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CLAIMS PROJECTION SYSTEM

Prepared for:
Agency for International Development
Office of Housing and Urban Development

BOOZ • ALLEN & HAMILTON, INC.

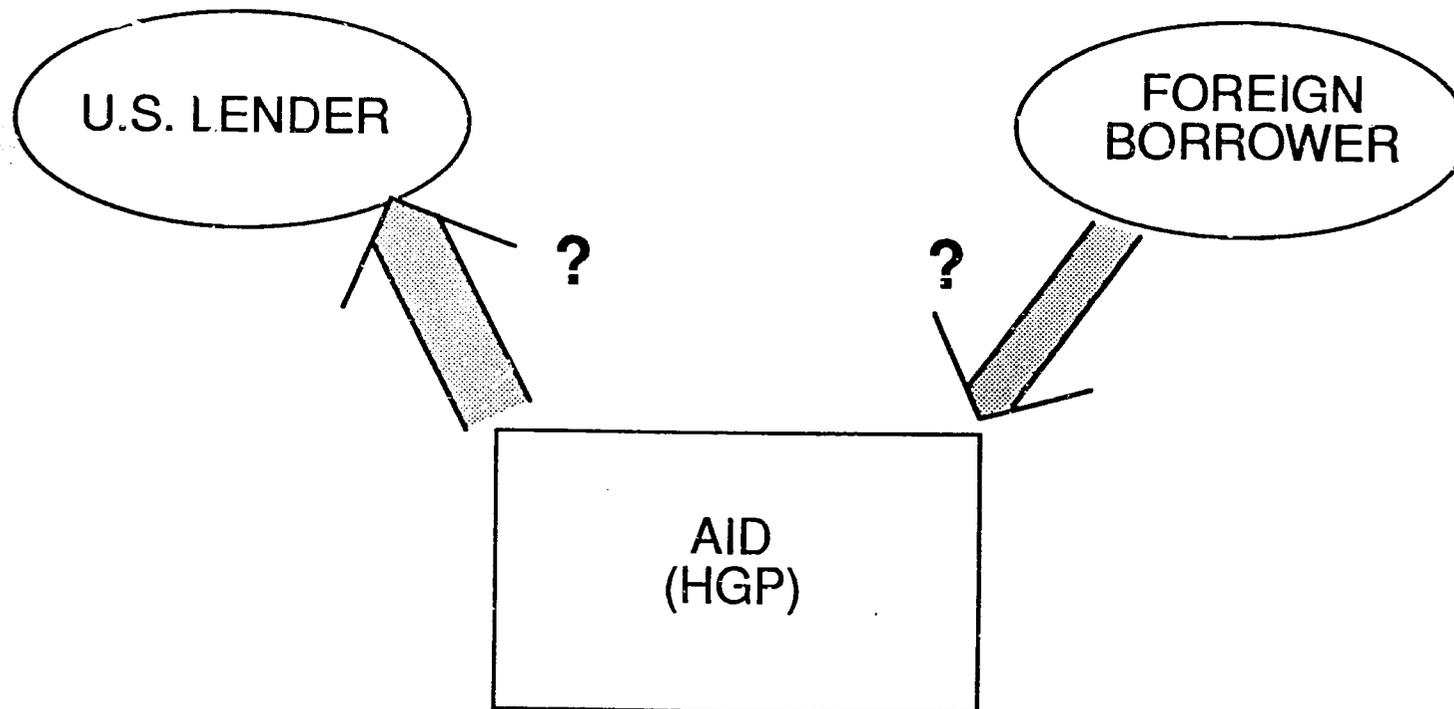
OCTOBER 17, 1985

CLAIMS PROJECTION SYSTEM

1. Introduction
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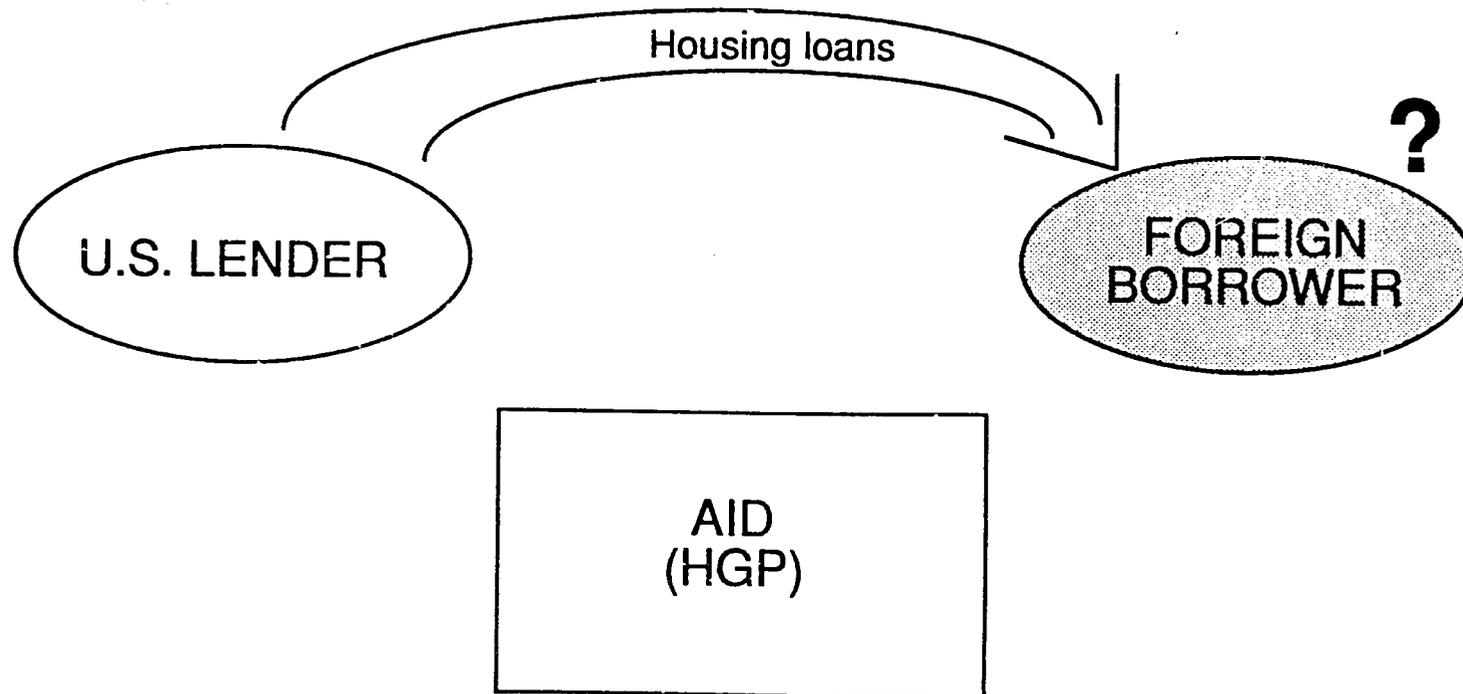
1. INTRODUCTION

The Claims Projection System projects both gross and net claims...



