CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) — PART I

Report Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION/AID/W OFFICE
CABEI Secondary Mortgage Market Development	596-HG-005	ROCAP
	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)	
	☐ REGULAR EVALUATION ☒ SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES	6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 80; B. Final Obligation Expected FY 85; C. Final Input Delivery FY 85	A. Total $103.5 million; B. U.S. $ 34.5 million	From (month/yr.) January, 1984; To (month/yr.) April, 1985; Date of Evaluation Review

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
1. Resolve with countries and institutions obstacles which have delayed sub-loan disbursements.	CABEI	ASAP
2. Review alternatives to extension of September 25, 1985 deadline for CABEI to meet project's 2:1 counterpart requirement.	Sonny Low	Sept., 1985

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- ☐ Project Paper
- ☐ Financial Plan
- ☐ Logical Framework
- ☒ Project Agreement
- ☐ Implementation Plan e.g., CPI Network
- ☐ PIO/T
- ☐ PIO/C
- ☐ PIO/P
- ☐ Other (Specify)
- ☐ Other (Specify)

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. ☐ Continue Project Without Change
- B. ☐ Change Project Design and/or
  - ☒ Change Implementation Plan
- C. ☐ Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Lee Roussel, Assistant Director, RHUDO/ROCAP
Sonny Low, Regional Housing Officer, RHUDO/ROCAP
Joe Lombardo, Regional Housing Officer, RHUDO/ROCAP
Eliecer Fernández, RHUDO/PSA
Ing. Armando Astorga, CABEI Presidential Advisor
Dr. Félix Martínez D'Acosta, Legal Advisor, CABEI

12. Mission/AID/W Office Director Approval

Signature

Typed Name for John Eyre

Date

Acting Director, ROCAP

AID 1330-15 (3-78)

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2. Enrique Moreno E.'s CABEI HG-005 Field Trip Report of 2/28/85 in Costa Rica
3. Summary of Projects which Have Generated Eligible Mortgages for Loan No. FFV-2-062 El Salvador

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Executive Summary

A. Problem and Overview

The CABEI 596-HG-005 project loan was provided to the Central American Bank for Economic Integration (CABEI) to establish a viable secondary mortgage market program capable of supporting housing finance institutions and projects for the poor in Central America. The Project was designed to build on CABEI's unique position as a regional development institution to provide opportunities, in addition to AID's bilateral programs, for mobilizing regional resources to finance low-cost housing in Central America. The funds were to be invested by CABEI through the financing of mortgages, mortgage participations and mortgage-backed securities from national housing finance institutions, including savings and loan associations, housing banks, cooperatives, housing trust funds, and similar institutions.

B. U.S. Assistance

The CABEI project was authorized in FY 1979. The original Implementation Agreement, signed November 1980, provided for a program of $25,000,000 in Housing Guaranty financing. This was later amended, in December 1983, to increase the HG by $9.5 million to a total of $34.5 million. The structure of the financial package called for a two-to-one counterpart by CABEI in implementing the program. The total project was then increased to $103.5 million. The project has been scheduled to be closed out by September, 1985, once CABEI presents to A.I.D. evidence of its fulfillment of the project's counterpart requirement by the disbursement of $69 million of its own resources to the different types of Central American institutions listed above for activities eligible for support under this project.

C. Purpose of Evaluation

This evaluation in conjunction with one contracted with the National Council of Savings Institutions (NCSI), comes near the projected close-out of the program, and is designed to assess: (1) the extent to which the CABEI program was successful in establishing a secondary mortgage market; (2) whether the structure of the project succeeded in mobilizing regional resources for low-cost housing; and (3) whether the physical outputs are consistent with projected inputs and levels of production. Moreover, in anticipation of a future role for A.I.D. financing with CABEI, a brief assessment is being made using CABEI as a vehicle for possible future aid and CABEI investment in urban upgrading programs. The results of this evaluation will help A.I.D. define its strategy positions relative to the provision of additional assistance or not to CABEI for shelter and urban development activities for the short term future.

Previous evaluations of the CABEI HG-005 project include RHUDO/ROCAP's thorough review of the loan's achievements prepared in July, 1983, for a LAC Bureau pipeline review to justify the addition of $9.5 million HG to the original authorization and a thorough PES evaluation completed by RHUDO/PSA in May, 1982, to assess project accomplishments for the 9/79 through 5/82 period.

