Delinquencies: This activity will be to prepare and deliver a training course on credit analysis and methods to control arrears to S&L officials, and to provide follow up TA

of

to the individual associations. About 40 person days and three round trips are included in the budget. Est. Budget \$20,500

b. TA on Savings Mobilization: This activity is aimed at identifying successful marketing strategies which have been adopted by associations, using those experiences as the basis for a system-wide seminar on savings mobilization, and providing follow-up to individual associations on their marketing strategy. This activity contemplated 45 person days and two round trips. Est. budget \$23,500

c. Seminar on Home Improvement Loans: The purpose of this activity is to address the question of how to provide home improvement loans on a massive scale. It will look into issues such as the use of solidarity group guaranties. About 10 person days are projected, for speakers or the preparation of discussion papers. Est. budget \$6,600

d. Seminar on low Cost Water Projects: This activity is aimed at disseminating the experiences of associations with the PRE water project (511-0582) and to analyze how projects can be initiated to be financed under the HG Program. About the same level of effort is projected as for c. Est. budget \$6,600

e. Seminar on the penetration of Low Cost Markets: This activity will look at both lending and savings in low income areas, identify innovative techniques and market characteristics. About the same level of effort is projected as for c. Est. budget \$6,600

f. Technical Assistance to establishing S&L operations in El Alto: This activity is aimed at helping an existing association (La Paz or La Primera) to establish an active branch office in El Alto, or to establish a new association to serve the area. Specific activities have yet to be defined, but an approximate level of effort of 40 person days is projected.

Est. Budget \$20,500

g. Unprogrammed funds

\$10,700

cc: Francis Conway, RHUDO/SA  
Lee Baker, PADCO  
Ernesto Wende, CACEN  
Reese Moyers, PS  
Participants  
File

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ANNEX 2-25-88

Adjustments to Cost Components 511-0567

1. Technical Assistance Component (PADCO): Activities have been budgeted for all available funds except an estimated \$29,000.
2. Training: An estimated \$8,000 was available under this component and approximately \$26,000 was transferred from component 3 (comodities), for a new total of \$34,000.
3. Commodities: About \$31,000 was available under this component. Of that, \$5,000 was earmarked for computer equipment, and the rest (\$26,000) was transferred to the training component.
4. Project Support: All available funds (est. \$49,000) were earmarked for the long-term housing advisor's contract, second year.
5. Housing Policy and Studies: The remaining funds (about \$3,000) were earmarked for an extension of the housing policy advisor's contract (Traverso). This contract would be extended for 6 months, with 3 person months of funding.
6. Evaluation and Audit: The remaining funds, about \$25,000, were left in this category for the program's final evaluation.
7. Contingencies: The available funds (\$3,000) were left for adminstrative support of the program.

Project 511-0567

SHORT-TERM TECHNICAL ASSISTANCE TIMETABLE  
MARCH - DECEMBER 1980

	March	April	May	June	July	August	September	October	November	December	Total Days
Information Systems			22 xxxx				16 xxx				38
Insurance Services			10 xx								10
Loan Processing			15 xxx					15 xxx			30
Savings Mobilization				45 xxxxx	xxx				10 xx		55
Regulatory Assistance	xx	60 xxxxx	10 xx								70
El Alto Project			TNY dates to be determined								24
Unallocated											15
Total											242 ===

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Consultants to  
Management

**Evaluation  
Of Technical Assistance  
Under Project 511-0567**

**BOLIVIA**

**February, 1988**

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## EXECUTIVE SUMMARY

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## INTRODUCTION

The purpose of this mid-term evaluation of the grant component of the Low Cost Shelter Through The Private Sector Project is to provide an opportunity to review the project in terms of the new political and economic circumstances in Bolivia and to adjust the project to current needs and priorities. The project was approved in May, 1983, while the technical assistance and training component (i.e. the grant component) began in September, 1984, with the arrival of the long-term advisor. The project was amended in August 1986 to extend it through FY 89. A Housing Guaranty loan of \$15 million, which was authorized under this project, has not been contracted to date, although the implementation agreement between USAID and the GOB is being negotiated and is expected to be signed in the first quarter of 1988. This mid-term evaluation covers, therefore, the time between September 1984 and January 1988, almost a three and one-half year period.

This evaluation will assist the Mission to assess the achievements of the technical assistance grant component to date, and to make recommendations with regard to future activities and emphases. It should be re-emphasized that the housing guaranty loan has not been contracted. Therefore, all the expected achievements under the grant component have not been attained due to a lack of loan funds to complement the grant component. While this evaluation describes in general the progress made to date in achieving the project's objectives, it specifically makes recommendations for use of the remaining grant funds.

This evaluation provides a considerable amount of background information on economic conditions in Bolivia over the past few years and the impact on the S&L system. Readers with a wide knowledge of recent events in Bolivia may wish only to scan that particular section of the evaluation and instead focus their attention on the remaining sections, particularly the last two entitled Project Evaluation and Technical Assistance Recommendations.

The evaluation was carried out over a two-week period, beginning the last week of January, 1988. Two consultants - a housing finance specialist and a S&L specialist - from Deloitte Haskins & Sells were responsible for this evaluation.

The methodology consisted of reviewing the project documents including USAID Project Papers and related documents, contracts, quarterly reports, T.A. reports, and financial information. Interviews were held with USAID staff, contractors, GOB officials, and CACEN and S&L staff. Due to the shortage of time to travel in-country, interviews were held with associations' staff in La Paz only. Given the large number of short-term T.A. inputs during the life of the project to date, it was impossible to assess each separate input for its value to the project. Instead we have focused our efforts on assessing the overall impact of T.A. on the project, yet recognizing that some technical assistance components were more effective than others.

We have also evaluated the project from a quantitative aspect. Essentially we asked whether the expected outputs were achieved or are they likely to be achieved before the end of the project. While these quantitative outputs must be assessed, we also believe that the qualitative achievements must be examined, which are not as easy to assess. The major question to be answered is whether the shelter sector in general and the housing finance sector in particular are better off as a result of the technical assistance provided by USAID over the past few years.

## I. BACKGROUND

The implementation of USAID/Bolivia's Low Cost Shelter Through the Private Sector Project has to be reviewed keeping in mind the economic conditions under which it has taken place. These economic conditions have had an impact not only upon the general framework in which the savings and loan system has operated, but also on the structure and functioning of the system itself. In the following section, an overview is presented of the main economic trends and policies affecting the project from its initial implementation in September 1984, to the present. Economic conditions relevant to the future implementation of the project are briefly outlined. Afterwards, an analysis is undertaken of how economic trends and policies have affected, and can be expected to affect, the structure and functioning of the Savings and Loan System.

### A. Economic Trends and Policies

To analyze the economic trends and policies affecting the project's implementation, it is useful to look at three distinct periods:

- The initial period, characterized by economic instability, covers September 1984, when the project's implementation is initiated, to August 1985, when the New Economic Program (NEP) is announced. As will be seen later, this Program, besides providing a basis for economic stabilization, also had important implications for the S&L system's functioning.

- The second period, from September 1985 to June 1987, is characterized by the movement of the Bolivian economy towards greater stability as a result of the NEP. Also, during this period, the bases for structural change were established.

- The current period, from July 1987 to the present, starts with the issuance of the Bolivian Economic Recovery Decree. During this period, the Bolivian economy has continued along the path towards stabilization, but it is distinct from the previous period, as far as the project's implementation is concerned, because of the impact the Economic Recovery Decree has on the savings and loan system.

Economic conditions during these three periods are presented below, whereas their impact on the system is presented in the subsequent section titled "Structure and Functioning of the Savings and Loan System."

#### 1. The First Period: Economic Instability

When the project's implementation was initiated Bolivia had been experiencing, since 1980, an unprecedented economic decline. This decline continued with accelerating force during the year after the project was initiated.

The reduction in gross domestic product during the 1980-85 period originated in a series of events that led, in 1980, to a significant contraction in access by the country to external resources. The continued economic deterioration during the following years was, to a large extent, due to the inadequate adjustment policies followed by the government after that external shock. The impact of those adjustment policies on the project's implementation was significant.

In the 1970's, Bolivia had experienced an economic boom, supported, to a great extent, by foreign lending. These external resources permitted excessive public sector spending, a rapid growth in imports, and a trade deficit. The capacity to repay this lending had not been developed, as much of the resources had been used for projects of doubtful value or for public sector consumption.

As it became obvious in 1979-80 that Bolivia's repayment capacity had been exceeded, net foreign lending was reduced to zero. Bolivia was confronted with mounting external debt servicing requirements, a situation aggravated by the high international interest rates of the period. Also, political instability (between 1978-1982 there were nine presidents in office) was a factor in the reduction in new foreign lending and for a capital flight that further reduced Bolivia's availability of external resources. The overall reduction in the availability of external resources led to reduced imports and a decline in investment and production.

The Government's response to the contraction in external resources, beginning in 1980 and up to August 1985, can be summarized as follows:

- An attempt to maintain previous public sector spending patterns. A high level of Government expenditures were maintained even as revenues declined. The resulting deficit was financed simply by printing money. Inflation grew to levels never before experienced in Bolivia, or Latin America, reaching 1,281% in 1984 and 11,750% in 1985.

- An attempt to Maintain Fixed Exchange Rates. Despite the effort to maintain fixed exchange rates, because of inflation, the Government was forced into seven official devaluations during 1980-85. Although these devaluations were large (they ranged from 50% to 440%), they still trailed the parallel market exchange rate. With the severely overvalued official exchange rate, exports did poorly, and pricing distortions were introduced in the economy.

- Establishment of Economic Controls. A series of economic controls were introduced in an attempt to alleviate the impact of inflation on certain sectors. Prices of certain goods were fixed at levels lower than they would have attained in a free market. Controls on imports and exports were established, and controls on financial market prices were introduced in several forms.

The above-mentioned policies fairly represent the principal elements of the Government's response, from 1980-1985, to the country's economic conditions. Overall, they led to further instability and to a greater reduction in national income.

## 2. The Second Period: A New Economic Program

Amidst unprecedented social and economic deterioration, a new administration took office in August 1985 after early elections. It was clear to the new administration that the previous economic philosophy, characterized by extensive Government intervention, had failed to the extreme. The new administration's orientation substituted extensive public sector activity, intervention and controls for a private sector activity guided by market mechanisms.

The economic program established by the new administration confronted squarely what was viewed as the principal cause of economic instability, the hyperinflationary process. To stop inflation, the main factors causing it had to be attacked: the size of the fiscal deficit and a system of relative prices (i.e. the official exchange rate and real interest rates) that did not function as a guide for the allocation of resources.

The main components of the new program, as stated in Decree 21060 issued on August 1985, and as later implemented, were as follows:

-External Sector Liberalization. Controls on imports, exports, and other foreign exchange transactions were lifted. The parallel and the official exchange rates were unified, and a market-oriented mechanism was established to determine the level of the exchange rate.

-Stabilization of the Public Sector. The elimination of the fiscal deficit as a source of monetary expansion was seen as the key to economic stability. Strong actions were taken to reduce expenditures and to increase revenues. Subsidies to public agencies and public enterprises were eliminated, and expenditures on wages were brought in line with the financial capacity of the different government entities.

-Reform of Public Enterprises. Access to Central Bank credit, previously unlimited, was controlled, and a process was started to rationalize operations to make them viable without the need for subsidies.

-Financial Sector Liberalization. Interest rates were freed and restrictions on financial transactions were removed.

-Market-Oriented System of Prices and Incentives. The previous incentive system, based on interventionist allocation concepts, was replaced by a stable, market-oriented system of incentives, which promotes competitiveness and efficiency. Tariffs on imports were simplified to a flat 20%, quantitative restrictions on foreign trade were eliminated, controls on interest rates were lifted, and the goods and the labor market were liberalized.

As a result of the program, a substantial improvement was made in stabilizing the economy, and in laying the foundations for structural change. Hyperinflation was essentially controlled, and the exchange rate has remained relatively stable. The fiscal deficit financed with monetary emission has been eliminated, and exports increased substantially during 1986.

