

LAC/DAI

CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE Paraguay Housing Guarantee Program	2. PROJECT NUMBER 526-HG-001	3. MISSION/AID/W OFFICE USAID/Paraguay
	4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <input checked="" type="checkbox"/> FWA REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

ENTERED
7/81

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING A. Total \$ 4,530,000 B. U.S. \$ 4,000,000	7. PERIOD COVERED BY EVALUATION From (month/yr.) FY 77 To (month/yr.) March, 1981 Date of Evaluation Review	
A. First PRO-AG or Equivalent FY 77	B. Final Obligation Expected FY 79	C. Final Input Delivery FY 80			

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

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
Continue to monitor infrastructure services connections	WG	9/81

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

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) Eligio Tomás Franco, President, BNAP Luis Alarcón, Director of Operations, BNAP Julio Basualdo, USAID Paraguay Mario Pita, Chief, RHO/PSA William Gelman, RHO/PSA	12. Mission/AID/W Office Director Approval
	Signature <i>Mario Pita</i>
	Typed Name Mario Pita
	Date 6/16/81

FINAL PROJECT EVALUATION SUMMARY (PES)

526-HG-001

MARCH 1981

SUMMARY:

The project has achieved its purpose of assisting BNAP to increase its capability in producing low-income housing projects and utilizing the S&L system to carry this out through the establishment of institutionalized procedures. While in the past the S&L societies would not even consider seriously participating in low-income housing delivery, the incentives provided by the Housing Guarantee (HG) Program and market forces have generated a genuine interest on the part of several societies to continue to serve lower income housing markets. BNAP has emerged as a key institution in the shelter delivery system and is developing the legislative and financial framework to expand its role, particularly with regard to low-income family housing.

On September 1 of 1971, AID made a \$100,000 technical assistance loan to the Government of Paraguay (GOP) for the formation and development of the Savings and Loan System. During 1972, AID and the GOP signed a development loan for \$2 million to be used by the newly created National Savings and Loan Bank (BNAP), to purchase mortgages from the newly established S&L associations.

In September of 1974, in response to BNAP's continued interest in obtaining a HG loan, and at the request of the Mission, a SER/H team went to Paraguay to carry out a Shelter Sector Study. The team recognized the need to continue to support the S&L System and recommended that AID support be used to help assist BNAP to initiate new housing development activities through the system aimed at improving the housing conditions of low-income families.

In 1975, a \$4 million Housing Guarantee (HG) Program was authorized to be channeled through the Banco Nacional de Ahorro y Préstamo (BNAP). The purpose of the loan was to assist the savings and loan system and BNAP in financing and implementing the development of new low-income housing projects as well as the upgrading of existing units with home improvement loans.

After the authorization of the \$4 million program, BNAP went through a period of adjustment with respect to its lending policies which were directed, at the time, toward financing high- and middle-income housing through the Savings and Loan System. By 1977, however, BNAP made a drastic change in its lending policies and took the lead in promoting low-income shelter solutions using the leverage and resources available through the HG Program.

BNAP has used the HG program to show private developers and savings associations that housing for low-income families could be built and sold at market rates of interest. BNAP has also opened its operations to the credit unions so they can use funds from BNAP for home improvement loans which was an activity the savings and loans were reluctant to undertake.

At the inception of the credit union's home improvement program, a number of operational problems emerged. However, an OPG with the Foundation for Co-operative Housing enabled a long-term advisor to assist BNAP in setting up a cooperative department which, in turn, worked with credit unions and cooperatives in laying the framework for their participation in the HG program.

The overall HG program has been used by BNAP to achieve the following: (a) to gain acceptance by the Savings and Loan Societies as well as construction companies of the needs of and demand for housing for low-income families; (b) to expand the number of S&L societies thereby increasing competition and responsiveness within the System; and (c) to permit BNAP to begin to exercise leadership in the financing and development of low-income housing through the S&Ls and cooperatives. With regard to the final point, it is now the policy of BNAP to use its growing resource base to acquire low cost housing mortgages and loans from S&Ls. Furthermore, a second HG program is about to be signed which will permit BNAP to extend its leadership role in low-income housing beyond the S&L system to serve other public and private institutions as well.