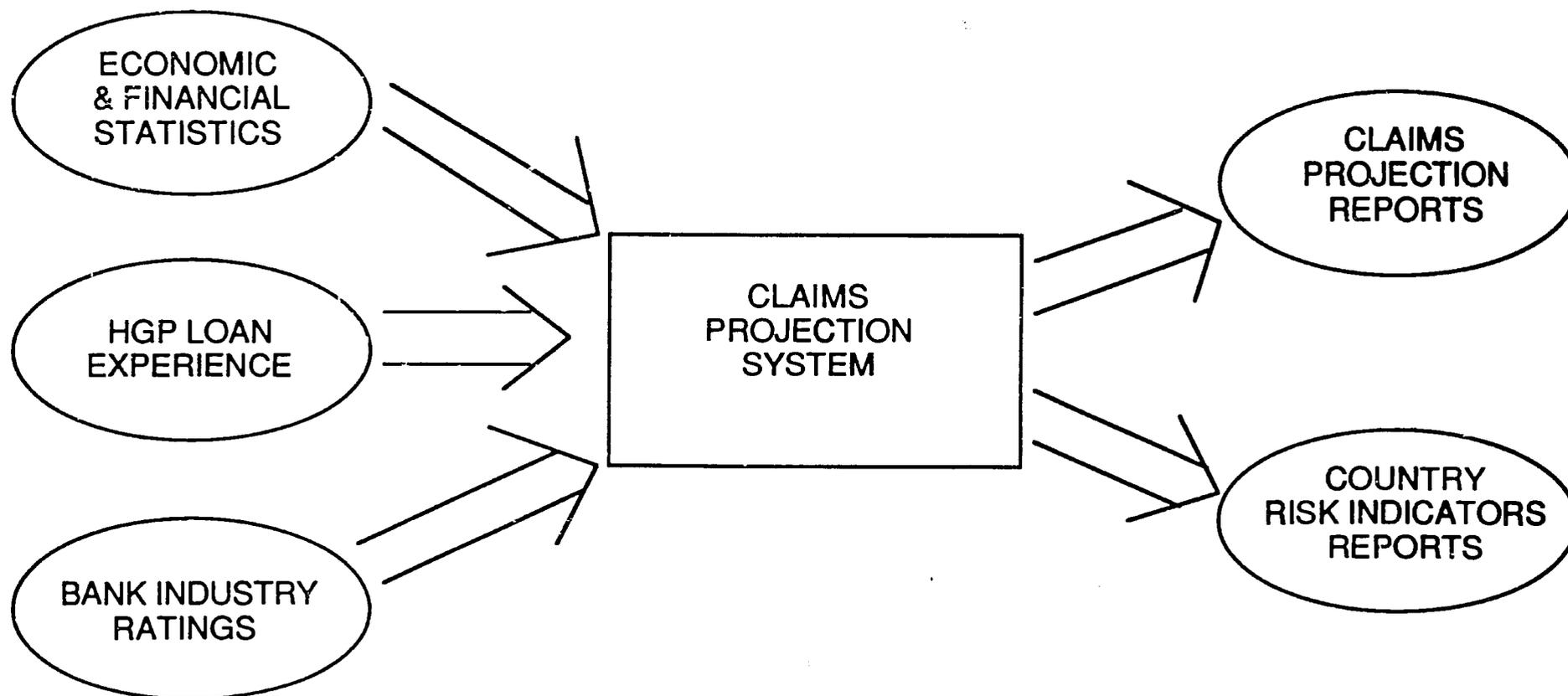
1. INTRODUCTION

... and assesses the relative creditworthiness of current and potential borrowers.



OVERVIEW

The System uses indicators of ability to pay and HGP payment history...