### 3. The Third Period: Towards Structural Change.

Once the new Government felt that its principal stabilization goals were achieved, it issued a decree in July, 1987, that led towards modifying the country's structure. Stability was seen as a necessary condition for renewed growth, but it was not considered sufficient. It was also desirable to have the economic activity guided by market mechanisms with clear and stable economic policies. The role of the Government would ultimately have to be limited to providing required social and economic public services. Its activities in the productive sectors would be limited to the joint development with the private sector of large-scale projects involving natural resources, where the private sector's technical and financial capabilities are limited.

The elements contained in the Economic Recovery Decree addressing the desired structural changes are mostly related to the financial sector. These and other important elements contained in the decree promoting structural changes are:

-The Role of State Financial Intermediaries is Significantly Limited. Under the decree, state banks and other state financial intermediaries will limit their operations, with a few exceptions, to public entities. Furthermore, the Government's direct role in housing finance is eliminated by disolving the Banco de la Vivienda, a state-owned housing finance bank.

-Private Sector Financial Intermediaries are Strengthened. A mechanism is created whereby private sector banks can exchange their external debt, corresponding to previously de-dollarized loans, for Central Bank bonds. The net effect of this mechanism is to allow for the payment of the bank's external debt at a cost substantially below value. Similarly, the decree transfers to the treasury the external debt of CACEN, which in turn eliminated the obligation the savings and loans had.

-External Debt Conversion through Divestiture. A mechanism for the conversion of external debt into direct investment is established. This mechanism contemplates the divestiture of state enterprises, although on a case by case basis.

Although the process of structural change needs to be continued, - i.e. no comprehensive privatization effort has been undertaken for state enterprises - the Economic Recovery Decree provided for the consolidation of the financial sector, a key sector of the economy. Of particular importance is the emphasis placed on private financial institutions.

#### 4. Expected Economic Conditions

The Government has demonstrated its seriousness in maintaining its chosen course of action. The economy and the public have responded. Important indicators of this positive response are the following:

-Inflation was only 10.2% during 1987, substantially below the 1986 level of 65.3%, and the 1985 inflation of 11,749.6%.

-The freely fluctuating exchange rate has maintained its value around Bs2.2/dollar since January of 1987.

-The growth in financial institutions' deposits was 36.37% from 1986 to 1987. Significantly, this growth in deposits is attributed in part to capital repatriation.

-A continuing decline in interest rates. In December 1986, the S&Ls' weighted average peso lending rate was 138%, whereas in December of 1987 it was 89%.

One continued difficulty Bolivia faces is the size of its current external debt obligations, estimated to be among the highest, in proportional terms, in Latin America. However, to the extent that the country continues to receive assistance from its creditors (specifically official lenders and multilateral lending institutions) by providing capital inflows, and to the extent that extended reschedulings of current debt service obligations are attained, the debt problem can be minimized.

As long as the external debt problem can be kept under control, the Government's stabilization and structural change plans can conceivably be maintained during the next five years.

#### B. Structure and Functioning of the Savings and Loan System

The Bolivian savings and loan system had its origins in 1964, when the first savings and loan institution, "La Primera", was founded. The system was formalized, however, by a 1966 decree creating the Caja Central de Ahorro y Préstamo para la Vivienda (CACEN), the center piece of the system, with important powers and attributions. As a result of these powers and attributions, CACEN can function as:

-The regulatory and supervisory entity for savings and loan institutions.

-A source of external financing for the system, channeling long-term funds.

-A central bank for the associations, holding required reserves, and making liquidity loans.

-A trade association to defend the interests of the system.

-Insurer of savings deposits in the associations and of their loans to the public.

-A provider of technical assistance and training for the S&L associations.

The same 1966 decree established the functions and determined the activities of the savings and loan associations, the other component of the system.

The operations of the associations were originally quite limited. Lending activities were essentially related to mortgage loans for the acquisition, construction or improvement of housing units. Also, up to 25% of the association's total savings deposits could be used for loans to construction companies for specific housing projects. At the same time, the associations could only take savings deposits.

Although interest rates were fixed, the amount of savings deposits, and the unamortized principal of a loan, were to be readjusted annually in accordance with an index, which took into account wages, the cost of living, and the peso's value against the US dollar. This index was modified in 1969 to adjustments based on the official value of the dollar only.

The institutional framework of the savings and loan system was highly successful since its inception. By 1972, the system had 12 associations with total savings accounts of US\$2.06 million representing 5% of total deposits in the financial system. In that year, the associations made 70% percent of all housing loans provided by public and private housing institutions combined.

USAID's participation in the system's development began with a seed capital loan in 1965 to help establish the first S&L in the country. Total AID guaranteed lending and technical assistance provided from the beginning to October 1984, amounted to US\$22 million.

In the following sections, an analysis is presented of the system's response to the economic conditions the country experienced during the project's implementation. The analysis follows the same three periods used earlier to present the country's economic trends and policies.

#### 1. The System during the Period of Economic Instability

By October 1984, when this project began to be implemented, the savings and loan system was in a precarious financial situation. This financial situation was the result of a process that had been going on essentially since 1980, when the Bolivian economy began experiencing its difficulties.

The annual inflation rates during 1980 and 1981 was quite high at 47.2% and 32.1%, respectively. The savings and loan system adapted to this situation by raising interest rates for new loans and for deposits. However, since the largest percentage of the institutions' loan portfolio was medium to long term, the adjustment on interest income was slow, leading to a profit squeeze and an inability to pay competitive rates for deposits. Thus, a process of disintermediation began, with deposits in 1981 declining to Bs 454.0 million (at constant 1979 prices) from their peak in 1979 of Bs 550.5 million, and with a decrease in market share from 12% to 8% during the same period.

Despite the high inflation levels, the Government attempted to maintain the official exchange rate of Bs25/US\$1, the 1980 rate. However, because of the discrepancy between the official rate and the parallel market rate, with the consequent peso overvaluation, the Government was forced to devalue in February 1982 to Bs 44/US\$1, still substantially below the parallel market rate, but representing a 76% devaluation.

Although the savings and loan associations, in accordance with existing regulation, could readjust the value of their loan portfolio to the new rate, the devaluation was of such magnitude that it could not be fully passed on to borrowers. On the other hand, under the maintenance of value clauses, the associations' dollar-denominated liabilities, and their savings accounts, were to be fully adjusted to the new rate. While the official/parallel market rate discrepancies made large devaluations inevitable, it became obvious that the maintenance of value clauses, under these extreme economic conditions, worked to the disadvantage of the savings and loan system.

A commission, which included technical advisors from USAID, was formed in May 1982, to determine the possible actions the system could take to adapt to the existing situation. The following were the recommended policies from the commission:

- Conversion from the dollar-readjustable to a peso denominated system, that is, elimination of maintenance of value clauses, including the one for the system's external debt;

- Employment of variable interest rates as a means to achieve adjustment;

- Diversification of S&L lending operations into short-term commercial credit for family and housing-related needs;

- Injection of new capital;

- Increased housing lending to generate additional revenue; and

- Greater savings mobilization to enable the system to generate enough liquidity.

But for one important exception, all of the commission's recommendation were made official by the Government in a June 1982, decree. That decree authorized the S&L system to make a readjustment of its assets and liabilities, according to the recent devaluation, eliminating the maintenance of value clauses for future devaluations. However, the decree did not de-dollarize the system's external debt, something that, as will be seen below, had strongly negative repercussions for the system.

The savings and loan associations revalued assets and liabilities by 76%, the full percentage of the devaluation, but substantially below the inflation rate (123.5% for 1982), and below the parallel market devaluation of the peso (321% at June 82). Similarly, the ability of the S&L's to recover future exchange losses through higher interest rates, as recommended by the commission, was limited by the borrowers capacity to pay. Thus, the S&L's maintained their interest rates at levels substantially below the inflation rate.

By mid-1982, the savings and loan system found itself in a critical situation as the country entered its hyperinflationary process. Its structural exposure to the process can be characterized as follows:

-Portfolio Structure. A large (90% of loans in 1981) mid to long-term portfolio of loans were outstanding to borrowers with limited capacity to absorb devaluation or inflation adjustments, either via maintenance of value (not allowed anyway by the June 82 decree), or via higher interest rates (allowed by the same decree).

-Limited Ability to Compete. Because interest income could be adjusted only to a limited extent, the S&L system could not increase rates to competitive levels. The banking system, with a short-term loan portfolio, was better able (although it, too, experienced similar problems) to adjust interest rates. Even though a process of disintermediation was experienced by both the S&L system and the banks, the former were losing market share as they were less able to compete.

-Capital Exposure. With the elimination of the maintenance of value clause, the system was fully exposed to devaluations. Although without the maintenance of value clause, savings deposits (initially an important liability of the system) did not have to be readjusted in case of a devaluation, these deposits were becoming less and less important in real terms, due to the devaluations themselves, and to the disintermediation process. On the other hand, the system's foreign debt was still dollar-denominated, and thus, fully readjustable after each devaluation. As the value of assets shrank with each devaluation, without a corresponding contraction in liabilities, the system became decapitalized to dangerous levels.

The commission formed to analyze the system's problem was well aware of the structural exposure to devaluation. Thus, its 1982 recommendations, mentioned earlier, were addressed to each of the structural problems:

-Portfolio Structure:

- Diversification of S&L lending operations.
- Variable interest rates.
- Increased housing lending at shorter terms.

-Limited Ability to Compete

- Greater savings mobilization.

-Capital Exposure

- Injection of new capital.
- Generation of additional revenue.

In keeping with the commission's recommendation, USAID played an active role in supporting remedies to the structural problems. The strategy of the Low Cost Shelter Project authorized in 1983 was to strengthen the S&L system's institutional capacity, through grant funds for technical assistance, while providing it with US\$15 million in lending funds on which it could earn enough money to allow the system to keep making its debt payments. Those funds were to be transferred without a maintenance of value clause.

Because the Government was unable to formalize the HG Loan, US\$7.5 million in USAID generated local currency resources, through the PL 480 program, were reserved for allocation to the system, to enhance its survivability during the economic crisis. Initial disbursements were made without interest and without a maintenance of value clause.

In order to assist in the strengthening of the S&L system's institutional capacity, it was also decided to implement the HG project's grant-funded technical assistance, helping the system survive until economic conditions permitted the implementation of the financial part of the HG-07 agreement.

The inflationary process and severe devaluations continued in 1983 and 1984, a large devaluation taking place in November 1984, one month after the initial implementation of this project. In 1985, two additional devaluations took place before the end of the project's first implementation period. Since the structure of the S&L system was essentially unchanged throughout the period, the inflationary process left it insolvent, with a depleted loan portfolio, and practically no deposits. A simple statistical comparison shows the extent of the damage:

	<u>Dec. 1981</u>	<u>Dec. 1985</u>
	<u>US\$ millions</u>	
Total loans	38.50	0.40
Capital	3.90	(17.44)
Deposits	35.30	0.15

Source: CACEN

Therefore, with such a precarious financial condition during the first period of the project's implementation, the system's overriding concern was to survive, even if it meant shrinking to nominal existence. In fact, from 1983 to 1984, 60% of the system's employees were terminated for lack of income to support them.

## 2. The System under the New Economic Program

The new administration that took office in August 1985, undertook radical changes in the orientation of the economy. During the second period of the project's implementation, covering September 1985 to July 1987, the main changes in economic trends and policies affecting the savings and loan system were:

-Control of Inflation. From a rate of 11,750% in 1985, inflation was brought down to 65.3% in 1986.

-Exchange Rate Stabilization. After the September 1985 devaluation, and since February of 1986, the exchange rate has remained remarkably stable.

-Financial Sector Liberalization. Interest rate controls were eliminated, and dollar maintenance-of-value clauses were again made legal:

Although these changes virtually eliminated the weakening factors of the savings and loan system, one fundamental problem that still remained was the negative net worth of the institutions in the system. The shrinking of earning assets during the inflationary period, and the high level of dollarized debt, made the institutions in the system operate at a loss all throughout the second period of the project's implementation.