A series of actions were identified in the first regular, annual evaluation. They were the following: (a) monitor generation of loans and mortgages; (b) monitor water, sewer, and electrical connections to projects; and (c) approve HG loan disbursements from escrow. As a basis for achieving those management functions, two separate agreements were established between RHO/PSA and BNAP to quantify the progress of items (a) and (b) in relation to disbursements from escrow. As of the terminal date for the use of funds from escrow, the following was accomplished: (a) More than the required amount of mortgages and loans were generated; (b) water, sewer, and electrical connections were certified by BNAP to have been 97 percent completed; and (c) all funds were disbursed. However, infrastructure and environmental problems still persist in some projects, and this work still should be monitored. For example, Villa Azucena in Col. Oviedo had the electricity, but it was not hooked-up to the main system. Rather, the project was connected to a line serving an abutting factory. In La Lagunita, water hook-ups and quality were problems, and in Lauretty, serious erosion problems were being corrected by the contractor who built the project.

EVALUATION METHODOLOGY

Pursuant to Section 4.08 of the Implementation Agreement, the parties agreed to an evaluation program which would examine progress toward the attainment of goals and evaluate the overall development impact of the program among other things. The Final PES is relevant, at this time, as a new HG program is about to be implemented, and a review of the first program may be helpful in that regard.

In addition to the first PES conducted in May, 1980, the program has been subject to continual monitoring by RHO/PSA through field inspections and Financial

and Management Reviews by the National Savings and Loan League. The reports resulting from those reviews and inspections, interviews with USAID/Paraguay staff, BNAP staff interviews and records, records of some of the S&L societies, records of the cooperatives, interviews with and records of the FCH Technical Advisor, records of DS/H, RHO/PSA records and final field inspections of selected projects form the basis of this evaluation.

EXTERNAL FACTORS

The quantity of shelter solution outputs was reduced slightly by the inflation experienced by Paraguay during the implementation period, especially with regard to construction costs. Moreover, lack of interest on the part of the S&L societies in Sub-Programs II and III slowed their implementation progress and caused a shift in emphasis to Sub-Program I. Sub-Program I inputs were increased by \$500,000 to \$3,250,000 and Sub-Program II and III were subsequently combined for a total of \$750,000 down from the original combined total of \$1,250,000. This will be explained in detail in the Section, Outputs.

Program implementation was slowed after an area in Asunción where small brick production plants were concentrated was devastated by flooding. This brought construction to a halt for several months since bricks from those plants were a key input in the production of the housing units. This affected the disbursement schedule.

Finally, project planning and coordination with the infrastructure agencies was far more difficult and complicated than anticipated. BNAP believed that infrastructure systems and hook-ups only required payment to the appropriate infrastructure agencies. It did not consider project site selection as perhaps the most important element in its coordination effort. The infrastructure agencies proceeded to extend infrastructure systems according to their own paces and plans despite the fact that they accepted project related payments and assured BNAP that the connections would be made in a timely manner. Therefore, in a number of cases, even though units were completed, they were not connected which had the effect of delaying the delivery of units to purchasers, thereby slowing the generation of mortgages which were needed to justify additional disbursements as the program was implemented.

INPUTS:

The program inputs involved a HG of \$4 million, 10 percent downpayments from the home owners and technical assistance. They were delivered in a timely fashion. Additional technical assistance provided under a regional OPG program with FCH resulted in the addition of a long-term advisor to help BNAP set up a cooperative housing office to serve cooperatives who might be interested in the home improvements program. While the level of the HG remained constant, the distribution of funds changed during implementation, as follows:

HG RESOURCES ALLOCATED BY SUB-PROGRAM

<u>Sub-Program</u>	<u>Description</u>	<u>Original Amount in Imp. Agmt. in \$000</u>	<u>Revised Amount in \$000</u>
I	New units in urbanizations	2750	3250
II	New units on private lots	750	750
III	Home Improvements	<u>500</u>	<u>500</u>
		4000	4000

Inputs for Sub-Program I were increased essentially because the S&L societies were interested in financing large-scale urbanizations rather than home improvement type loans in Sub-Programs II and III. The S&L's particular interest in urbanizations might be attributed to their familiarity with larger-scale development and the fact that the societies preferred to administer loans of \$5040 (the mortgage of a new unit) rather than those of \$3600 or \$2600 (home improvements loans) since administration costs were the same. Moreover, there was a certain "image" appeal to the S&Ls in financing larger-scale and the more visible results that the urbanizations represented. A group of new units on a privately owned lots did not offer the same impact.