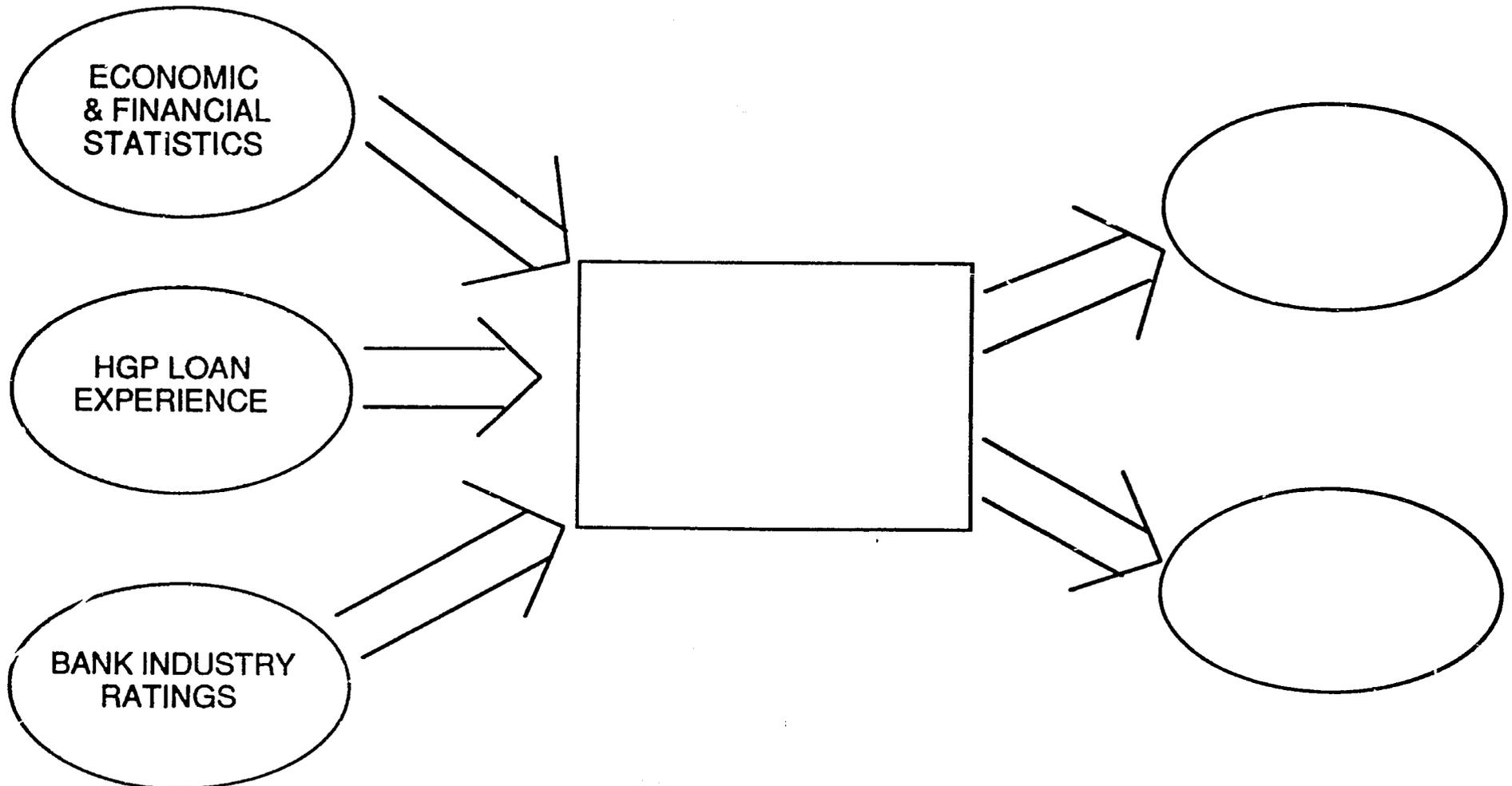


...to produce claims projections and country risk reports.

2. INFORMATION SOURCES