Despite this fact, considerable gains were made concerning certain desired structural changes or improvements in the system:

-Diversification. The loan portfolio was diversified as far as loan terms were concerned. By December, 1986, 62% of loans were short term, whereas in December, 1981, they were only 10%. The portfolio also was diversified in terms of activity. Commercial loans were 38% and 0% of total loans for the two respective years.

-Savings Mobilization. The system's ability to compete with other financial institutions is shown by its increase in market share in total deposits from 3.4% in 1984, to almost 4.0% in October 1987. Its ability to mobilize savings is indicated by its level of deposits. In 1984, total deposits were US\$297,000. By 1986, they were US\$3.9 million.

-Portfolio Growth. An expansion of the loan portfolio has also taken place from 1984 to 1986. In 1984, the volume of the loan portfolio was US\$295,000, whereas in 1986 it had increased to US\$ 6.0 millions.

Even though the new economic program did not provide a solution to critical S&L system problems, it did provide a basis for it to regain financial viability and contribute to housing sector growth.

### 3. The System and its Consolidation

As indicated in the previous section, the new Government established a framework for the S&L system to operate in a financially viable way. Nevertheless, the problem of the system's foreign currency debt still remained. In July 1987, the Government issued a decree absorbing that debt and freeing the system of any obligation on it.

The Government action immediately changed the net worth of the majority of the S&L's institutions from negative to positive. In fact, the system as a whole by December 1987, had a 37.5% capitalization ratio, extremely high by any standards.

In addition, the Government created in July 1987, the Fondo de la Vivienda (FONVI) to make available to the financial system US\$40 million immediately, and approximately US\$12 million annually for housing purposes. These funds will be available for specific housing projects, in accordance with technical specifications prepared by the newly created Instituto de Vivienda Social (IVS). Similarly, now that economic conditions make it possible, the US\$15 million through the HG loan can be disbursed to the savings and loan associations.

Because of the financial consolidation of the system, and because of the volume of funds potentially available, the issues faced by the savings and loan associations during the third period of the project's implementation, from July 1987 to the present, and until its conclusion in 1988, are substantially different from those faced in the previous two periods.

## II. PROJECT DESCRIPTION

The Low Cost Shelter through the Private Sector Project consists of the project as designed and approved in the Project Paper written in 1983. Amendment No. 1 extended the project for 3 years to the end of FY 89, and technical assistance may continue to that time. However, the technical assistance contract with PADCO will terminate in January, 1989. This first amendment essentially continued the project's T.A. and training inputs and no changes were made in the project's goal, purpose or outputs. Nevertheless, the financial inputs in the Amendment were modified, and moreover were more specific and detailed, reflecting the previous two years of project experience.

Reference is made in the Project Paper to La Merced Cooperative as an institutional beneficiary under this project. Early in the life of the project, USAID made a decision to not include La Merced, and, therefore, no T.A. was provided to that institution.

### A. Goal and Purpose

The goal of the project is to improve the shelter conditions of Bolivia's low income families, while the purpose is to expand the private sector's capacity to address the shelter-related needs of these families. The goal and purpose have remained unchanged even though the Project was extended as a result of Amendment 1.

Recognizing that the technical assistance component still has one year to run, the goal and purpose of the project are essentially being met although the lack of HG funds has limited the Project's direct impact on improving the shelter conditions of low-income families. Nevertheless, progress has been made in the development of a shelter policy as well as the shelter delivery system, and they lay the ground work for improved shelter conditions. The capacity of the private sector to meet the shelter needs of these families has been enhanced, particularly given the likely prospect at one time that the S&L system would not survive. It is now apparent that the private sector S&L system will continue to function, although its ability to serve low-income families is not evident system wide. The financial difficulties of some of the rural based mutuals - assuming those difficulties are not resolved - may inhibit their operations, thereby, removing many low-income families from access to private sector financing. Also, the hesitation of the largest S&L to participate in financing low-income shelter solutions may exclude many families from access to affordable programs.

A major ingredient, of course, in achieving the goal and purpose of this project is the availability of housing finance. With the improvement in the ability of the S&Ls to generate funds locally, future access to the HG funds, and the expected inflow of FONVI funds to private sector intermediaries, adequate funds should be available to begin to help meet the project's goal and purpose. This would ensure the overall success of the project, including its T.A. and training component.

**B. Inputs**

The project contemplated a housing guaranty loan of \$15 million, plus grant funds for technical assistance and training of \$1.65 million, of which \$550,000 was authorized in the original Project Paper and the remainder in Amendment No. 1. The S&L's would finance 20% of the cost of each loan, giving an additional \$3.75 million in local funds, and the GOB would contribute \$40,000 to INE to carry out certain income surveys. To date, only the grant funds for T.A. have been disbursed. Therefore, most of the designated project inputs have not materialized. Additional inputs have been made available, specifically a disbursement of \$3.5 million in PL 480 funds and \$2.25 million in a USAID water and sanitation loan and grant, of which about 25% has been disbursed.

The following table shows the planned inputs as compared to the actual inputs:

INPUTS FROM LOG FRAME

<u>Planned Inputs</u>	<u>Actual to Date</u>
1. \$15 million in HG funds disbursed in 5 years	1. No HG funds disbursed
2. Disbursement of \$1,650,000 for T.A. of training over 5 year LOP	2. \$1,001,995 disbursed and/or accrued to date
3. \$40,000 GOB budgetary contribution to INE	3. Not contributed
4. S&Ls to contribute 20% of each loan or a total of \$3.75 million	4. Not contributed

**C. Project Outputs or Achievements**

The Project Paper lists seven outputs that are expected to be achieved when the Project is completed. These outputs are also defined as End-of-Project Status (EOPS).

The project outputs, as summarized in the logframes, are in general being met in spite of the fact that most of the project inputs have not materialized. The number of shelter related solutions, as contemplated in the PP, have not been produced due to the lack of HG funds, although some solutions have been provided with financing from other sources, principally PL480 funds. The S&Ls market share of savings did not reach the 6% target as of December 1987, nor is INE able to provide family income data. On the other hand, the remaining six outputs have been essentially achieved.

The following table on project inputs, as reflected in the two log frames, indicates which outputs have been achieved as of January 1988:

OUTPUTS FROM LOG FRAME

<u>Planned Outputs</u>	<u>Actual Outputs</u>
1. 19,000 subloans to below-median income families	1. 2,660 families have received loans
2. S&L system remains current on outstanding dollar debt	2. GOB assumed dollar debt responsibility
3. 50,000 savings accounts in S&L system by 12/87	3. 152,195 savings accounts as of 11/87
4. S&Ls share of savings market will increase to 6% by 12/87	4. Market share was 4%
5. Up to 30% of S&L portfolio composed of short-term diversified lending	5. 58% of S&L loan portfolio short-term non-shelter related loans
6. Periodic publication of national household income data	6. Not undertaken
7. National housing policy is developed	7. A strategy has been essentially developed.
8. 137 persons will receive training in finance, marketing and administration	8. 178 persons have been trained
9. S&L loan portfolio increased to \$9.7 million in 1988	9. Portfolio reached \$15.9 as of 12/87

A more detailed analysis of the project outputs as described in the Project Paper are provided below.

Output No. 1 - Financing will be made available for the shelter - related needs of approximately 23,000 below median income families.

While the Project Paper indicated that 23,000 families would receive shelter assistance under HG 007, Amendment No. 1 later reduced that figure to 19,000. The Implementation Agreement (in draft) calls for 10,000 families to be assisted. Funds for financing these shelter solutions were to be derived from the Housing Guaranty Loan, which to date has not been contracted. Instead alternative funding, in part, was secured from a PL 480 loan as well as internal funding from the association. As a result of these funds, approximately 2,660 families with below median incomes have received shelter assistance under this project as of the end of 1987. Of that number, about 85 percent of the shelter solutions can be attributed to PL 480 funding.

When the housing guaranty loan is contracted and thereby sufficient funding is made available, it is probable that the number of families assisted under this project will exceed 10,000, and more likely the 19,000 mark will be achieved given the assurance of HG and PL 480 funding as well as funding generated internally by the Mutuals.

The PP also stated that the project would be implemented over a five-year period. Given the delay in contracting the HG loan, the disbursement period for the \$15 million may have to be extended beyond the designated expiration date of the end of FY 89.

Output No. 2 - The S&L System and La Merced will have strengthened their overall financial viability.

Between the time the Project Paper was approved and mid 1985, the financial viability of the S&L System drastically deteriorated. Hyper inflation and the dollar debt burden pushed the system to be brink of bankruptcy, and it was doubtful if the system would survive that year. Nevertheless, the adoption of the New Economic Plan in 1985, and the passing of the Economic Recovery Decree the following year, gave breathing room to the system. In addition, USAID provided some financial assistance to the system to compensate for the lack of funds from the still-to-be contracted housing guarantee loan. In short, the system is regaining its financial viability rather than remaining financial viable.

The financial viability of the system overall is good. Over the past six months, five of the smallest S&L's have reported negative net worth positions - this, in spite of the Government's absorption of the dollar debt. Conditions appear to have improved by December, 1987, when only three associations (Tarija, Marutata, La Frontera) showed a negative net worth. Regardless, the system as a whole reported a positive net worth of \$11.56 million, which would permit the system to expand its lending activity by a huge amount.

With the exception of one association (Tarija), all the remaining associations report net profits over the past few months, with the total net income for the System reaching almost \$2 million for last year, although there are some questions regarding accounting procedures. In short, the system overall appears to be profitable. But loan arrearages are a problem for some associations, particular those associations reporting a negative net worth.

In general, the associations have undertaken appropriate steps leading to improved financial health. They have implemented savings mobilization programs to regain the deposits lost in earlier years, giving them the means to reinstate leading activities and thereby generate income. They have diversified their lending portfolios to reduce their dependance on one activity (housing), and shortened loan terms, thereby reducing exposure to fluctuations in economic conditions. Accordingly, interest rate ceilings have been eliminated, and interest rate are governed now by market conditions.

In summary, the financial viability of the system is good, but there are a few S&Ls whose future is in doubt. If, however, additional funding is made available to the system - either HG and/or FONVI funds - then those weak S&Ls may be able to generate sufficient income to show a positive net worth. Since expenses in those S&L's are generally fixed, additional interest income and fees will flow directly to the bottom line.

Output No. 3. The GOB will have improved its capacity to formulate a comprehensive shelter sector strategy.

The GOB has not only improved its capacity to formulate a strategy, but, as importantly, has actually designed a shelter strategy, which it is currently implementing. Contrary to previous GOB policy, the present administration has given housing a prominent place in its economic plans. Essential to this change in attitude has been the preparation of a number of studies and reports that showed the importance of the shelter sector to the economic health of the nation and the welfare of her citizens.

As a result, the GOB has formulated a shelter strategy, which recognizes the relevance of the private sector as the principal vehicle for growth and development of the shelter sector, and overall, the importance of the shelter sector as a prime generator of employment. The closing of BANVI and the Consejos de Vivienda, both public sector solutions to the shelter problem, are indicative of this new shelter strategy.

Alternatively, the absorption by the GOB of the association's dollar debt permitted these private sector entities to survive and showed the GOB's commitment to the private sector. The creation of FONVI with its maintenance of value terms, will ensure that the employer/employee funds for housing will not be dissipated, which was not the case with the Consejos de Vivienda.

In general, there appears to be greater coordination and cooperation between the System and other GOB entities. The BCB request that CACEN undertake regulation of the associations on behalf of the Superintendencia de Bancos reflects a new and improved relationship. Also CACEN played an integral role in the preparation of the new shelter strategy.

Output No. 4. The S&L System and La Merced will have generated increased domestic resources to permit the expansion of lending activities.