It must also be recognized that in a small country such as Paraguay there is not a great deal of distance between the construction industry, real estate companies and the savings and loan system. To some extent, those key interests of the shelter sector had more to gain from the development of urbanizations than from loans to individuals building on their owned lots.

Finally, as long as the S&Ls would not promote home improvements type loans, the burden fell to the cooperatives and this implied a set of institutional relationships between BNAP and the cooperatives which had never before existed. This required establishing a set of procedures to promote, finance and administer the cooperative activities. Start-up time was necessary, and since the S&Ls preferred urbanized developments and were better organized to move projects, they had the momentum to create pressures to allocate proportionately more money to Sub-Program I projects. AID recognized these problems, and a long-term technical assistance program was established under a regional OPG with FCH for cooperative housing development.

In addition to the shifts in HG resources described above, project resources (inputs) were increased in two important ways: (1) Approximately \$200,000 in technical assistance was provided to fund the long-term technical advisor; and (2) BNAP generated an additional \$526,000 to finance shelter solutions. The BNAP counterpart contribution was not required in the original project design, but it was forthcoming to finance all the projects the S&L Societies and cooperatives wished to develop.

The table below shows the total resource inputs for the production of shelter solutions by Sub-Program:

	<u>PROGRAM FINANCING (IN \$000)</u>		
	<u>Sub-Program I</u>	<u>Sub-Programs II & III</u>	<u>TOTAL</u>
HG Financing	3,250	750	4,000
BNAP Financing	<u>405*</u>	<u>121</u>	<u>526</u>
	3,655	871	4,526

*Some of this is still being converted to mortgages.

The \$4 million in HG resources have been fully disbursed after 39 months. More rapid disbursements might have been achieved were it not for several factors that slowed project deliveries: (a) BNAP originally was to undertake the financial and development role including the marketing of the units with the societies acting as administrators once the projects were completed, but BNAP had trouble establishing this new role; (b) AID insistence on the implementation of Sub-Programs II and III which took more time to develop; (c) the problems in selling units without water, sewer, and electrical connections due to problems in coordinating with ANDE and CORPOSANA; (d) the flooding which closed brick plants during project execution; and (e) some delays resulting from land titling and mortgage registry. Nevertheless, project delivery is considered satisfactory in light of the above.

OUTPUTS:

The outputs included: (a) a specific number of solutions; (b) new standards and procedures for low-income housing; and (c) designation of a new or existing staff to handle the program.

A. Shelter Loans and Mortgages

The production target in the Project Paper (PP) was 2025 units, but this was changed to a total of 1125 units in the Implementation Agreement (IA) because of the time lapse between documents, two years, and the inflation during the period. The variation between the level and distribution of outputs from the time the Implementation Agreement was signed to the final disbursement, is as follows:

SHELTER SOLUTIONS BY SUB-PROGRAM

<u>Sub-Program</u>	<u>Solutions Financed Impl. Agreement</u>	<u>Shelter Solutions Financed by AID</u>	<u>Shelter Solutions Financed by BNAP</u>	<u>Shelter Solutions Financed by AID/BNAP</u>
I	625	748	80	828
II	250	76	6	82
III	250	253	53	306
	<u>1125</u>	<u>1077</u>	<u>139</u>	<u>1216</u>

The actual number of shelter solutions produced with HG financing fell 48 solutions, or four percent, short of the target established in the Implementation Agreement, despite inflationary tendencies in the economy (28% in 1979 and 22% in 1980) and rapidly rising construction costs. BNAP was quick to recognize the rapid escalation in construction costs and requested assistance from AID in assessing the impact of these costs as well as maintaining the project's shelter solution targets. Early in 1979, an advisor from the National Savings and Loan League visited Paraguay to work with BNAP in controlling costs. Further numerical reductions in shelter solution production were avoided by virtue of modifications in the original house designs in that the amount of covered space was cut to keep the Sub-Program I unit prices at the \$5600 level (of which \$5040 was financed by a mortgage).