The methodology employed in carrying out this evaluation consisted of a thorough review and analysis of project documents covering CABEI's disbursements made by each sub-loan financed with HG-005 funding provided by both A.I.D. and CABEI, interviews with CABEI officials responsible for the management of the loan, field visits of the different institutions in each of the five Central American countries who have participated in this project, interviews with key officials in each institution regarding their use of the HG-005 funds, field visits of sub-projects actually financed by loan funds, and interviews with a sample of project beneficiaries to verify that the intended target population has indeed been served as well as to verify the types of eligible project activities which have been financed.

D. Findings

Summarized evaluation findings are as follows:

1. On the basis of a total program of $107.45 million, which CABEI has been operating under, it has disbursed as of 12/31/84, $79.2 million, including the entire $34.5 million of HG and $44.7 million of counterpart financing. That is, CABEI has disbursed nearly 74% of the $107.45 million, and 61% of the $72.95 million counterpart funds. (It should be noted that CABEI's counterpart requirement under a $103.5 million program is actually only $69 million.)

2. Of the undisbursed total of $26.2 million at the end of February, 1985, $11.16 million or 43% correspond to Honduran sub-loans, $10.54 million or 40% correspond to Guatemalan sub-loans, and approximately $2.2 million or 8.4% each corresponds to Nicaragua and Costa Rica. El Salvador sub-loans have been fully disbursed.

3. Disbursement delays have been attributed to a variety of reasons depending upon the country and/or institution which has been granted a sub-loan. These include:

a) Nicaragua's inability to resolve its arrearages on loans with CABEI;

b) Declining demand for units at two sub-projects due to deteriorating economic conditions in Guatemala and inadequate sales pace relative to a third sub-project;

c) Unwillingness of a developer to accelerate construction and sales pace of one Honduran sub-project;

d) Problems with a second developer which have delayed start up of another Honduran sub-project;

e) The need for CABEI to renegotiate the interest rate on the undisbursed portion of a sub-loan with the Honduran institution; and

f) Slow sales associated with still another Honduran sub-loan.

4. As of December, 1984, a total of 14,005 units have been financed, representing 74% of the total projected units of 19,007. Fully 78% or 10,956 units have been for families earning below median incomes and only 22% or 3,049 units, have been for families above the median. By the end of the project, CABEI will have exceeded substantially project design targets in the use of 55% of project funding for families with below median incomes and 45% for those with incomes above the median.

5. Every dollar of HG funds made available to this program to produce low-cost housing is enabling CABEI to leverage on the average $2.11 of counterpart financing. The amount of counterpart leveraged varies by country, but it ranges from $18.51 in Nicaragua to zero in El Salvador for each HG dollar.

6. CABEI has attempted to use a variety of mechanisms for financing projects in the five Central American countries, but the program has not resulted in the planned creation of a secondary mortgage market. This has been due to such factors as: (a) non-convertibility of local currencies which could be transferred to countries with scarcity of capital; (b) inability of CABEI to sell a variety of securities to private investors due to the low level of development of capital markets in Central America; and (c) the unresponsiveness and inability of participating countries to estabish market instruments such as mortgage-backed bonds to be traded due to such problems as debt restrictions imposed by IMF stand-by agreements in Costa Rica.

7. Field visits made to each of the five countries found that in general the units built have been of high quality construction and have been designed to be affordable to families with incomes below the median. However, affordability in more than one case and in different countries has been facilitated by the provision of highly subsidized interest rates by some project sub-borrowers--i.e. Nicaragua's MINVAH and El Salvador's FSV. At the same time, other sub-borrowers have on-lent at market interest rates--i.e. Honduras' FINAVI, Honduras' Vivienda de Sula S&L, Guatemala's BANVI and Banco de los Trabajadores, El Salvador's FNV, Costa Rica's INVU and Banco Agrícola de Cartago, etc.

8. To enable it to meet its 2:1 counterpart requirement, CABEI will need at least a one year extension beyond September 25, 1985, to complete disbursements to project sub-borrowers.

9. CABEI does have substantial experience in large scale infrastructure project investments consisting of $51,584,600 in water programs, $23,243,900 in electrical power programs, and $93,615,779 of housing developments through 1984 which have included physical infrastructure such as water lines, sewer lines, surface water drainage systems, etc. CABEI's infrastructure experience confirms that it has the basic capacity to design and implement urban upgrading programs. However, it will require some technical assistance and training in areas which differ from traditional infrastructure projects, namely the socio-economic and institutional dimensions of upgrading programs to establish the base for cost recovery of investments.