The hyper inflation that occurred between 1982 and 1985 decimated the deposit base within the S&L system. From a peak of US\$35.3 million in 1981, savings fell to some \$150,000 in 1985. Nevertheless, a turn around has occurred, and as of December 31, 1987, aggregate savings had attained a level of \$13.4 million. Quarterly growth in savings since 1985, both actual and in percentage growth, is shown below:

<u>Quarter Ending</u>	<u>Amount (\$000s)</u>	<u>% Increase</u>
1st 1986	575	
2nd 1986	1,133	97
3rd 1986	2,240	98
4th 1986	3,636	62
1st 1987	5,846	66
2nd 1987	7,398	27
3rd 1987	10,649	44
4th 1987	13,437	26

Savings in the S&L system has still not regained its prominence in the banking system, when about 18 percent of all savings in 1980 were deposited in the associations. At present, only 4 percent of all savings deposits are held in the associations, considerably below the peak as well as below the target level of 6 percent, as stipulated in the Project Paper.

The associations have embarked on a more active saving mobilization campaign, and technical assistance has been provided for this activity. More importantly, CACEN has hired, for the first time in its history, a full time marketing manager.

Output No. 5. The S&L System will have successfully expanded the diversification of its portfolio into short-term commercial lending.

The hyper inflation beginning in 1982 accelerated the S&L's need to diversify its lending portfolio with new housing sector loans. Initially, consumer loans were made, principally for consumer goods, travel, education, etc. By 1985, commercial loans, mainly for agribusiness purposes, were being authorized. Normally, loans were made for periods ranging from one month to three years, but as inflation abated, the average lending term has been extended. Interest rates are reported as high as 10 per cent monthly in some S&L's, although interest rates in La Paz are in the 2 percent monthly range.

As of December 1987, the consolidated financial statements of all 12 associations indicated the following:

<u>Category</u>	<u>Amount</u>	<u>% of Totals</u>
Housing	US\$8,216,000	42.5%
Consumer	8,168,000	42.2%
Commercial	<u>2,955,000</u>	<u>15.3%</u>
Total	US\$19,339,000	100.00%

From 100% of the S&L's loan portfolio in housing as of the end of 1981, only 42.5% of their portfolio is now placed in that sector. Nevertheless, the trend will probably reverse itself in the months

ahead. If the HG loan and FONVI Funds are made available as planned, then the S&Ls portfolio of home mortgage loans is expected to increase to about 70% of the total. That will leave 30% in the consumer and commercial loan portfolio which will permit an adequately diversified portfolio.

Output No. 6. The S&L System will have strengthened its financial planning capability.

Hyper inflation in Bolivia made a mockery of financial planning. In such an environment, financial planning was almost useless, and in fact, what was needed was better financial management to help the associations withstand rapidly changing economic and fiscal conditions. To provide good financial management, information and information systems were required as well as strong and astute financial management. In this respect, the capability of the S&L system to gather, analyze and disseminate information has improved significantly. In addition, several training courses and seminars have been given to S&L managers to help improve their financial management capabilities.

The system has developed a number of new tools to improve its capability in financial planning and financial management. These are:

- Consolidated Financial Data Sheets (weekly).
- Profitability analysis (monthly).
- Market share analysis for both savings and loans.
- Productivity per employee analysis.
- Spread analyses.
- Special financial studies on yields.

Output No. 7. INE will have strengthened its capacity in the area of national income data collection and analysis and will have begun publishing this data on a regular basis.

Attaining this objective necessitated not only technical assistance inputs from the contractor, but also budgetary contributions from the GOB. Technical assistance was provided to INE as planned in the preparation of a set of questions to be added to the 1986 Permanent Household Survey. The major category consisted of fifteen questions on family income. The Survey was carried out, however, the general consensus was that the information generated from the survey was not useful in analyzing family incomes and thereby not helpful in calculating the median income.

INE believes that the only accurate way to ascertain family incomes is via an income and expenditure survey, and based on experience to date with other methods (calculations based on national income data, the above mentioned household survey, etc.) they are probably correct. INE, however, has no funds to carry out an Income and Expenditure Survey, or for that matter, any other type of survey that would provide useful information on incomes. Therefore, the other ingredient in carrying out this objective - government budgetary assistance - has not been forthcoming, and apparently, no funding is anticipated.

### III. GRANT COMPONENT

#### A. Technical Assistance Inputs

In this section, a comparison is made between the technical assistance inputs initially scheduled for the HG-007 Project - as determined in the relevant Project Paper, request for proposals, and contracts - and the technical assistance inputs actually provided. In Section IV, an evaluation is made of whether the inputs provided were effective in meeting the targets established for the Project. The present analysis covers technical assistance inputs provided from September 1984 until the present, January 1988.

The technical assistance inputs for the project were to be provided in the following areas:

- Long-term technical assistance to coordinate the Project's implementation and provide technical support to CACEN in specific areas.

- Short-term technical assistance directed specifically at CACEN, and the savings and loan associations in the following areas:

- Savings Mobilization.
- Financial Planning.
- Portfolio Diversification.
- Personnel Management.
- Construction Cost Analysis.
- Information Systems and Data Processing.
- Potable Water and Sanitation Engineering.
- Procurement and Inventory Management.

- Short-term technical assistance directed to the Government of Bolivia:

- Family income and Expenditure Analysis.
- Shelter Policy and Strategy.

Of these areas, the technical assistance for Potable Water and Sanitation Engineering, on Procurement and Inventory Management, and for Family Income and Expenditure Analysis, was provided only during the first implementation stage of the Project. This first stage of the Project, under contract with the United States League International, Inc., (USL) covered the period from September 1984 to January 1987. Technical assistance in the other areas was provided during both the first implementation stage and the second stage of the Project. The latter stage covered the period from February 1987 to the present, January 1988, under contract with Planning and Development Collaborative International (PADCO). This contract will expire in January 1989.

#### 1. Long-Term Technical Assistance

##### Purpose of the Technical Assistance

The purpose of the long-term technical assistance, according to the February 1984 RFP, and the February 1987 contract, is to oversee the entire technical assistance package within Bolivia, and to serve as the main liaison between USAID/Bolivia and CACEN. Furthermore, the long-term advisor is to coordinate CACEN's and USAID's efforts in the HG-007 and Potable Water and Sanitation programs with Bolivia's Central Bank. The long-term technical advisor's planned responsibilities also include management and financial planning assistance to CACEN.

Total Person-Months Budgeted: 40 person months from October 1984 to January 1988.

Total Person-Months Provided: As budgeted.

Planned Responsibilities:

-Coordinate implementation of the HG-007 and potable water and sanitation projects (W-068 loan).

-Assist CACEN staff with development of financial plans, strategies and policies including updates of the official financial strategy and master implementation plan for both the HG-007 and the W-068 loans.

-Advise CACEN staff on general management issues.

-Assist CACEN in the use of its computer system in management and policy decisions and in inventory control and information, and data processing.

-Assist CACEN in training S&L associations in the area of diversification lending, as well as shelter related lending.

-Work with CACEN and the Mission in the preparation of the final scopes of work for the short-term technical advisors.

-Throughout the term of the technical assistance, coordinate and refine the short-term technical assistance inputs.

-Prepare quarterly reports on the progress of the HG and water programs.

Scope of Actual Work Undertaken:

The actual scope of work has covered all of the planned responsibilities. In addition, work has been done directly with the savings and loan associations, expanding the scope of the planned responsibilities, which were directed to CACEN only. Activities undertaken include:

-Work with CACEN to develop and finalize objectives and action plans for 1987.

-Work with individual associations in the development of mutual objectives and action plans for 1987.

-Participation in various Presidents' meetings in the area of planning and in the consideration of a central finance facility, as well as the general discussions.

-Participation in the review of applications for and the selection of a marketing manager for CACEN.

-Participation in the review of applications for and the selection of an internal auditor for CACEN.

-Participation in various negotiations with computer vendors during the selection of data processing equipment for CACEN.

-Prepare weekly performance analysis of the associations for their use and for the use of CACEN and others, such as USAID.

-In conjunction with CACEN, determine needs for short-term technical assistance and request such technical assistance from USAID.

-Plan training courses for the personnel of the mutuals and CACEN.

-Work with the marketing manager of CACEN on the selection of an advertising agency to design and execute an institutional publicity campaign for the S&L System.

-Work with the management of CACEN on the definition of the new accounting system and reporting formats.

-Prepare quarterly and other reports for USAID.

## 2. Short-Term Technical Assistance Directed at CACEN

The information on person-months budgeted in this section is obtained from the short-term consultant work days budget prepared by the USL in 12/2/85. This budget covers the period from October 84 to January 87. Planned responsibilities and descriptions are taken from the February 1984. For the period from February 87 to January 88, person-months budgeted and planned responsibilities and descriptions are taken from the 1987 contract.

### a) Savings Mobilization

Total Person-Months Budgeted: 4 months from October 1984 to January 1987, and 4 months from February 1987 to January 1988. Total Budget: 8 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	74	25	27	126
Months	3.36	1.14	1.23	5.73
				====

Assistance in the savings mobilization is was below budget. Out of 8 months budgeted, 5.73 months were used to date.

Planned Responsibilities

-Assist the managers of the a Associations develop individual mobilization strategies.

-In conjunction with the management of each institution, establish individual timetables and targets for savings mobilization.

-Assist CACEN in training the associations in savings mobilization techniques.

Scope of Actual Work Undertaken:

-Creation of product and services analysis committee.

-Implementation of a medical consultation and food purchase program to attract savings.

-Implementation of certificates of deposit.

-Revision of savings plans and financial plans in each association.

-Identification of problem areas such as savings acquisition in each association.

-Development of a system-wide market survey to assist the associations in savings acquisition and loan generation.

-Creation of demand profiles by association for both savings and lending activities.

-Determination, via the market survey, of median incomes in each market area.

-Development of a NOW account prototype.

-Review of documentation on savings mobilization activities in the system over the last 3 years.

-Attendance and participation in the marketing seminar held in early June.

-Visit to seven associations and in-depth interviews with the management of these associations regarding their savings mobilization activities.

-Provision of "hands on" training and guidance to the newly appointed marketing manager in the course of their joint visit to the associations.

-Presentation of a report on his observations of marketing practices in the associations.

-Proposal of a model marketing plan to be implemented in specified associations with the assistance of CACEN's marketing manager.

b) Financial Planning

Total Person-Months Budgeted: 4.64 months from October 1984 to January 1987. 2.25 months from February 1987 to January 1988. Total budget: 6.89 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	73	3	5	81
Months	3.31	.14	.23	3.68
				====

Assistance in the financial planning area is below budget: out of 6.89 months budgeted, 3.68 months have been used.

Planned Responsibilities:

-Improve CACEN's ability to forecast economic trends.

-Assist CACEN in the design, preparation and analysis of alternative financial measures and plans.

-Improve CACEN's ability to assess and monitor the associations' financial situation overtime.

-In conjunction with the Information Systems Advisor, produce a financial information system, which will assist each entity in the development of dynamic financial plans and strategies.

Scope of Actual Work Undertaken:

-A review of the nature of the financial information submitted by the associations to the CACEN.

- A review of loan terms for AID advances to the S&L system.
- A study of indexation for loans and savings in the system.
- Presentation of a financial management seminar.
- Implementation of weekly financial reporting.
- Implementation of a strategic planning discipline.
- Break even analysis of the associations.
- Review of economic conditions as they affect the system
- Review of profitability of housing project investments versus short-term lending.
- Determination of disbursement requirements for AID funds.
- Financial projections for the associations and CACEN.
- A review of legislation governing the system.
- Definition of financial monitoring needs of the system.
- Presentation of strategic planning principles.

c) Portfolio Diversification

Total Person-Months Budgeted: 4.05 months from October 1984 to January 1987. 2 months from February 1987 to January 1988. Total budget: 6.05 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	32	8	17	57
Months	1.46	.36	.77	2.59

Assistance in the portfolio diversification area is below budget: out of 6.05 months budgeted, 2.59 months were used to date.

Planned Responsibilities:

-Provide detailed technical advice in areas such as loan application and approval procedures and guidelines, qualification requirements, collateral and guarantees, and collection procedures.

-Advise the associations and CACEN on loan portfolio diversification tactics and consumer and commercial lending opportunities.