The maximum cost limitations by sub-programs type is shown below:

CHANGE IN MAXIMUM COST LIMITATION BY SUB-PROGRAM

<u>Sub-Program</u>	<u>Implementation Agreement Limit</u>	<u>Modified Limit</u>
I	4600	5600
II	3000	3600
III	2000	2400

Source: June 18, 1979, and September 19, 1979, Agreements between AID and BNAP.

BNAP exercised strong leadership in keeping prices from rising more. When BNAP financing is included in the project, the number of low cost solutions financed exceeds the target figure in the Implementation Agreement by 91 shelter solutions.

B. Financial and Administrative Procedures

To undertake an activist role in developing and promoting low-income housing, BNAP was disbursed \$2.1 million to purchase land, cover administration expenses, market the units and cover design costs. However, BNAP experienced a number of problems in carrying out this role which to some extent competed with the functions of the societies comprising the S&L system.

BNAP undertook an aggressive campaign to assist new S&L institutions to establish operations and promote social interest housing development; two of the most important were Oga Rape, S. A. and Itapua, S. A. in Encarnación. They were more willing to serve the low-income housing market while a few of the older institutions accepted some token low-income housing development as part of other middle income projects. Therefore, the S&Ls actually developed and managed the units produced while BNAP evolved into the role of stimulator of such development. BNAP established the policy of acquiring all low-income mortgages and loans from the S&Ls. And as long as the contractors and S&Ls societies continue to be interested in expanding their activities, low-income housing development will continue to expand. This is true particularly because the upper-middle and middle-income housing markets which the S&Ls wanted to serve have become saturated by over-building. Therefore, they must now reorient their activities to other economic groups, and since BNAP was acquiring mortgages for lower-income projects, the S&Ls and builders are willing to produce those units and sell the mortgages to BNAP. This recognition of the potential of the low-income housing market might not have occurred were it not for the HG program.

Ultimately, the S&Ls were much less willing to promote home improvement loans and provide financing to develop individually owned lots. The reason was simple; the small loan amounts were costly to administer and the larger contractors with which the S&Ls were familiar did not benefit from the small-scale construction work the home improvement loan programs implied. The S&Ls were more inclined to accept urbanization projects because they were understood, easier to administer and more cost effective. On the other hand, the cooperatives and credit unions were more enthusiastic to take on home improvements type loans because such loans provided the credit unions with a source of financing to provide a new service. The home improvement program enabled the credit unions to expand their membership, particularly because the loan amounts were suited to the needs of the people such organizations tended to serve.

Thus, BNAP had to set up a whole new set of procedures (which never existed previously) to serve cooperatives. In addition to adopting new procedures, (e.g. the global contracts) simplification of those which existed between the S&Ls and BNAP were necessary.

Probably the most significant change in procedure has been reducing by half the amount of readjustment charged to borrowers for low-income housing. This change permits lower-income families to reduce their overall payment for housing.

While BNAP was supposed to use its influence to have project beneficiaries exonerated from a series of government taxes (e.g. Law No. 1003 and Law No. 284) as indicated in the Implementation Agreement, it never had the authority to do so. The change in the readjustment levied against the low-income property owner was a concession to AID and should be even more advantageous to the project beneficiary. Under the new HG program, BNAP is seeking

the proper legislation to eliminate such government taxes for the poor; yet at the same time, it is also taking steps to institutionalize the re-adjustment procedure which favors low-income families.

C. Technical and Financial Management Staff

The program has been completed and it has served as an invaluable training experience in monitoring and evaluating low-income housing development. The BNAP contracted field engineers and architects who assisted BNAP in analyzing project development, supervising implementation, controlling escalating construction costs and coordinating project construction with other government agencies such as CORPOSANA. While some problems in coordination have occurred, BNAP is now more capable in dealing with such problems than it was in the past.

Another capability developed by BNAP is that of recognizing post project development issues related to land titling, occupation of units and community service and facility needs. BNAP now is considering the hiring of additional staff to work with beneficiaries once they move into their new housing units.

Finally, BNAP established a new office to work with cooperatives in channeling resources for home improvements activities. While the office is small, it has facilitated the establishment of a capability of utilizing cooperatives to promote low-income housing. These experiences have been instrumental in establishing the capability and confidence of BNAP to actually embark on a second, more complicated HG program involving a major expansion in the housing delivery system and major policy changes in the housing sector.