E. Recommendations

1. CABEI should take immediate actions to resolve with countries and institutions obstacles identified which have delayed sub-loan disbursements or to eliminate such sub-loans from the project. RHUDO should work with CABEI to develop an action plan with established target dates to resolve the problems of each sub-loan which has experienced disbursement delays. These latter sub-loans listed in the project's approved project delivery plan amount to approximately $15.2 million of undisbursed funds.

2. A.I.D. should study the need to grant CABEI an extension beyond September 28, 1985, to enable it to meet the project's 2:1 counterpart requirement. The study should determine realistically the appropriate length of such an extension. The extension period would need to include the time required to complete approximately $15.2 million in sub-loans which have encountered problems, but which need to be finished. In order to meet the 2:1 counterpart requirement, new sub-loans would also need to be identified to substitute for approximately $8.6 million in projects listed in the approved delivery plan which have not yet been started and no longer appear to be viable. The reasons for the delays in initiating these sub-loans have been largely beyond CABEI's control.

3. Alternatively, the possibility of reducing CABEI's counterpart contribution should be considered. This would permit the project to be closed out by September 25, 1985, as now planned. Under this alternative, A.I.D. would covenant under an amendment to the Implementation Agreement or under a separate memorandum of understanding that CABEI complete the approximately $15.2 million in sub-loans which are in the construction stage. The $8.6 million in sub-loans which have not been initiated would be dropped. Thus the total project would be reduced from $103.5 million to $94.9 million. Given CABEI's overall

financial problems and the difficulties of projecting an appropriate extension period which would accommodate the development of new sub-loans, ROCAP strongly prefers this alternative.

4. An A.I.D. decision to offer CABEI additional assistance to finance shelter activities in the region should not be designated as additional support for the development of a fully functional secondary mortgage market, but only to sustain a regional facility for discounting mortgages and limited transactions in other mortgage backed securities at the primary level. A.I.D. investment to maintain just such a regional facility is considered by Central Americans to be a valuable resource to channel long-term finance for low-cost shelter activities in the different countries. (Conditions simply do not exist in the region for the short or medium term future to enable us to realistically expect that a secondary mortgage market of the type we know in the United States to be developed in Central America.)

5. Should additional assistance to CABEI also be provided to enable it to implement regional urban upgrading activities, A.I.D. should design such a loan to enable CABEI to draw from its vast experience in infrastructure investment programs plus provide for the technical assistance and training resources required to enable CABEI to successfully implement such loan activities.

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I. Introduction

The CABEI project was authorized in FY 1979. The original Implementation Agreement, signed November 1980, provided for a program of $25,000,000 in Housing Guaranty financing. This was later amended, in December 1983, to increase the HG by $9.5 million to a total of $34.5 million. The structure of the financial package called for a two-to-one counterpart by CABEI in implementing the program. The total project was then increased to $103.5 million.

The Project Purpose was to establish a viable secondary mortgage market program, capable of supporting housing finance institutions and projects for the poor in Central America. The Project was designed to build on CABEI's unique position as a regional development institution to provide opportunities, in addition to AID's bilateral programs, for mobilizing regional resources to finance low-cost housing in Central America. The funds were to be invested by CABEI through the financing of mortgages, mortgage participations and mortgage-backed securities from national housing finance institutions, including savings and loan associations, housing banks, cooperatives, housing trust funds, and similar institutions.

This evaluation, in conjunction with the one performed by NCSI, comes near the projected close-out of the program, and is designed to assess: (1) the extent to which the CABEI program was successful in establishing a secondary mortgage market; (2) whether the structure of the project succeeded in mobilizing regional resources for low-cost housing; and (3) whether the physical outputs are consistent with projected inputs and levels of production. Moreover, in anticipation of a future role for AID financing with CABEI, a brief assessment is being made using CABEI as a vehicle for possible future aid and CABEI investment in urban upgrading programs.

The subsequent sections of this paper cover the inputs, outputs and an assessment of the project's potential for attainment of the project purpose, as well as an assessment of the potential for CABEI to provide an opportunity for AID financing in urban upgrading programs.