Scope of Actual Work Undertaken:

-Meeting with the officials of 5 associations to review the nature of their loan portfolios with regard to rates, terms, and purposes of the loans.

-Review of loan processing mechanics with various associations and propose general guidelines in the area of automation for speeding up the loan analysis and approval process.

-Review of credit analysis procedures in the associations. Proposal for the conduct of a credit analysis class to be held on a regional or national basis.

-Review of loan fee structure and methods of charging interest by the associations.

-Meeting with various officials of the CACEN to learn about their role in the lending process, such as is the case with productive credits, a program largely spearheaded by the CACEN.

-Development of a series of recommended activities for a follow-on consulting assignment in the area of portfolio diversification.

-Diversification of loan activities into shorter term, non housing loans.

-Reviews of loan delinquency problems.

d) Personnel Management and Organizational Structure

Total Person-Months Budgeted: 0.5 months from October 1984 to January 1987, and 2 months from February 1987 to January 1988. Total Budget: 2.5 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	0	10	55	65
Months	0	.45	2.50	2.95

Assistance in the personnel management and organizational structure area exceeded the budget: 2.95 months were used and 2.5 months were budgeted.

Planned Responsibilities:

-Advise CACEN and selected S&L associations on additional ways to improve staff management policies.

-Assess the staff capabilities of CACEN and selected associations.

-Work with individual entities on staffing plans, needs, timetables and general personnel management policies.

-Assess the staff capabilities of CACEN and selected associations.

-Work with individual entities on staffing plans, needs, timetables and general personnel management techniques and concerns.

-Work with individual entities to implement recommendations (such as an incentive plan) made by the previous personnel management specialist.

#### Scope of Actual Work Undertaken

-Development of a prototype incentive compensation plan for the associations.

-Review of existing personnel policies at CACEN.

-Finalization of an incentive compensation plan model to be used by the associations to reward good performance.

-Meeting with 3 associations to "sell" the idea of incentive plan implementation.

-Definition in detail of the requirements of a personnel administration manual and a salary administration program, and presented these requirements to the management and board of CACEN.

-Development of specific incentive plans for each of the 12 associations, so that they can be implemented independently as the management of each association decides to do so.

#### e) Shelter Construction and Cost Analysis

Total Person-Months Budgeted: 1 month from February 1987 to January 1988. Total Budget: 1 month.

Total Person-Months Provided: No assistance was provided in this area. Person-months available were redirected to other areas.

#### f) Information Systems and Data Processing

Total Person-Months Budgeted: 1.32 months, from October 1984 to January 1987, and 3 months from February 1987 to January 1988. Total Budget: 4.32 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	39	12	39	90
Months	1.77	.55	1.77	4.09

Assistance in the information systems area has essentially been as budgeted.

Planned Responsibilities

- Define the information needs of one or two S&Ls.
- Oversee the installation of one or two systems.
- Develop a standardized set of guidelines for S&L information systems.

Scope of Actual Work Undertaken:

-Negotiation with the equipment vendor supplying the computer equipment to CACEN to ensure better terms.

-Meeting with three associations outside La Paz to discuss the possibility of standardizing hardware and software systems for ease of maintenance and economies of scale.

-Meeting with personnel of CACEN to develop an organization capable of effectively installing the various planned information systems.

-Work with designated information systems personnel in CACEN in the definition of reporting formats, data files, and backup procedures for the new computer system.

-Assistance in developing nationwide data processing standards for the S&L System.

-Assistance in the development of a data processing evaluation system for association "La Primera."

-Revision of the status of information processing in the associations and at CACEN.

-Preparation of specific computer requirements for CACEN.

-Identification of CACEN's software needs.

-Review of computer proposals for CACEN and selection of one vendor to supply the data processing needs of CACEN.

-Development of acceptance tests for CACEN's software systems.

g) Potable Water and Sanitation Engineering

Total Person-Months Budgeted: 2.64 months from October 1984 to January 1987. Total Budget: 2.64 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	0	50	0	50
Months	0	2.27	0	2.27

Assistance in the potable water and sanitation engineering area was essentially as budgeted.

Planned Responsibilities:

-Travel to selected sites to confer and consult with community groups, the associations' technical staff, and representatives of participating water authorities regarding the design and installation of potable water and sewage systems.

-Work with CACEN's technical staff to establish basic construction guidelines.

-Develop with CACEN's technical staff standards for water quality checks and system maintenance.

-Advise CACEN and the associations on use of various materials for water and sewage systems.

Scope of Actual Work Undertaken

-Definition of construction requirements and material requirements for the first water project.

-Identification of additional water projects and compiling project priorities.

-On-site supervision of Guayaramerin project.

-Review of the designs for the second and third water projects in Bermejo and Tarija.

h. Procurement and Inventory Management

Total Person-Months Budgeted: .91 months from October 1984 to January 1987. Total Budget: .91 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	0	15	0	15
Months	0	.68	0	.68

Assistance provided in the area of procurement and inventory management was essentially as budgeted.

Planned Responsibilities

-Evaluate alternative sources and methods for purchase of water and sewage system construction materials.

-Help establish optimum inventory levels.

-Help establish inventory control system.

Scope of Actual Work Undertaken

-Training of CACEN in procedures and techniques of procurement.

3. Short-Term Technical Assistance Directed to the Government of Bolivia<sup>1/</sup>

The information for this section comes from the same sources as in the previous one.

a) Family Income and Expenditure Analysis

Total Person-Months Budgeted: 1.82 months from October 1984 to January 1987.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	0	25	0	25
Months	0	1.14	0	1.14

Assistance in the area of family income and expenditure analysis has been essentially as budgeted.

<sup>1/</sup> It should be pointed out that RHUDO/Panama and South America staff has provided a considerable amount of technical assistance to the GOB over and above the T.A. provided under the contract. This was particularly true in 1987 when seven person/trips were made to Bolivia by RHUDO staff (Fuentes, 3 times; Lasa, 2; Gelman, 1; and Fernandez, 1) to provide T.A. in the area of housing policy.

Planned Responsibilities:

-Refine the INE questionnaire and develop analytical framework necessary for reliable survey analysis.

-Evaluate and further develop INE's methods of data collection.

Scope of Actual Work Undertaken

-Development of estimates for family incomes.

-Development of income questions for inclusion in the National Statistical Institute survey.

-Refinement of national income estimates.

b) Shelter Policy and Strategy

Total Person-Months Budgeted: 1.82 months from October 1984 to January 1987. 1 month from February 1987 to January 1988. Total Budget: 2.82 months.

Total Person-Months Provided:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Total</u>
Days	0	28	39	67
Months	0	1.28	1.77	3.05

Assistance in the shelter policy and strategy area exceeded the budget. 3.05 months were used and 2.82 months were budgeted.

Planned Responsibilities:

-Work with the GOB's Housing Policy Coordinating Committee (PCC) and its working group to develop a national housing policy and a logical framework to make housing policy decisions that are mutually agreed upon by public and private sector representatives.

Scope of Actual Work Undertaken:

-Development of general requirements for a national housing policy document.

-Development of an outline for a specific national housing policy.

-Review of progress made by the Ministry of Urban Affairs on the development of a national housing policy.

-Meeting with the Ministry of Urban Affairs to review their recommendations for restructuring both the Ministry and the general housing sector.

-Meeting with members of the construction industry and with the city of La Paz to ensure that their views and needs were represented in the overall scheme for national housing.

-Performance of an analysis of housing construction, costs, and affordability using the PADCO-Bertaud model and developed a written report outlining recommended solutions and approaches.

-Production of a report analyzing the present state of the housing sector in Bolivia and describing a series of recommendations to develop a national housing policy.

-Work with CACEN and the Ministry of Urban Affairs to define an implementation plan for the recommendations of the Vienna Conference on Housing.

### B. Training Component

Training under this Project consisted of seminars, courses and participant training. Since May of 1985, when the first seminar on Financial Management was held in La Paz for 18 staff members from various S&L's, approximately 180 persons have benefitted from 12 separate training activities. The courses and seminars were designed and given by the Latin American Training Center (LATC) of Panama City, Instituto para el Desarrollo de Empresarios y Administradores (IDEA) of La Paz, and CACEN. In general, the training activities were concentrated in the areas of management, finance and marketing. The following table summarizes the training component to date.

#### TRAINING ACTIVITIES

<u>Type of Training</u>	<u>Institution</u>	<u>Location</u>	<u>Date</u>	<u># of Participants</u>
-Financial Management Seminar	P.Lasa	La Paz	May 85	18
-Management Round tables	CACEN	La Paz	Feb. 86	9
		Cochabamba		9
		Trinidad		9
-Visit to Mutual Arequipa, Peru	-	Lima	April 86	12
-Marketing Seminar	IBEE	La Paz	April 86	18
-Advanced Management Seminar	LATC	La Paz	June 86	20
-Computer Security & Auditing	-	Bogotá		1
-Financial Marketing	LATC	Panama City	1st.Q 87	4
-Administrative Management	IDEA	La Paz	Apr.10/11/87	18
-Marketing Management	IDEA		Jun.11-13/87	21
-Accounting & Financial Report.	IDEA	Santa Cruz	Aug.28-29/87	15
-Human Relations	CACEN	Trinidad	Sep.11-12/87	10
-Human Relations	"	Sucre	Sep.17-18/87	10
-Human Relations	"	La Paz	Sep.25-26/87	10
			Total	178
				===

C. Budget Status

The Project Paper and Amendment 1 authorized \$1,650,000 in grant funds for technical assistance, training, project support and commodities. Of that amount, \$1,450,000 has been obligated, with \$1,001,995 disbursed and/or accrued as of December 31, 1987. Undisbursed and obligated funds total \$448,004 as of that same date, plus the \$200,000 of funds authorized but not obligated. The \$200,000 in authorized, but not obligated funds, are expected to be obligated to PADCO for the T.A. component. To date, there is \$648,000 in unused authority and/or obligations under the grant component.

Under the technical assistance contract with PADCO, about \$373,000 remains to be spent as of the end of January, 1988, which represents about 57% of the original amount budgeted. Given that supporting the long-term advisor costs about \$13,5000/month, then \$162,000 of the \$373,000 in the T.A. must be earmarked for that purpose for the period covering February 1988 through January 1989. That leaves about \$211,000 for short term T.A. over the same period. The following table gives a better breakdown of the budget and its applications since the initiation of the Project.

BUDGET BREAKDOWN  
As Of December 31, 1987 (US\$)

<u>Element</u>	<u>Budget</u>	<u>Obligated</u>	<u>Disbursed</u> <u>Account</u>	<u>Unexpended</u> <u>Oblig./Ear.</u>
T.A.	1,145,000	944,999	713,728	231,171
Training	35,000	35,000	20,601	14,399
Commodities	120,000	120,000	88,340	31,660
Project Support	284,000	285,000	155,084	129,916
Housing Policy	32,000	32,000	24,242	7,758
Eval. & Audit	30,000	30,000	-	30,000
Contingencies	3,000	3,000	-	3,000
Total	1,650,000	1,450,000	1,001,995	448,004
	=====	=====	=====	=====

Source: USAID/La Paz

#### IV. PROJECT EVALUATION

##### A. Project Effectiveness

Overall, the technical assistance component of the Project has been effective. The consensus within the Ministry of Urban Affairs, which represents the GOB; CACEN, which reflects not only its own interests, but also the particular thinking of the smaller S&Ls; and the two S&L's in La Paz, which reflect the opinion and ideas of some of the larger S&L's, is that the T.A. has been very useful. They especially believe that the T.A. was essential in convincing the GOB to take crucial steps which permitted the System to remain solvent. The analyses and documentation provided by many of the technical assistance advisors was effective in helping the Government to reach decisions concerning the elimination of BANVI and the Consejos de Vivienda, the absorption by the GOB of the System's external debt, the creation of FONVI and IVS, and, most essentially, the focus on the private sector financial system, particularly the S&L system, as the motor driving the housing sector.