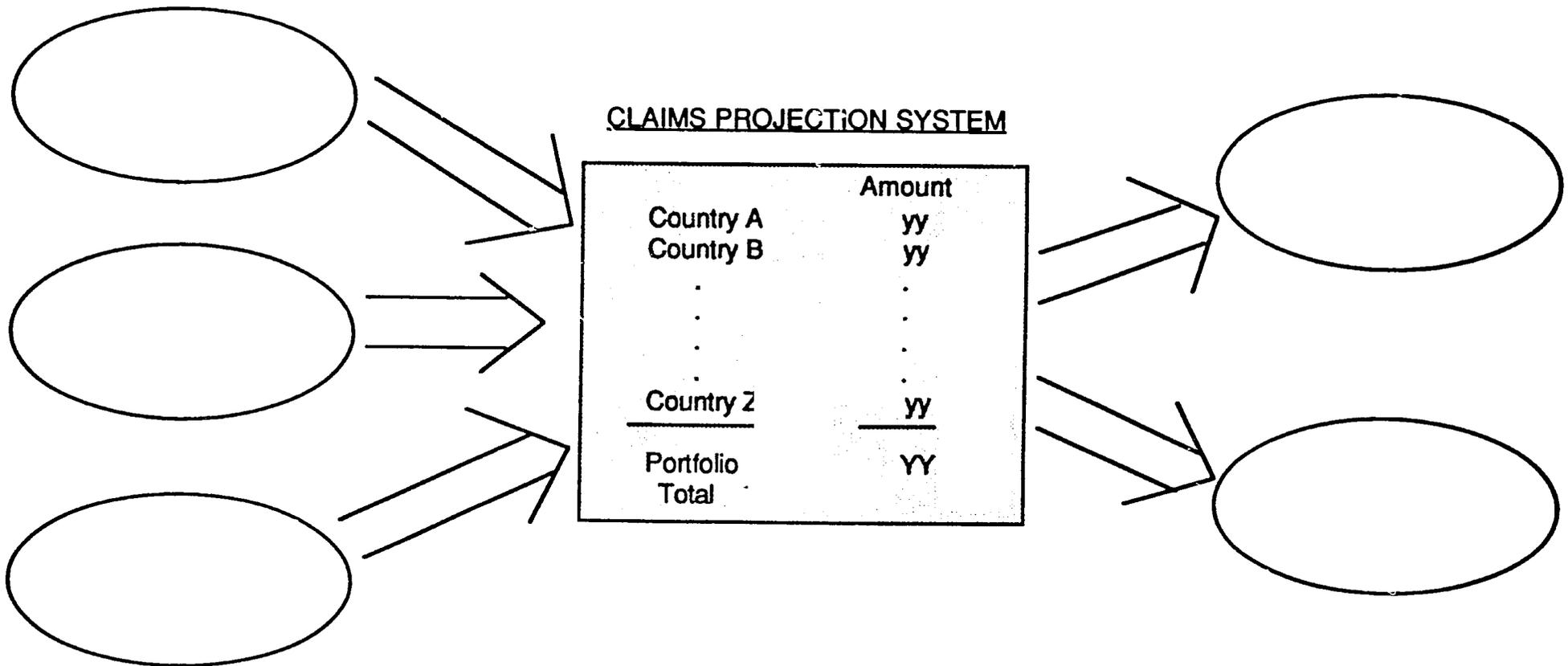
Three primary sources of information are used in the Claims Projection System.