II. Inputs

The original Project Design called for a total program of $103.5 million, of which $34.5 million is to be HG financed and $69 million in CABEI counterpart funds. In reality, CABEI is operating under a financing scheme that will provide a total of $107.45 million, representing an approximate increase in counterpart funding of $3.95 million. As of December 1984, CABEI had disbursed a total of $79.2 million, including the entire $34.5 million of HG funds and $44.7 million of the counterpart financing. (See Table 1 for details.) Based on the amplified program, CABEI has disbursed nearly 74% of the $107.45 million, and 61% of the $72.95 million counterpart funds.

The undisbursed funds amount to $28.21 million, representing 26% of the total program and 39% of the counterpart. These undisbursed funds are distributed among 13 of the 24 sub-loans in the program, and are represented in each of the Central American countries, except El Salvador. (See Table 1).

Table 1

CABEI Project 596-HG-005
:MENTS AND FUNDS DISBURSED TO BORROWERS IN $CA
AS OF DECEMBER 31, 1984
ORIGINAL PLAN

Interest Rate	Participation HG	Participation CABEI	Disbursements HG's	%	Allocation CABEI	%	Undisbursed Funds CABEI	%
10 5/8	1,982,896	2,017,104	1,982,896	100%	723,646	36%	1,293,458 (13)	64%
10 5/8	-	2,000,000					2,000,000 (7)	100%
10 5/8	10,000,000	-	10,000,000	100%				
10 5/8	3,000,000		3,000,000	100%				
10 5/8	1,391,000	4,459,630	1,391,000	100%	1,810,795	41%	2,648,835 (13)	59%
8 1/8	500,000		500,000	100%				
10 5/8		1,500,000			1,500,000	100%		
10 5/8		1,500,000			1,480,590	99%	19,410	1%
		2,700,000					2,700,000 (8)	100%
10 5/8	368,455	1,131,545	368,455	100%	1,100,825	97%	30,720 (14)	3%
10 5/8	2,327,040	172,960	2,327,040	100%	172,960	100%		
10 5/8	816,787	7,183,213	816,787	100%	4,935,148	69%	2,248,065 (9)	31%
9 1/4	2,053,007	2,946,993	2,053,007	100%	2,946,993	100%		
10 5/8	4,928,276	5,071,724	4,928,276	100%	5,071,724	100%		
10 5/8	182,539	2,617,461	182,539	100%	360,188	14%	2,257,273 (10)	86%
10 5/8	6,450,000	-	6,450,000	100%				
10 5/8	-	4,000,000			3,890,148	97%	109,852	3%
10 5/8	500,000	3,500,000	500,000	100%	1,727,827	49%	1,772,173 (13)	51%
13%	-	2,000,000					2,000,000 (6)	100%
	34,500,000	42,800,630	34,500,000		25,720,844	60%	17,079,786	40%
5%	-	6,1000,000			2,214,405	36%	3,885,595 (12)	64%
5%	-	1,000,000			1,000,000	100%		
5%	-	4,000,000			4,000,000	100%		
5%	-	4,000,000			4,000,000	100%		
9%	-	15,052,050			7,806,600	52%	7,245,450 (11)	48%
		30,152,050			19,021,005	63%	11,131,045	37%
	34,500,000	72,952,680	34,500,000	100%	44,741,849	61%	28,210,831	39%

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has not started
d disbursements
the Central Bank
s its payments.
BEI for disbursement

(11) Slowness in sales.
(12) Financing has been deferred subject to final negotiation of the terms.
(13) Disbursements as requested.
(14) Deobligated.

Of the undisbursed total of $26.2 million at the end of February, 1985, $11.16 million or 43% corresponds to the Honduran program, followed by $10.54 million or 40% for Guatemala, and approximately $2.2 million or 8.4% each for Nicaragua and Costa Rica. El Salvador is fully disbursed because all of its projects were 100% HG financed. (See Table 2.)

The reasons for delays in disbursements vary widely for each country. In Costa Rica the disbursements appear to be proceeding on schedule. The final requests for disbursements have been submitted to CABEI and a disbursement is expected within the next 30 days to close out the Costa Rican portion of the program. In Nicaragua, the physical works have been completed; but disbursements have been held up until that country becomes current on its arrearages with CABEI, as is required by the Bank's policies. Although discussions are underway with Nicaragua on the arrearage issue, no specific timetable has been agreed to by the parties.