PURPOSE:

The purpose of the project was to increase the amount of self-help, home improvement loans and mortgage financing accruing to lower-income families. The EOPS, as stated in the Project Paper, were: (a) reaching 1950, families with the activities offered; (b) fully disbursing HG resources; (c) attaining a level of domestic financing for lower income families equal to the HG resources provided.

As indicated previously, the loan is fully disbursed and more than 1200 units or about two-thirds of the units programmed in the Project Paper were produced. The reduction was explained in the Outputs Section. The number of shelter solutions programmed in the Implementation Agreement signed two years later was about the level actually built, despite continued, severe inflation.

The EOPS having to do with domestic financing of low-income housing was also achieved. BNAP, as a result of the program, has acquired notes amounting to \$.53 million in excess of the HG program-financed loans and mortgages. In

addition, the savings and loans are holding notes amounting to another \$7 million in loans and mortgages of \$7500 or less. At this point in time, this figure generally could be considered to be the price of a home for a family whose income falls below the 50th percentile of the national distribution of family income. The actual distribution of the S&L Systems mortgage portfolio by size of mortgages and loans as of December 31, 1980, is shown below:

S AND L SYSTEM MORTGAGE PORTFOLIO COMPOSITION

BY AMOUNT OF LOAN

<u>Loan/Mortgage Amounts (in \$US)</u>	<u>No. of Loans/Mortgages</u>	<u>Total Loans/Mortgages (in \$US)</u>
0 - \$1481	323	281,081
1482 - 2222	272	477,452
2223 - 3704	336	940,200
3705 - 5555	481	2,125,511
<u>5556 - 7407</u>	<u>498</u>	<u>3,217,281</u>
Totals below \$7407	1910	7,041,525
Totals for the System	5039	78,642,880

Source: BNAP Records, December 31, 1980.

In light of BNAPs policy to acquire low cost units, its expanding resource base and the \$US 5 million as counterpart financing for the new HG program domestic financing for low-income families is sure to continue growing.

GOAL:

The goal of the project was to increase the availability of the housing stock for lower income residents by stimulating public and private sectors to undertake financing, design and implementation of shelter alternatives to serve them. The verifiable indicators were the following: (a) an increase in the percentage of urban housing stock affordable to below median income families; (b) an increase in the annual production rate for housing for lower-income families and (c) an increase in the number of self-help home improvement loans.

Between 1977 and the end of 1980, an estimated 3100 solutions were produced to serve low and moderate income families. This estimate includes HG, BIAPE and domestically financed housing solutions. BNAP records show that unit production for the S&L system from 1977 through 1980 was 8640 units. IPVU, the other major producer of housing, has produced an estimated 1150 units. Therefore, of the units produced by the S&L system and IPVU, the two principal sources of housing finance and development, almost 35 percent were for low cost units

since the program began in 1977.

Before 1977, the only housing development activity for low-income families channeled through formalized institutions consisted of a rather substantial IPVU-BID project of 2600 units which was largely implemented by 1970 and a limited number of loans channeled through the cooperatives. The IPVU-BID project was a one-time endeavor and despite the rapid expansion of the IPVU portfolio, financial management policies adopted by that institution and collection problems precluded the generation of additional internal reflows for investment in new projects.

Approximately 388 home improvement loans were provided through the project while this is not a substantial amount, the institutional framework and procedures have been established to continue providing such types of loans through the cooperative system. The success of the program is such that a total of eight cooperatives have participated in the home improvements programs and in interviews with general managers of three of the cooperatives, each would like to double its level of production in the next HG program.

In summary, the goal as defined by the Objectively Verifiable Indicators appears to have been achieved. But perhaps the most significant achievement with regard to the sector goal is the emergence of a specific institution, BNAP, which has developed the procedures and is formulating the legal-administrative framework to take the lead in the shelter sector. BNAP has developed working relationships, administrative procedures and financial policies which will enable it to utilize a series of public and private institutions as project developers and utilize its growing resource base generated by project reflows and reajuste to continue acquiring mortgages and loans. A new Housing Guarantee Program has been designed to build on this emergent pattern in Paraguay's shelter sector.