Information Sources



3. ANALYTIC FRAMEWORK

The Claims Projection System derives expected claims for each country...



...and aggregates to project portfolio totals.

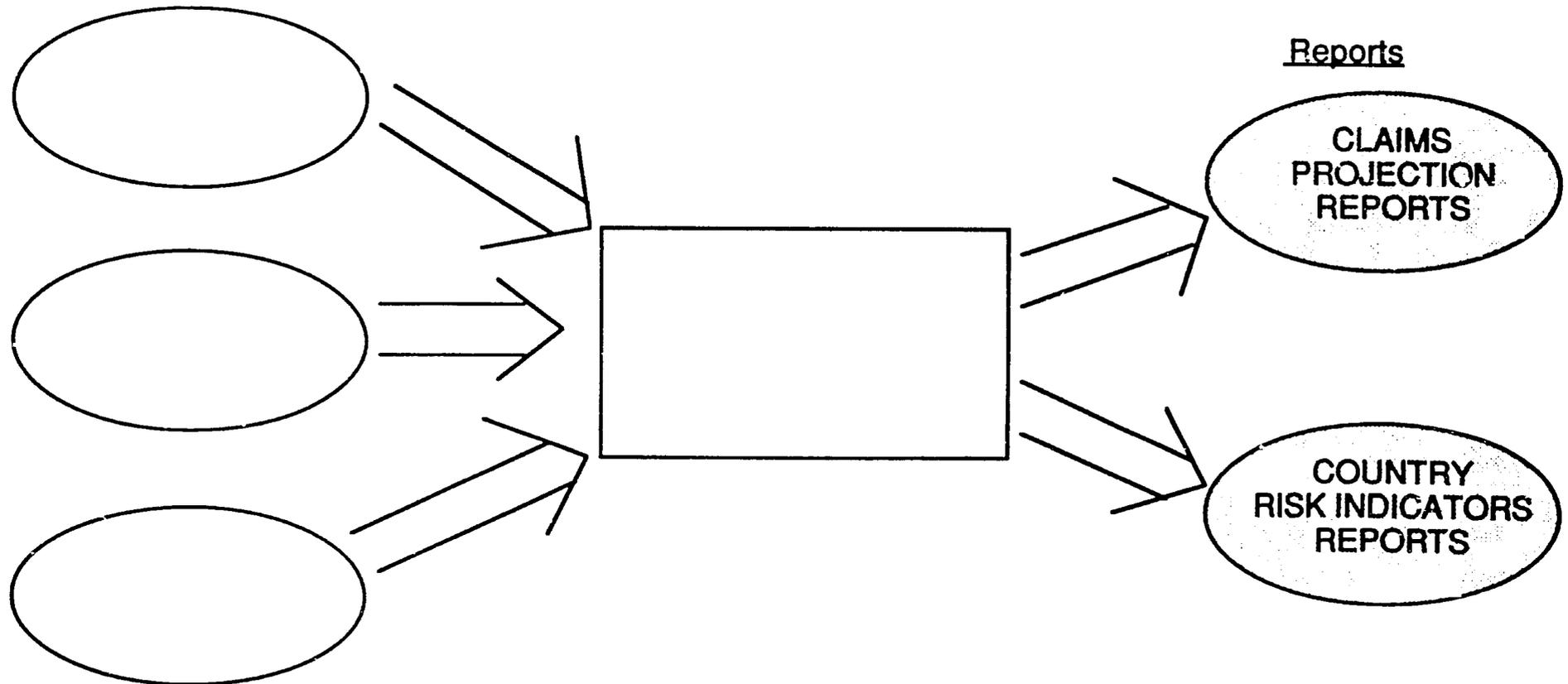
3. ANALYTIC FRAMEWORK

Expected claims factors are based on:

- Financial condition
- HGP loan experience
- International lender perceptions

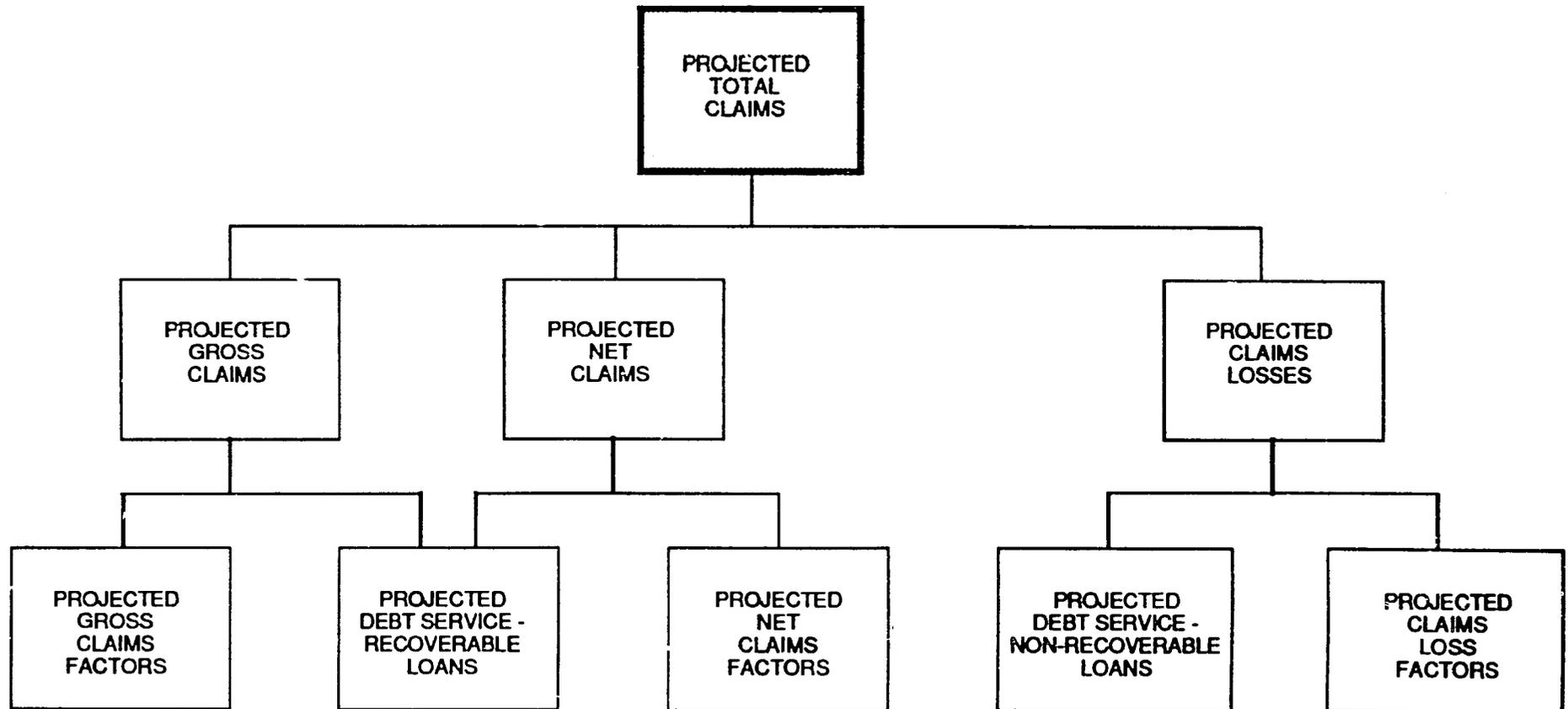
4. REPORTS

Claims Projection System produces two types of reports:



4. REPORTS

Projected Total Claims Report supports financial planning and budget preparation.



Other reports provide backup and documentation.