In Guatemala, undisbursed funds are divided among each of three sub-loans. Two of the sub-loans, FFV-1-074 for $4 million and FFV-1-080 for $2 millions, have been made to the Banco de los Trabajadores. Funding from the two sub-loans have been designated to finance two sub-projects--Ciudad Quetzal and Urbanización Ulises Rojas.

As of the date of this evaluation, both sub-projects have been plagued by implementation problems and both are only partially completed. Both sub-projects have suffered from declining demand due to overall economic conditions in the country and due to lack of access to Guatemala City. Both sub-projects are located some 15 to 25 kilometers from the capital and there is a general lack of basic social services such as clinics, schools, etc.

In addition to the above problems, the Urbanización Ulises Rojas sub-project has also suffered from delays due to land tenure issues. The land was donated by the Agrarian Reform Law to teachers some 15 to 20 years ago. Due to some initial promotion by the developer, the current owners decided to request participation in the program. However, to produce an urbanization scheme parcels must be consolidated. Because all owners were not interested in participating, it was first necessary to effect transfer of property rights and exchange ownership of lots with those not interested with those who were. Unfortunately, all these owners were not located in the area to be developed. This process is now near completion. However, it has suffered from successive changes in the GOG over the past several years. In the meantime, the deterioration of the economy has taken its toll, and effective demand is declining. Consequently, both sub-projects have come to a virtual halt as construction financing has dried up and CABEI has raised serious objections to continuation of either project as they are presently designed due to the declining demand and other technical issues.

As of the evaluation date, approximately $1.3 million representing 32% of the $4 million of sub-loan FFV-1-074 remain to be disbursed. Except for some $213,000, the $2 million portion of this sub-loan designated for the Ciudad

CABEI PROJECT 596-HG-005 Table 2

ION BY COUNTRIES, AS OF FEBRUARY, 1985
In Millions of C.A. Dollars)

:	Undisbursed		Percent of Participation of Total Financing		No. of Units Financed			Percentage of Units Financed	
	HG	CABEI	HG	CABEI	Above 50th Percentile	Below 50th Percentile	Total	Above 50th Percentile	Below 50th Percentile
53	–	$10.54	9.41	90.59	190	916	1,106	17.18	82.82
/A	–	N/A	100.00	0.0	0	3,021	3,021	0.0	100.00
90	–	11.16	16.34	83.65	1,010	3,104	4,114	24.55	75.45
94	–	2.24	19.51	77.80	994	1,925	2,919	34.05	65.95
38[1]		2.25[2]	36.16	63.79	855	1,990	2,845	30.05	69.95
75	–	$26.19	32.11	67.89	3,049	10,956	14,005	21.77	78.23

Quetzal sub-project has been effectively liquidated. Therefore, the bulk of undisbursed funds is that attributed for use in the development of the Urbanización Ulises Rojas sub-project.

Relative to sub-loan FFV-1-080 for $2 million scheduled to be used by the Banco de los Trabajadores for following phases of the Ciudad Quetzal and Urbanización Ulises Rojas sub-projects, it is still not signed-up so none of the $2 million has yet to be disbursed. CABEI's concerns regarding the two sub-projects discussed above have delayed its sign-up. Even if demand picked up and the technical concerns of CABEI were satisfied, there is still the issue that CABEI does not have sufficient liquidity to sign up the loan agreement, and probably it will not have it for at least a year.

The third sub-loan to Guatemala is FDS-1-0 with BANVI which is being disbursed as requests are presented. This project has experienced a number of problems over the years. Most recently this has been the pace of sales. However, since the hiring of a new project coordinator in January 1984, the monthly sales have quadrupled, going from average sales of 20 units per month to 80 units. However, even with this accelerated sales pace, it will take another two years to fully disburse the loan.

In Honduras, there remains $11.16 million yet to be disbursed. Under two of the loans, FFV-3-058 and FFV-3-078, disbursements are being made as requests are presented to CABEI. In both of these cases, it appears unlikely that disbursements will be completed by September 1985.