In addition, the T.A. was effective in convincing USAID that the S&L system, in its most dire needs, was worth saving. This resulted in USAID providing PL 480 loans to the system to compensate for the delay in HG funding for shelter purposes, and to assist CACEN to cover its administrative costs at a time when CACEN was receiving no fee income. In the latter instance, CACEN, in all likelihood, would have had to cease operations, which would have been disastrous for the system. In any event, CACEN had to reduce its staff to the bare bones, which limited its ability to serve the system.

In that light, the T.A. was also useful to CACEN in filling the gap in staff resulting from the reduction in force. While this was not the intent of the T.A., circumstances ruled otherwise. The long-term advisor was particularly useful in a quasi-operational role, although, as will be discussed later, his technical advisory role may be redirected for the remainder of the contract.

The short-term advisory services covered a wide spectrum of services, and as might be expected, the effectiveness of their services was mixed although overall quite good. In several areas, the T.A. was not only useful, but highly appreciated by all the recipients - the T.A. in information systems was one area fitting that category. Conversely, only one S&L has adopted the recommendations made in the area of personnel management, indicating that perhaps that area of T.A. was less effective. However, the DH&S consultants believe that both the short-term and the long-term T.A. was useful and effective, although, as will be seen later, we make recommendations for a more beneficial use of the T.A. for the one year remaining in the contract.

Training is the other aspect of the grant component which has been quite relevant for the S&L system. From a qualitative stand point, the training has been effective, although the general consensus is that more training is needed. The course on Financial Reporting and

Accounting was highly praised, and everyone agreed that courses of that nature should be emphasized. CACEN and the long-term advisor have been effective in organizing the various courses, which included the involvement of two local training institutions - IDEA & IBEE - as well as LATC in Panama.

#### B. Significance

The principal significance of the technical assistance was that it permitted the S&L system to survive. Again, this was not the raison d'etre of the project, although USAID was well aware of the financial and other problems within the system when the Project was designed in 1982 and 1983. The technical assistance also has helped the S&L system to regain its position in the financial and shelter sectors and to ensure that the private sector will continue to play a major role in those sectors. Had the private housing finance institutions failed, the relatively inefficient public sector would probably have mismanaged the overall housing finance sector, to the detriment of the country in general and poor people in particular.

Because the S&L system survived, there continues to exist in Bolivia a housing finance sector that is:

-Essentially private sector (perhaps the only one in Latin America),

-Directing its resources to poor people,

-Strong in the rural areas, and

-Basically non-profit.

#### C. Lessons Learned

The main lesson learned, banal as it may seem, is that technical assistance can make a difference. Technical assistance, when combined with a minimal amount of financial assistance, in this instance the PL 480 funds, did ensure the survival of a key financial system, a system which has assisted some thousands of Bolivian families to improve their shelter conditions.

Yet there may be too much dependance by the system on USAID. USAID has been working with the system since its inception in the 1960's, a period of some 24 years. While the financial and economic crisis of the 1980's certainly changed the environment in which the system operated and necessitated the involvement of USAID to help keep it solvent, the role of future USAID assistance must be considered. What will the system do when the next crisis occurs? Will it be necessary to turn to USAID once again?

There will be future crises, although it is hoped not as extreme as the most recent. But they may test once again the financial viability of the system. The S&L's themselves, or at least the S&L's in La Paz are acutely aware of the dangers involved in another crisis, and they believe they are better equipped to cope, although not completely.

The system appears to be ready to take off. In general, the financial condition of the overall system is very good, with the exception of a few small S&L's. Moreover, long term financing under the HG program and from FONVI will permit a major increase in lending activity. The economy is relatively stable. GOB policy and, as important, attitude toward the S&L system are favorable. The remaining T.A. should, therefore, be directed to reinforcing the system within this positive environment and to helping the S&L system to achieve greater self-sufficiency and self-sustainability. How the T.A. will help to accomplish those objectives will be discussed in the next section.

## V. TECHNICAL ASSISTANCE RECOMMENDATIONS

### A. Issues

Before moving on to the recommendations, it would be useful to discuss some of the issues, or perhaps concerns, facing the Shelter Sector and the S&L system.

1. The GOB has made major strides in its shelter policy and strategy. It has adopted many measures that USAID views favorably, and more importantly are good and appropriate for poor people. Two of the new major instruments of GOB shelter action are FONVI and IVS, both of which are in the incipient stages of development.

It is important, therefore, that those two agencies be effective in carrying out their mandates, particularly given the present favorable policy environment. The sooner those entities become effective and the sooner their activities become institutionalized, the more difficult it will be to change their policies in the event of a future change in economic and political policies. In short, the present policy needs a constituency and what better constituency than large numbers of families, particularly poor families, who can attribute their improved shelter conditions to those two entities.

USAID has a good relationship with the Ministry of Urban Affairs, which is responsible for those two new entities. As such, USAID has an opportunity to continue to support favorable GOB shelter policies, and accordingly assist the GOB to institutionalize progressive actions emanating from the Government. This opportunity should not be missed.

2. CACEN is an institution with many roles. It is lobbyist, regulator, financier, educator, central banker and insurer. It carries out functions that in many countries are carried out by a myriad of institutions and groups. More recently, CACEN has been asked to carry out on behalf of the Central bank, the regulation of the S&L's, and while

CACEN has always had that responsibility, the level and type of responsibility will now be much greater. How effective is CACEN carrying out all these functions? Probably in most instances very good; in lobbying for the Mutuals' interest, it has few peers in Bolivia. But in other areas, it is less effective--in the regulatory area, for instance. Other questions crop up. Does CACEN have the right mix of staff to carry out these functions, or perhaps sufficient staff, or even the financial wherewithall to hire sufficient staff? What should CACEN's priorities be, or should all these functions be given equal priority? Is CACEN's organizational structure such that it can carry out all of its assigned responsibilities effectively?

This might be an appropriate time to take a hard look at CACEN's role and responsibilities, functions and structure, particularly in light of its enhanced regulatory responsibility and its expected growth. If organizational improvements and adjustments can be made now - assuming they are necessary - then CACEN will be better able to carry out its assigned functions.

3. There appear to be significant differences of opinion between CACEN on the one hand and the larger S&L's on the other, particularly the two associations in La Paz. These differences have been discussed with some frankness in informal meetings between representatives of the two groups, and are well known to most people in the industry. For example, the two large associations feel there is not adequate communication and consultation with CACEN, and that the institutional structure and procedures in CACEN are not strong enough. From CACEN's viewpoint, they feel that the S&L's are not responding adequately to the needs of low-income families. There are other differences, but whether real or perceived, they must be ironed out, so that the system can continue to be as effective as it once was, and as important, meet Bolivia's growing housing needs.

4. The financial viability of the smaller S&L's continues to be an issue, and in fact, it is one of the areas of contention mentioned above. As long as some of the S&L's are not financially viable, they will remain a problem within the system. To use a common cliché, a chain is as strong as its weakest link, and this may very well be the case in the S&L system. Something must be done to improve the viability of those S&L's, which may be as simple as increasing the size of their loan portfolio, thereby increasing both income and capital. Nevertheless, attention must be focused on improving the financial health of the small S&L's.

5. Finally, the ability of the S&L system to cope with the next crisis must be considered. This has already been identified as an issue in the section on lessons learned, however, what can be done about it is discussed here. While financial planning can be a useful tool in countering the adverse effects of changes in economic environments, it is more useful to establish and implement good financial management. For a financial institution that frequently means developing asset and liability management techniques that help an institution to survive

adverse events regardless of the direction those events take. It also means good information systems that provide management with the necessary information to revamp assets and liabilities. It means constant portfolio diversification, which the S&L's are beginning to do quite well now. It also means good accounting systems that feed into the other information systems, and it means good internal control systems that prevent irregularities.

If the S&L's can do well all those things mentioned above, then the probability of another crisis wreaking havoc on the system will be considerably lessened - but not 100 percent prevented. But in this way, dependency on USAID in future crises will also have been abated, something that is good for both USAID and the system.

#### B. Areas of Assistance

The areas in which technical assistance should be continued can be divided into three relatively distinct parts.

1. USAID should continue to assist the GOB in the development and implementation of a national housing policy and strategy. Given the advances made by the GOB to date in this area, the continuance of T.A. would help insure the adherence of the GOB to a positive shelter policy. This is particularly true in light of the private sector orientation of the GOB's housing strategy. Roughly 10 percent of the remaining T.A. should be directed to this area, given the complementary assistance from RHUDO, which is expected to continue.

2. USAID should assist CACEN to review its role as the leading housing finance institution in Bolivia in particular and as a major participant in the housing sector in general. With its increased responsibilities as a regulatory agency, coupled with the prospective growth in the system, CACEN must be well positioned to carry out its role and functions in the years to come. About 50 percent of T.A. should flow to this area.

3. USAID should continue to assist the S&L's to attain their full potential as the primary housing finance institutions, and particularly to assist in improving the financial viability of the smaller S&L's. The remaining 40% of T.A. should be allocated to assisting the S&L's directly.

#### C. Technical Assistance to the End-of-Project

With one year and about \$600,000 remaining in the grant component, DH&S recommends that technical assistance be focused on the following specific tasks.

1. Long-Term Advisor - As mentioned earlier, it appears he has become overly involved in the every day operations of CACEN. This, to a large degree, has been necessary to assist CACEN to survive hard times.

However, given the importance of providing assistance to the GOB in policy and increasing aid directly to the S&L's, he should reduce his level of activity at CACEN, and instead redirect a part of his efforts to the other two areas.

While it is difficult now to ascertain how he might divide his time among the three areas, to start off he might try dedicating a third of his time to each area of assistance, and then make adjustments based on results.

2. Short-term assistance should also reflect the need to focus the remaining resources to all three areas of assistance. Priority, however, should be given to the following specific tasks:

a) Assistance to the GOB to continue the development and implementation of a national housing strategy, which is oriented toward the private sector and which allocates resources to poor families. T.A. from RHUDO staff will be complementary.

b) Assistance to FONVI and IVS in the development of procedures, regulations and standards, permitting those institutions to meet their objectives of providing low income shelter solutions for all needy families.

c) Assistance to CACEN in its efforts to become the S&L system regulatory agency on behalf of the Superintendency of Banks.

d) Assistance to CACEN in reorganizing its managerial structure and operations to reflect its expanded role as the regulatory agency and the expected growth in operations and level of services to the system.

e) Assistance to the smaller S&L's to help them attain of financial profitability, or, in the unlikely event such attainment is impossible for all the S&L's, to assist in the orderly closing of unprofitable S&L's.

f) Assistance to all the S&L's to improve financial management. Such areas will include:

-Implementation of the new accounting system and the chart of accounts.

-Asset/liability management.

-Internal control and supervision.

-Continued improvement in management information systems.

-Loan application procedures and operations, and portfolio management.

We do not claim that this exhausts the array of technical assistance needs, but we do believe that they are the most urgent and important. As these tasks are implemented, other needs will surface. For example the reorganization assistance to CACEN should identify other specific T.A. needs to carry out the reorganization.

### 3. Training

Training activities over the next year should complement the suggested T.A. inputs. Areas where training should be focused are:

- a) Participant training for FONVI and IVS staff.
- b) Continued training in financial reporting and accounting.
- c) Asset/liability management.
- d) Portfolio management.
- e) Auditing to meet Superintendency of Banks requirements.

Some training capabilities exist in-country. Over the past few years, IDEA has conducted three courses and BEE one course which were financed under this Project. The courses they conducted were general business and management courses, which have a wide audience in the private sector and therefore demand is relatively strong from many groups. More specialized training, for example, in mortgage lending, is not available in-country, and therefore, outside training assistance will continue to be required in such areas. A more detailed analysis is required to ascertain the capabilities of local training institutions. The shortage of time during this evaluation did not permit a more complete analysis.

### 4. Infrastructure Support Activities

As mentioned earlier, USAID has made available grant and loan resources in the amount of \$2.25 million to the S&L system to undertake water and sanitation projects. To date, six projects have been identified which are in one or another stage of development. A seventh project is being considered in Sucre. They cover a wide range of water and sanitation activities, including expanding existing systems, construction of water tanks, home connections, new reservoirs, etc., all depending on the particular community need. The seven projects will be developed by a different S&L's, which means that more than half of the S&L's in the system will have gained experience in this area.