4. REPORTS

Projected Total Claims Report projects HGP loan portfolio totals over a 5-year period:

- Gross Claims
- Net Claims
- Claims Losses
- Balances

Agency for International Development
Housing Guaranty Program
Projected Total Claims
(0000)

	1985	1986	1987	1988	1989
Beginning Balance - Net Subrogated Claims	\$22,200	\$39,786	\$59,905	\$79,584	\$97,764
Add:					
Gross Subrogated Claims	37,451	45,128	48,778	50,586	50,820
Less:					
Current Year Recoveries	(\$17,201)	(\$20,235)	(\$21,912)	(\$22,835)	(\$22,877)
Prior Year Recoveries *	(\$2,864)	(\$4,774)	(\$7,189)	(\$9,550)	(\$11,732)
Ending Balance - Net Subrogated Claims	\$39,786	\$59,905	\$79,584	\$97,764	\$113,876
Net - Subrogated Claims **	\$17,586	\$20,119	\$19,679	\$18,181	\$18,212
Claim Losses	2,409	2,632	2,418	1,809	1,917
Total Net Claims	\$19,985	\$22,751	\$22,096	\$20,090	\$18,129

* Estimated 12% of Net Subrogated Claims at the beginning of the period

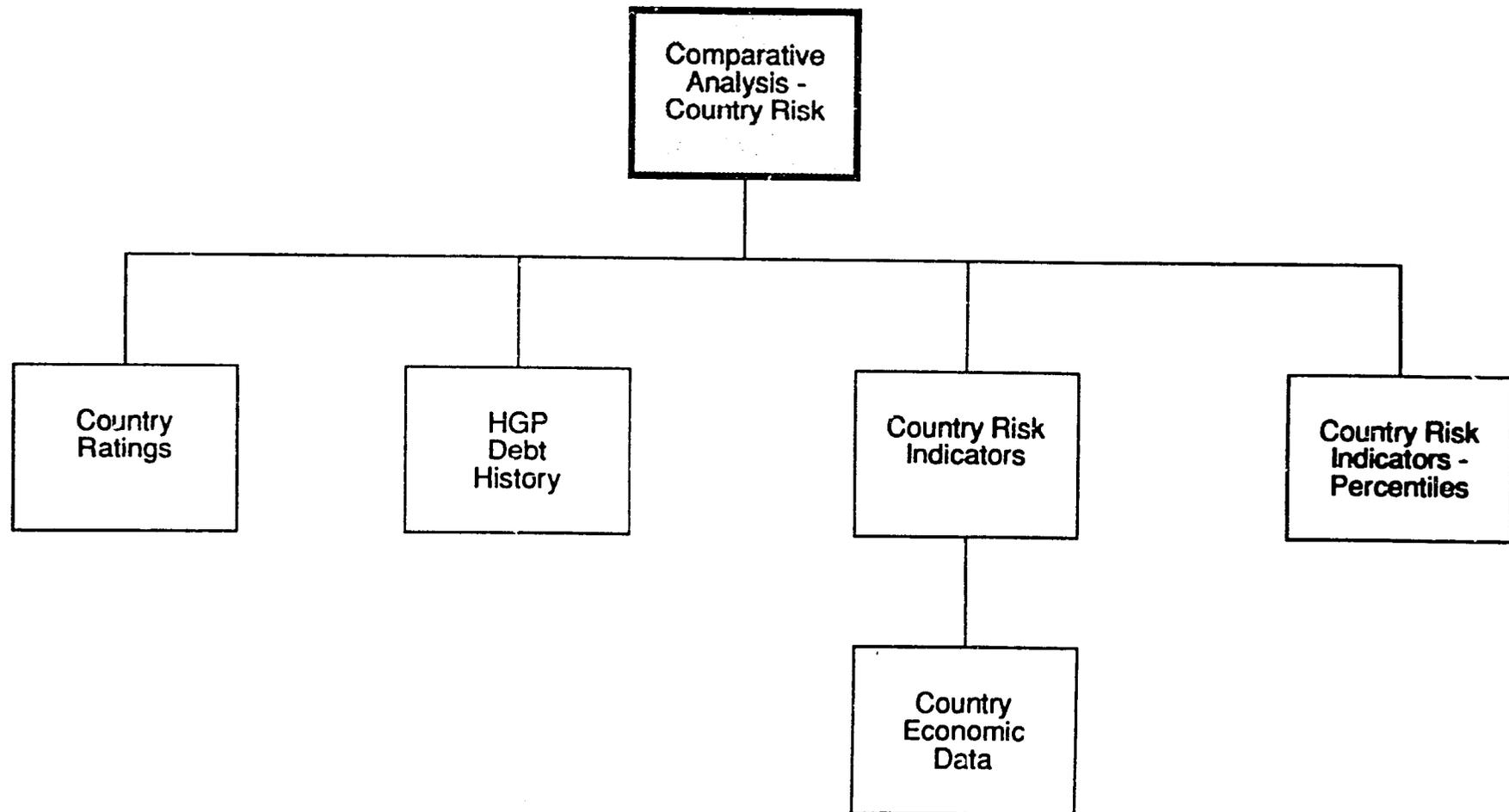
** (Gross Subrogated Claims)-(Current Year Recoveries)-(Prior Year Recoveries)

