



QUARTERLY REPORT

for

December, January, February 1981

Personal Services Contract AID 525-371T

between

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

and

Javier Lindel GARZA, Project Advisor

2/22/81

Project 511-HG-005

CAJA CENTRAL DE AHORRO Y PRESTAMO
PARA LA VIVIENDA (CACEN)

Country

Bolivia

Project Title

Shelter Solutions for Low Income
Families in Rural Areas

Loan Amount:

\$ 4 million

MAJOR WORK TARGETS FOR QUARTER

1. Prepare and coordinate activities and documents for a second project disbursement of US\$650,000 scheduled to occur on December 30, 1980.
2. Make training and monitoring visits to the balance of the savings and loan associations and review project progress.
3. Conduct a workshop for savings and loan associations in La Paz to further train S&L's managers, presidents and project technicians in program requirements and in the implementation of HG-005.
4. Implement recommendations made by environmental consultant Peter Weber; assist CACEN in having Mutual Savings and Loan associations review and utilize the "interview kit" prepared by Architect Earl Kessler of the Regional Housing Office in Panama (RHO/PSA) in cost and designs of housing solutions.
5. Coordinate short-term technical services for a specialist in target group incomes and percentiles of beneficiary families.

STATUS OF WORK TARGETS

1. The preparation of all required documentation necessary to effect the disbursement was prepared with little difficulty and presented to AID for review. CACEN had no trouble meeting the demand needed to present completed loans which enabled it to be reimbursed under the program. After simultaneous review of CACEN's documentation by the AID Mission and the Regional Housing Office in Panama (RHO/ISA), the updated project delivery plan and supporting materials were approved. A disbursement of US\$650,000 occurred on 12/30/80. Of this amount, \$13,000 was withheld and forwarded to AID in partial payment of the guaranty fee required under Section 4.01 B of the Implementation Agreement.
2. The training and monitoring visits scheduled to the balance of the savings and loan associations (Mutuales) not previously visited, did not occur as planned. During December the review process for the disbursement prevented the scheduling of field visits. In January, CACEN's rural housing manager suffered an accident. This has prevented his active participation in any project activities requiring travel. For this reason the visits were postponed.

3. A workshop for all Mutuales participating in the HG-005 program was held in La Paz by CACEN during the first week of February 1981. Attendance was very good; only the Mutuaal from Santa Cruz failed to attend. This Mutuaal has a great difficulty in placing loans due to land titling problems (see quarterly report for Sept/Oct/Nov. 1980).

The purpose of the workshop was to further train the Mutuales' general managers, presidents and technical staffs in the HG program's requirements and in its implementation. CACEN's technical staff, headed by Arq. Eduardo Frías, Arq. Antonio Reyes, and I conducted the training sessions. Due to his injury, Arq. Jorge Urquidi held individual sessions with Mutuales at his home. These sessions involved financial matters and future programming. The workshop proved to be a valuable training tool. It also served as a vehicle for the exchange of information, and interaction regarding specific problems the Mutuales are having in implementing the program.

Two main problems are surfacing: 1) Mutuales are complaining that demand for Type A loans (for minor home improvements) is not sufficient given the fact that very little can be done with a maximum loan amount equivalent to \$500 dollars, and 2) for loans involving mortgages, Mutuales were experiencing problems finding loan guarantors (for type B loans) where mortgage paperwork is difficult to obtain. Workshop participants discussed methods of circumventing these problems. The CACEN technical staff plans to monitor specific problems and make monitoring visits to those Mutuales experiencing the worst problems so that these can be dealt with.

4. During the Peter Weber consultancy in environmental planning. recommendations were made for improving the project's responsiveness in this area. The environmental planning done by the CACEN and the documentation developed was found to be adequate. Nonetheless, Weber recommended that other action also be taken. These recommendations and methods of implementing them were discussed with the Mutuales' staffs at the February workshop. Particular importance was placed on the improvement of sanitary conditions and waste disposal in those areas where there exists no waste disposal system. Mutuales were told that loans for improving sanitation and those for water wells were considered high priority provided these met all environmental guidelines and care was taken to mitigate any adverse environmental effects. Environmental planning and results will also be monitored to ensure that guidelines and recommendations are followed.

Earl Kessler of the RHO/PSA developed a methodology/interview kit that will assist Mutuaal S&L technical staffs compare building materials' costs and shelter solution designs in order to assist them and prospective loan beneficiaries chose optimum and affordable materials and designs. Copies of the "interview kit" were passed out to all Mutuales attending

the workshop. Arq. Reyes held individual sessions with Mutuales to explain the methodology and show them its use in assessing prospective loans.

Due to Arq. Urquidi's injury and the change in the workshop's scheduling as a result of this, an exercise planned to enable workshop participants to test the kit was not conducted. While the individual sessions made up for this somewhat, the Advisor is not satisfied that this was enough of a training device to enable Mutuales to fully utilize the document. Mutuales are, however, using the kit and are tracking their experience so that it can be updated and improved during follow-up consultancies by Mr. Kessler.

5. The only short-term assistance planned during the quarter was one in assessing changes in Bolivian income and project beneficiary income/percentile levels. CACEN requested this assistance in January. It is expected that a technician in this field will be in country during the next quarter to perform these services.

CURRENT PROJECT STATUS

Relatively good progress was made during the quarter in the implementation of Type A and B loans for home improvements. The housing loan demand level was steady despite the fact that the months of December, January and February are ones in which construction is usually hindered due to the heavy rains. The participating Mutual savings and loan associations have taken advantage of the period to prepare loans which can be packaged and made ready for initial disbursements once the rains have abated.

PROBLEMS AND/OR DELAYS ENCOUNTERED

Because few issues were dealt with during this quarter the problems encountered were more of a general nature than specific implementation - centered ones. Certainly, the rains delayed planned monitoring and inspection visits to certain Mutuales. Preparation for the disbursement in December also served to delay scheduled visits. The injury to Mr. Urquidi also forced us to alter set plans regarding travel and the implementation workshop. Work, project planning and discussions which were a routine part of our implementation effort were modified to conform to the absence of Mr. Urquidi from CACEN and Mr. Frías' irregular work schedule caused by a grave illness in his family.

If one were to pinpoint problems which are considered consequential in the project's denouement, and for that matter, in the development of the Bolivian savings and loan system, I would include these:

- 1) Program implementation by some savings and loan associations has

fallen behind because CACEN technical staff is expected to perform most or all the leg work for them such as community organization, loan packaging, etc.

- 2) CACEN's approach to project implementation is quantitative rather than one that also includes qualitative aspects important in meeting all project goals and expectations.
- 3) While project planning is good and the project is proceeding fairly well CACEN is lagging behind in housing policy planning and in incorporating this program into an overall future planning process.

ACTIVITIES EXPECTED NEXT QUARTER

- 1) Continued monitoring visits to savings and loans.
- 2) TDY by Mr. Mario Pita, Chief of the Regional Housing Office.
- 3) Consultancy in income assessment.
- 4) Commencement of loans packaging for type C (core unit) loans.