While it is difficult to say what specific support CACEN and the Mutualls require in the area, given the lack of an overall assessment of this Project (which is outside the scope of work of this evaluation),

It would appear that the principal need is financial, not technical, assistance. CACEN appears to have a grasp on the technical requirements to implement projects, and if more funds are available, CACEN should be able to expand their level of activity in the water and sanitation sector. However, a more detailed assessment of this project should be undertaken to determine the level of financial resources that can be absorbed, and the need for T.A., if any.

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ANNEX 1

LIST OF CONTACTS

- USAID:

Reece Moyer	-	Chief, Private Sector Officer
Dino Siervo	-	Project Officer, Housing Projects
John Davison	-	Comptroller
Ed Kadune	-	Chief, PD&I
Julie Otterbein	-	RHUDO/Ecuador
Tony Funicello	-	Chief, Development Planning
Angel Diaz	-	Dep. Chief, PD&I
Fernando Torres	-	Private Sector Officer
- Marcos Tufino	-	Dep. Minister of Urban Affairs
- Marcelo Mercado	-	Executive Director, National Institute of Statistics
- Luis Peres Salmon	-	President, La Primera
- Carlos de Grandchant	-	General Manager, La Primera
- Jaime Iturri	-	President, La Paz
- Carlos Cardoza	-	General Manager, La Paz
- Jorge Traverso	-	Housing Policy Advisor to Ministry of Urban Affairs and Member of CACEN Board of Directors
- Hector Encinas	-	General Manager, IDEA

- CACEN:

Ernesto Wende	-	President
Antonio Reyes	-	Housing and Urban Development Manager
Eduardo Frias	-	General Manager
Jose Claude	-	Audit Manager
- Robert Boni	-	PADCO

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TASAS ACTIVAS Y PASIVAS DE LAS MUNITALES AL 8 DE ENERO DE 1988

	LA PRIMERA	GUAPAY	LA PROMOTOREL	PROGRESO	TARIJA	POTOSI	LA PLATA	LA PAZ	PAITITI	MAMUTATA	PANDO	LA FRONTERA	TOTAL
<b>35 TASAS ACTIVAS:</b>													
36 INT.s/DISP.EN M/M	24.00%	24.00%	24.00%	18.00%	18.00%	36.00%	20.00%	21.00%	21.00%	36.00%	30.00%	20.00%	15.96%
37 INT.s/DISP.EN M/E	14.80%	18.00%	18.00%	16.00%	0.00%	0.00%	0.00%	10.86%	19.51%	0.00%	0.00%	0.00%	15.96%
38 INT.s/FDO.DE LIQUIDEZ	30.00%	15.96%	24.00%	24.00%	24.00%	26.00%	24.00%	30.00%	36.00%	30.00%	60.00%	3.34%	24.67%
39 INT.s/CARTERA EN M/M	30.00%	33.00%	0.00%	60.00%	72.00%	84.00%	54.00%	37.69%	120.00%	108.00%	120.00%	96.00%	81.00%
40 INT.s/CARTERA FERE-FOMVI	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	13.25%	NA
41 INT.s/CARTERA M-068	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
42 INT.s/CARTERA 511-HG-007	24.00%	0.00%	30.00%	30.00%	0.00%	30.00%	36.00%	24.00%	55.29%	0.00%	30.00%	24.00%	30.00%
43 INT.s/CARTERA CORRIENTE EN M/E	24.00%	27.00%	30.00%	30.00%	42.00%	42.00%	42.00%	24.00%	42.98%	36.00%	0.00%	48.00%	29.91%
44 INT.s/CARTERA CREDIT.p/LA PRODUCC.	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
45 INT.s/INV.EN PROY.HABITACIONALES	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
46													
<b>47 TASAS PASIVAS:</b>													
48 INT.s/OBLIG.ESP.COMV.CACEN.87	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49 INT.s/PTNO.511-HG-007	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	NA
50 INT.s/PTNO. M-068 EN M/E	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
51 INT.s/AHORROS EN M/M	24.00%	16.00%	24.00%	27.32%	28.34%	27.54%	29.24%	27.00%	36.00%	62.76%	67.19%	20.00%	25.96%
52 INT.s/AHORROS EN M/E	13.82%	12.61%	13.54%	15.42%	20.00%	22.00%	15.00%	14.47%	19.39%	0.00%	0.00%	12.00%	12.47%
53 INT.s/PTNO.PL.480	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
54 INT.s/OTROS PTNOS.p/LA PRODUCCION	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
55 INT.s/PTNO.CACEN-FERE-FOMVI	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	NA
56													
57													
58													
59													
60													
61 GANANCIAS Y PERDIDAS MENSUALES:	LA PRIMERA	GUAPAY	LA PROMOTOREL	PROGRESO	TARIJA	POTOSI	LA PLATA	LA PAZ	PAITITI	MAMUTATA	PANDO	LA FRONTERA	TOTAL
62													
<b>63 INGRESOS:</b>													
64 INT.s/CARTERA EN M/M	0	3	0	4	8	36	3	5	0	25	22	0	112
65 INT.s/CARTERA FERE-FOMVI	0	0	0	0	0	0	0	0	0	0	0	0	0
66 INT.s/CARTERA M-068	0	0	0	0	0	0	0	0	0	0	2	0	2
67 INT.s/CARTERA 511-HG-007	0	0	0	4	0	0	3	0	1	0	7	1	17
68 INT.s/CARTERA CORRIENTE	60	84	26	7	9	25	12	36	22	4	6	3	290
69 INT.s/CARTERA CREDIT.p/LA PRODUCC.	0	0	0	0	0	0	0	0	0	7	0	0	7
70 INT.s/FDO.DE LIQUIDEZ	1	2	1	1	1	1	6	1	0	1	1	0	9
71 INT.FINANCIEROS	37	3	4	1	6	3	0	6	3	2	1	1	57
72 INT.s/INV.EN PROY.HABITACIONALES	24	1	2	1	0	0	1	19	2	0	1	0	32
73 TOTAL INGRESOS:	123	94	32	19	25	65	20	67	28	38	33	12	556
<b>74 EGRESOS:</b>													
75 INT.s/PTNO.511-HG-007	0	0	0	0	0	0	0	0	0	0	0	0	0
76 INT.s/PTNO. M-068 EN M/E	0	0	0	0	0	0	0	0	0	0	0	0	0
77 INT.s/AHORROS EN M/M	10	2	4	7	9	11	5	19	3	24	14	1	98
78 INT.s/AHORROS EN M/E	56	27	7	1	4	3	0	22	3	0	0	0	122
79 INT.s/PTNO.PL.480	0	4	2	0	3	3	2	0	3	2	3	3	27
80 INT.s/OTROS PTNOS.p/LA PRODUCCION	0	0	0	0	0	0	0	0	0	3	0	0	3
81 INT.s/PTNO.CACEN-FERE-FOMVI	0	0	0	0	0	0	0	0	0	0	0	0	0
82 GASTOS ADMINISTRATIVOS	32	25	14	4	10	11	9	22	9	5	2	4	145
83 TOTAL EGRESOS:	97	58	26	12	26	27	16	54	19	35	19	12	401
84													
85 RESULTADO:	26	36	6	7	(1)	38	4	13	10	3	14	0	156

Cotizacion al 8-ENE-88: 2.21000

DESCRIPCION	LA PRIMERA	GUAYAY	LA PROMOTORA	EL PROGRESO	TARAJA	POTOSI	LA PLATA	LA PAZ	PAITITI	MANUTATA	PANDO	LA FRONTERA	TOTALES
<b>01-LIQUIDEZ TOTAL</b>													
1. Disp.en Caja y Bancos en M.N.	101,412	59,688	44,825	45,476	878,190	245,184	49,971	133,330	75,512	149,158	54,712	76,931	1,914,399
2. Disp.en Caja y Bancos en M.E.	6,468,076	411,047	486,485	103,180	46,388	88,750	1,810	1,254,106	311,261	0	0	43,257	9,213,660
<b>02-VENCIMIENTO DE DEP.PLAZO FIJO</b>													
1. Dep.Plazo Fijo en M.N.	0	0	0	0	68,447	0	9,201	0	0	222,273	327,050	0	625,971
2. Dep.Plazo Fijo con M.V. y M.E.	477,336	172,623	66,548	103,180	159,631	0	0	216,271	0	0	0	0	1,195,589
<b>03-CARTERA TOTAL</b>													
1. Cartera en Moneda Nacional	5,835	257,594	0	283,870	305,476	1,142,873	151,842	333,282	1,363	614,353	493,484	58,937	3,648,909
2. Cartera con M.V. y M.E.	6,619,052	8,234,140	2,285,830	576,839	592,930	1,584,360	777,359	4,011,656	1,336,232	308,662	0	272,683	26,599,743
3. Cartera Convenio 511-HE-007	49,858	0	0	316,523	0	3,191	244,163	24,706	47,188	0	576,333	148,718	1,413,680
4. Cartera Convenio M-068	0	78,161	0	0	0	0	0	0	0	0	254,727	424,219	757,998
5. Cartera FERRE-UV	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Cartera FERRE-CT	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Cartera Productivos	0	0	0	0	0	0	0	0	0	1,326,000	0	0	1,326,000
<b>04-MONTO PTHOS.OTORGADOS SEMANA</b>													
1. Prestamos en Moneda Nacional	0	10,000	0	0	0	44,000	0	0	0	3,900	1,600	6,928	65,428
2. Prestamos con M.V. y M.E.	235,387	222,136	7,735	2,000	0	13,371	0	143,650	4,641	26,401	0	10,164	665,485
3. Prestamos Convenio 511-HE-007	0	0	0	0	0	0	0	0	0	0	10,425	0	10,425
4. Prestamos Convenio M-068	0	13,395	0	0	0	0	0	0	0	0	0	0	13,395
5. Prestamos FERRE-UV	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Prestamos FERRE-CT	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Prestamos Productivos	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>05-CARTERA EN MORA TOTAL</b>													
1. Cartera en mora en M.N.	2,850	23,979	0	83,924	199,647	345,538	135,048	64,773	1,363	149,500	76,719	10,744	1,094,671
2. Cartera en mora M.V. y M.E.	939,462	493,630	370,655	69,076	12,597	318,209	142,028	173,039	249,653	158,209	0	48,565	2,775,123
<b>06-AHORRO TOTAL</b>													
1. Dep.en Caja Ahorro M.N.	1,072,296	233,079	447,748	456,635	525,326	298,043	232,200	812,371	186,962	217,079	110,674	133,393	4,673,306
2. Dep.en Caja Ahorro M.V. Y M.E.	5,140,122	3,986,679	560,951	33,753	0	418,536	0	1,195,860	223,639	0	0	0	11,559,540
3. Dep.Plazo Fijo en M.N.	0	0	0	157,569	300,147	296,939	179,803	0	0	770,152	442,002	0	2,146,632
4. Dep.Plazo Fijo con M.V. y M.E.	5,559,987	710,705	445,311	79,708	467,430	21,117	17,377	2,854,996	54,954	0	0	21,490	10,232,375
5. Dep.Cong.Gtia.Ptaos. en M.N.	0	34,890	0	30,509	0	127,435	19,035	186,489	212	25,683	0	715	424,988
6. Dep.Cong.Gtia.Ptaos. M.V./M.E.	0	974,588	277,125	61,330	0	142,231	4,822	0	180,442	186,175	0	12,575	1,639,288
<b>08-TASAS INTERES ACTIVOS ANUALES</b>													
1. S/Disponibilidades en M.N.	24.00Z	24.00Z	24.00Z	18.00Z	18.00Z	36.00Z	20.00Z	21.00Z	21.76Z	36.00Z	30.00Z	20.00Z	23.17Z
2. S/Disponibilidades en M.E.	14.80Z	18.00Z	18.00Z	16.00Z	0.00Z	0.00Z	0.00Z	10.86Z	19.51Z	0.00Z	0.00Z	0.00Z	14.46Z
3. S/Prestamos en M.N.	30.00Z	33.00Z	0.00Z	60.00Z	72.00Z	84.00Z	54.00Z	37.69Z	120.00Z	108.00Z	120.00Z	96.00Z	81.00Z
4. S/Prestamos con M.V. y M.E.	24.00Z	27.00Z	30.00Z	30.00Z	42.00Z	42.00Z	42.00Z	24.00Z	42.98Z	36.00Z	0.00Z	48.00Z	29.71Z
<b>09-COMISIONES</b>													
1. Comis.Ponderada s/Cartera tot.	7.01Z	0.02Z	4.00Z	1.00Z	0.00Z	0.00Z	5.00Z	0.00Z	3.50Z	1.64Z	4.42Z	2.36Z	2.35Z
<b>10-TASAS INTERES PASIVOS ANUALES</b>													
1. S/Caja de Ahorro en M.N.	24.00Z	18.00Z	24.00Z	26.40Z	24.00Z	36.00Z	24.00Z	27.00Z	36.00Z	36.00Z	48.00Z	20.00Z	26.30Z
2. S/Caja de Ahorro M.V. y M.E.	12.00Z	12.00Z	10.00Z	15.00Z	0.00Z	12.00Z	0.00Z	12.00Z	18.00Z	0.00Z	0.00Z	0.00Z	12.00Z
3. S/Dep.Plazo Fijo en M.N.	24.00Z	24.00Z	0.00Z	30.00Z	36.00Z	48.00Z	36.00Z	0.00Z	0.00Z	72.00Z	72.00Z	0.00Z	57.55Z
4. S/Dep.Plazo Fijo M.V. y M.E.	15.50Z	16.00Z	18.00Z	15.60Z	20.00Z	12.00Z	15.00Z	15.50Z	20.00Z	0.00Z	0.00Z	12.00Z	15.86Z
5. S/Dep.Gtia.Ptaos. en M.N.	0.00Z	9.00Z	0.00Z	6.00Z	0.00Z	18.00Z	12.00Z	20.00Z	30.00Z	0.00Z	0.00Z	0.00Z	15.90Z
6. S/Dep.Gtia.Ptaos. M.V. y M.E.	0.00Z	6.00Z	6.00Z	3.00Z	0.00Z	6.00Z	12.00Z	0.00Z	18.00Z	3.00Z	0.00Z	0.00Z	6.75Z