08-Oct-85

Notes: The projections presented in this report are estimates that have been computed statistically, and are accordingly subject to the random error associated with statistical estimates. None of the projections are computed based on special knowledge of the intentions of any country to meet or defer its debt payments. The projections are based on equations that were estimated and calibrated during the period January-April 1985, using recent HGP claims experience.

4. REPORTS

Comparative Analysis of Country Risk Report supports new loan decisions.



4. REPORTS

Comparative Analysis of Country Risk Report lists leading economic indicators, and features 2 benchmarks to facilitate comparisons:

- Cautionary Levels
- Percentile Rankings

Agency for International Development
Housing Guaranty Program
Comparative Analysis - Country Risk

ECONOMIC INDICATORS	MOST CURRENT YEAR AVAIL	VALUES	CAUTIONARY LEVEL	PERCENTILE RANKING
HSP Rating	1984	85.8	80 or less	58%
Institutional Rating	1985	14.5	25 or less	18%
Debt to Exports Ratio	1982	208%	200% or more	63%
Debt Service Ratio	1982	22.4%	30% or more	68%
Import Reserves (mos.)	1982	1.8	3 months or less	37%
Current Ratio	1982	-34.7%	-40% or less	50%
Per Capita GDP	1983	\$800	\$1000 or less	36%
GDP Growth Rate	1984	2.8%	2% or less	68%
Inflation Rate	1984	4.8%	20% or more	82%

HG STATUS	1984	1983
Annual Debt Service:		
Guaranteed Loans	\$8,319	\$8,319
Non-Guaranteed Loans	\$0	\$0
Total Loans	\$8,319	\$8,319
Debt Payment History:		
Gross Claims	\$0	\$0
Net Claims *	\$0	\$0
Gross Claims Factor	0.0%	0.0%
Net Claims Factor *	0.0%	0.0%
Rescheduled Payments:		
Balance	\$0	NA
Arrears	\$0	NA

* Excluding Prior Year Recoveries

4. REPORTS

The Claims Projection System also reports two sets of country ratings:

- HGP Ratings
- Institutional Ratings

4. REPORTS

The HGP Ratings are derived from several factors, including:

- Prior year HGP loan experience
- Several economic indicators
- Institutional Ratings.

The Institutional Ratings are comprised of the most recent ratings from Euromoney and Institutional Investor.

4. REPORTS

Differences between the two ratings reflect important considerations:

- Institutional Ratings often reflect more recent economic and political information
- HGP Ratings reflect recent HGP loan experience
- HGP ratings are generally higher than Institutional Ratings, but relative rankings should be similar

**Agency for International Development
Housing Guaranty Program
Country Rating**

HSP RATINGS		1985
COUNTRY		RATING
BOTSWANA		84.4
VENEZUELA		89.8
LEBANON		88.1
INDIA		83.2
KOREA		82.2
THAILAND		81.1
BARBADOS		78.8
SRI LANKA		78.0
GUATEMALA		73.9
PARAGUAY		73.5
COLOMBIA		73.3
CHILE		73.2
BELIZE		71.0
TUNISIA		70.4
PANAMA		69.8
ISRAEL		69.0
HONDURAS		65.9
PERU		65.4
ZIMBABWE		64.8
PORTUGAL		64.0
MEXICO		63.6
BOLIVIA		60.2
BIASPE		57.0
ETHIOPIA		54.8
EL SALVADOR		50.0
CABEI		49.4
KENYA		48.3
COSTA RICA		45.0
SENEGAL		45.1
GUYANA		33.9
IVORY COAST		32.3
EQUADOR		31.4
DOMIN REPUB		30.7
ZAIRE		26.8
ARGENTINA		23.8
JAMAICA		17.7
NICARAGUA		11.8
TAIWAN		NA
TOTAL		82.4