BENEFICIARIES:

During the first PES, an initial inspection was made of S&L and Cooperative records to examine of beneficiaries. For the final evaluation, a follow-up, detailed check of project records was made including a rather careful review of 75 individual files of beneficiaries. The sample was pre-selected by Oga Rape and Ahorros Paraguayos personnel. Based on that review, the following observations can be made:

1. With regard to the S&L projects, a vast majority, 75 percent, of the beneficiaries were one and two person households, and generally, in their late twenties or early thirties.
2. A vast majority of the S&L project beneficiaries, 65 percent, were living with their families and the remaining 35 percent wanted housing, but the rentals varied widely up, to \$150 per month.

3. Income levels in the Oga Rape projects ranged from \$185 to \$444 monthly which would place those beneficiaries in the 20th to the 60th percentile of the family income distribution for the periphery of Asunción. The largest concentration of incomes was at the \$222 or at the 30th percentile. In the Ahorros Paraguayos project, the monthly incomes ranged from \$300 to an extreme of almost \$900. All income data was supported by official credit reports. The reason for this disparity probably is partially related to lending policies of Ahorros Paraguayos. Or it could be a demonstration of very strong pent-up housing demand even of middle-income levels and Ahorros Paraguayos' desire to lend to those income groups first. It should be noted that before the HG program the term of housing loans was around ten years. Ahorros Paraguayos continued this practice while Oga Rape extended twenty-year terms to its clients. This enabled lower income families to enter the program. The Implementation Agreement called for 30 year terms, but in evaluating the requirement, it should be noted that such a longer-term requirement did not benefit the project in that the monthly payments on a twenty-year note are about the same as a 30-year note and the borrowers themselves preferred the shortest possible term to reduce their exposure to the reajuste and the inflationary tendencies in the economy. So, while AID believed that longer terms necessarily would reduce payment requirements thereby benefiting lower income groups, this was not the case in fact.

4. The occupational groups were largely comprised of "empleados", sales personnel, and skilled workers.

5. The Cooperatives served clients whose monthly family incomes did not exceed \$200. These incomes fell around the 35th percentile of family income distribution outside of suburban Asunción. A large number of teachers were included in the groups served.

6. Indications are that close to one-half the mortgages and loans provided through the cooperatives were extended to women. The S&Ls extended about 20 to 25 percent of their mortgages to women.

UNPLANNED EFFECTS:

The principal unplanned effect of the project was the expansion of the S&L system in that several new institutions were established, and the program funds were helpful in their initial operation. Now they are more or less viable operations (e.g. Oga Rape, Hogar Propio) and are actively seeking to continue developing low-middle and perhaps low-income housing projects.

Another unplanned effect was the emergence of BNAP as the principal conduit of funds for all low-income housing. This new role of BNAP is largely due to the abilities of the president of the bank and his staff, but the HG program

and the AID-supported BIAPE program provided the bank with the resources it needed to assert itself as a key institution in the housing sector.

A third impact of the program was to attract infrastructure services to potential housing developments areas abutting the HG projects. Because AID insisted that these services be provided, major infrastructure lines were extended to serve the areas that were close to the HG projects as well as the projects themselves.

LESSONS LEARNED:

The lessons learned in this program are those learned in other countries; shelter projects and programs are significantly more complicated than building a house. They require a great deal of initial planning and coordination with local governments and infrastructure agencies and must be carried out in the context of broader and long-range development considerations.

Coordination of infrastructure activities was a particularly difficult problem in project development and the BNAP probably was not fully prepared to handle the role. Moreover, follow-up in terms of community development policy is another capability that BNAP needs to develop in assuming its new role vis-a-vis housing development, especially guiding projects it finances.

Another lesson has to do with the potential impact of pilot projects of this nature. Despite the long delays in the initial formulation of the program, it has developed into recognition by the GOP of the need to broaden its role in low-income housing delivery. Of course, this realization might not have evolved had it not been for the excellent performance of BNAP.

The final lesson learned concerned the initial inclination of BNAP and AID to circumvent the existing institutional structure by selecting one to assume roles and responsibilities that others had traditionally carried out. BNAP ultimately had to rely on the S&Ls to perform the development function that it was not fully equipped to handle and support them where it could.