MACS-P07A

USAID / BOLIVIA  
 COMPREHENSIVE PIPELINE REPORT BY PROJECT  
 AS OF 12/31/87

DATE : 12/31/87  
 REPORT PAGE NO.: 32  
 MISSION PAGE NO.: 32

OPTION NO.: 0

OFFICE CODE: 006  
 PROJECT NO.: 5110567.00

OFFICE NAME : PRIVATE SECTOR  
 PROJECT TITLE: LOW COST SHELTER-PRIVATE SECTO PROJECT OFFICER: ANGEL DIAZ / D. SIERVA / F. TORRES

ELEMENT NO. :	ELEMENT_NAME :	EARMARK OCCL_NO	EARMARK CNIL_NO	BUDGET PLAN CODE/ EARMARK_DESC	OBLIGATED/ EARMARKED	COMMITTED	DISBURSED	UNLIQUIDATED OBLIG/LEA	ACCUMULATED	UNEXPENDED OBLIG/LEA
1	TECHNICAL ASSISTANCE				944,999	780,079	670,751	274,248	42,977	231,271
PI0/T-30061.02		P300045		LDAAB325511DG13 COMPLETED	130,983	130,983	130,983	0	0	0
PI0/T-40019.01		P400141		LDAAB425511DG13 SAVINGS INSTITUTE MANAGMENT	308,000	308,000	308,000	0	0	0
PI0/T-40019.05		P400166		LDAAB425511DG13 PORTION OF IMP. LETTER NO. 11	0	0	0	0	0	0
PI0/T-50025.06		P500105		LDAAB525511DG13 LOCAL SHORT TERM ADVISORS	10,167	10,167	10,167	0	0	0
PI0/T-60096.03		P600065		LDAAB625511DG13 REGIONAL SERVICES	138,000	138,000	42,089	95,911	30,000	65,911
PIL 05671370026.03		P700050		LDSAB725511KG13 I.L. 13 BERTHIN, BERNIA Y ASOCIA	5,493	5,493	5,493	0	0	0
PI0/C 056770036		P700060		LDSAB725511KG13 PURCHASE OF FURNITURE	35,000	25,436	12,019	22,981	12,977	10,000
PI0/T 056770026.01		P700037		LDSAB725511KG13 PI0/T-PACDO INCREASE	162,000	162,000	162,000	0	0	0
EARMARKED TOTALS > > >					789,643					
UNEARMARKED BALANCE					155,356					

2	TRAINING				35,000	20,601	18,330	16,670	0,271	14,399
30061.05		P300047		LDAAB325511DG13 COMPUTERIZED SYSTEMS	0	0	0	0	0	0
400061.05		P300055		LDAAB325511DG13 PIL Y CONGRESS IN BOGOTA-	2,202	2,202	2,202	0	0	0
PI0/P-50011.01		P500044		LDAAB525511DG13 COMPLETED	1,473	1,473	1,473	0	0	0
50025.03		P500049		LDAAB525511DG13 PIL-NO. 5 DTD. 04/03/86	2,502	2,502	2,502	0	0	0
PIL 05671650181		P500113		LDAAB525511DG13 MARKETING SEMINAR - IDEA	3,450	3,450	3,450	0	0	0
PI0/P-50171		P500050		LDAAB525511DG13 PARTICIPANT - COMPLETED	1,131	1,131	1,131	0	0	0
CD 056770096		P700104		LDSAB725511KG13 SEMINARIO MERCADERO PANAYA	3,972	3,972	3,972	0	0	0

ANNEX 4

MACS-P07A

USAID / BOLIVIA  
COMPREHENSIVE PIPELINE REPORT BY PROJECT  
AS OF 12/31/87

DATE : 12/31/87  
REPORT PAGE NO.: 33  
MISSION PAGE NO.: 33

OPTION NO.: 0

OFFICE CODE: 006 OFFICE NAME : PRIVATE SECTOR  
PROJECT NO.: 5110567.00 PROJECT TITLE: LOW COST SHELTER-PRIVATE SECTO PROJECT OFFICER: ANGEL DIAZ / D. SIERVO / F. TORRES

EARMARK REQ. NO	EARMARK CNIL NO.	BUDGET PLAN CODE/ EARMARK DESC.	OBLIGATED/ EARMARKED	COMMITTED	DISBURSED	UNLIQUIDATED OBLIG. LEA	ACCUMULATED	UNEXPENDED OBLIG. LEA
ELEMENT NO. :	2							
ELEMENT NAME:	TRAINING							
PIL 056714	P700118	LDSA8725511KG13 SEMINAR - PANAMA - CACEN	0	0	0	0	0	0
PS 67006/007	P700073	LDSA8725511KG13 INVIT. TRAVEL - TUFINO/FRIAS	6,151	5,871	3,600	2,551	2,271	280
EARMARKED TOTALS > > >			20,881					
UNEARMARKED BALANCE			14,119					

ELEMENT NO. :	3							
ELEMENT NAME:	COMMODITIES		130,000	88,340	88,340	31,680	0	31,680
30061.03	P300046	LDAAB3255110G13 KACHINA COM. 511-3567-01	525	525	525	0	0	0
PI07C-30061.03	P300056	LDAAB3255110G13 COMPUTER SYSTEM	9,540	9,540	9,540	0	0	0
40019.04	P400144	LDAAB4255110G13 KACHINA COM. 511-3567-01	4,388	4,388	4,388	0	0	0
PI07C-40019.02	P400143	LDAAB4255110G13 URSIC MOTORS	29,341	29,341	29,341	0	0	0
50025.02	P500051	LDAAB5255110G13 LETTER OF COM. 511-3567-01	12,043	12,043	12,043	0	0	0
50025.04	P500052	LDAAB5255110G13 PUNCE GRAPHS INTERNATIONAL	4,100	4,100	4,100	0	0	0
50025.07	P500110	LDAAB5255110G13 CONV. DE DONACION 511-3567	0	0	0	0	0	0
PI07C 056750160	P500116	LDAAB5255110G13 SPARE PARTS	6,400	670	670	780	0	780
PI07C-50025.05	P500106	LDAAB5255110G13 COMPUTER SYSTEM	7,573	7,573	7,573	0	0	0
PI07C-60019.04	P600197	LDAAB6255110G13 COMPUTER SYSTEM PURCHASE	20,123	20,123	20,123	0	0	0
CO 0567110.00	P700165	LDSA8725511KG13 PORTION OF CONT. ALPHA SYSTEM	37	37	37	0	0	0
PI07C 056720102	P700113	LDSA8725511KG13 CAJA CENTRAL DE ABP VIVIENDA	10,000	0	0	10,000	0	10,000
EARMARKED TOTALS > > >			99,070					
UNEARMARKED BALANCE			20,930					

ANNEX 4

MACS-PC7A

USAID / BOLIVIA  
COMPREHENSIVE PIPELINE REPORT BY PROJECT  
AS OF 12/31/87

DATE: 12/31/87  
REPORT PAGE NO.: 34  
MISSION PAGE NO.: 34

OPTION NO.: 0

OFFICE CODE: 006  
PROJECT NO.: 5110567.00

OFFICE NAME: PRIVATE SECTOR  
PROJECT TITLE: LOW COST SHELTER-PRIVATE SECTO PROJECT OFFICER: ANGEL DIAZ / O. SIERA / F. TORRES

ELEMENT NO. :	ELEMENT NAME :	OFFICER	COMMITTED	UNCOMMITTED	UNAPPORTIONED	UNAPPORTIONED	UNAPPORTIONED	UNAPPORTIONED
4	PROJECT SUPPORT		295,000	240,464	116,235	168,715	33,799	129,916
PI0/T-60096.01	P600065 LDA436255110G13 PSC.FERNANDO TORRES		36,000	36,000	33,715	2,284	954	1,326
DHL 05670063	P700145 LDA48725511K313 DHL INTERNATIONAL		200	200	5	195	20	175
PI0/T 056770056	P700061 LDA43725511K313 PRIVATE SECTOR ADVISOR		41,372	41,372	29,125	13,247	13,247	0
PI0/T 056770129	P700153 LDA43725511K313 CONTRACT FERNANDO TORRES		34,000	34,000	0	34,000	0	34,000
PI0/T 56770155	P700175 LDA48725511K313 NANCY ESPINOZA DE CARRASCO		31,128	0	0	31,128	0	31,128
PI0/T 0567700053	P700053 LDA43725511K313 2 YEARS PSC.HOUSING ADVISOR		140,000	127,991	53,438	66,562	24,573	61,939
TA 056770026.02	P700040 LDA46725511K313 INVITATIONAL TRAVEL		1,001	1,001	1,001	0	0	0
EARMARKED TOTALS > > >			283,701					
UNEARMARKED BALANCE			1,290					

5	HOUSING POLICY & INE STUDIES		32,000	24,293	22,191	9,609	2,051	7,753
CO 053630061.02	P300061 LDA43255110G13 TRANS.FROM EL.1 RENE URQUIDI		5,275	5,275	5,275	0	0	0
PI0/T-40019.03	P400142 LDA484255110G13 PSC.RENE URQUIDI		4,438	4,438	4,438	0	0	0
PI0/T-50025.01	P500048 LDA485255110G13 PSC-RENE URQUIDI		5,703	5,703	5,703	0	0	0
60096.02	P600067 LDA486255110G13 CACEN INE AGREEMENT		5,877	5,877	3,326	2,051	2,051	0
IL 05671570055	P700060 LDA45725511K313 IMPLEMENTATION LETTER NO.16		3,000	3,000	2,949	51	0	51
EARMARKED TOTALS > > >			24,293					
UNEARMARKED BALANCE			7,707					

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