In the case of FFV 3-058 disbursements have proceeded as the developer has built units, sold them, and generated the eligible mortgages to be presented to CABEI for reimbursement. Despite this developer's ability to sell all units that are built and the lack of any inventory of unoccupied units on hand, he has been unwilling to develop this housing project at a more accelerated pace to promote the disbursement of long-term financing under FFV 3-058 prior to the current project close-out date of September, 1985. In RHUDO's meetings with the developer in the company of the sub-borrower, La Vivienda de Sula, and CABEI staff, the developer appeared unwilling to accelerate his construction pace to accelerate funding disbursements from CABEI. Due to increases in the cost of construction, since the date when this sub-loan was negotiated, it also would appear that the $5.8 million provided to the developer could not be expected to produce more than 792 units at the project completion date rather than the 900 units which originally had been projected to be financed by the sub-loan.

Under the loan with the Banco de los Trabajadores, FFV-3-077, the project has yet to get off the ground. Construction has been stalled due to problems with the developer, and the prospects are slim for a negotiated settlement to move the project forward. Some 40 units had been started at the project site with interim financing provided by the Banco de los Trabajadores, but due to the problems with the developer these units have not been able to be completed.

Loan FDS-8-0 has not been fully disbursed, and it will not be until there is a renegotiation with INVA over the interest rate on the CABEI funds to finance the El Cid project. As of 12/31/84 some $1.8 million of loan FFV 3-078 remain to be disbursed by CABEI to the sub-borrower, FINAVI, for financing of units at the Centroamerica Oeste project in Tegucigalpa and some units of the Villas del Río project in San Pedro Sula. Due to the slow pace of construction and sales associated with the Centroamerica Oeste project, there appears to be uncertainty about whether the $1.8 million remaining to be disbursed under this loan will indeed be made by the current 9/85 project close out date.

Taken together, it appears that disbursement issues will continue to plague Nicaragua, Guatemala and Honduras. Given the amounts yet to be disbursed in each of the latter two countries, these present the most serious problems for completing disbursements to the program.

One solution might be, that given the excess financing in the program over the 2:1 counterpart to HG ratio, the program may be reduced by that amount distributed among the hardest to solve disbursement situations. Thus only those disbursements most likely to occur would remain as a formal part of the program and an official close-out could be approved at an earlier date.

III. Outputs

A. Overview

As of December 1984, a total of 14,005 units have been financed, representing nearly 74% of the total projected units of 19,007. (See Table 3.) Of these, fully 78%, or 10,956 units, have been for families earning below the median income and only 22%, or 3,049 units, have been for families above the median. By the end of the project, it is expected that these figures will be closer to 83% and 17%, respectively. By either measure these figures substantially exceed the design targets of 55% of project funding being allocated to housing for families with incomes below the median and 45% for those with incomes above the median.

The breakdown by country (See Table 2.) varies, with El Salvador and Guatemala falling above the average of 78% of the units for below median income households, and Honduras, Costa Rica and Nicaragua falling below the average. El Salvador had the highest percentage, fully 100% given that it was fully funded by the HG program without any counterpart participation. This is followed by Guatemala (with nearly 83%), Honduras (75%), Costa Rica (70%), and Nicaragua (66%). In all cases the target of 55% of funding being allocated to finance housing for families with incomes below the median was substantially exceeded.

Another indicator of the effectiveness of the program to produce low-cost housing is the leverage of HG funds in mobilizing counterpart financing for similiar purposes. For every dollar of HG funds made available, it was

Table 3

CABEI PROJECT 596-HG-005
OF UNITS TO BE FINANCED AND FINANCED
AS OF DECEMBER 31, 1984

Units to be Financed		Units Financed		Physical
Above 50th Perc.	Below 50th Perc.	Above 50th Perc.	Below 50th Perc.	Progress
145	372	-0-	344	
70	180	-0-	-0-	
-0-	1,601		1,601	100%
-0-	445		445	100%
683	217	151	294	73%
-0-	257		257	100%
138	-0-	138		100%
157	-0-	157		100%
300	-0-			-0-
100	188	100	188	100%
-0-	550		550	100%
-0-	1,104		925	
-0-	1,252		1,252	100%
855	515	855	515	100%
-0-	500		223	100%
-0-	975		975	100%
394		416		100%
386	345	48	284	90%
-0-	300			100%
3,228	8,801			
-0-	3,000		1,047	36%
-0-	484		484	100%
-0-	1,000		1,000	100%
-0-	994	994		100%
-0-	1,500	190	572	100%
-0-	6,978			
3,228	15,779	2,055	11,950	

expected that $2 would be added as counterpart (2:1). In fact, overall CABEI will have contributed $2.11 for every HG dollar (2.11:1) by the close out of this loan. Broken down by country, the figures look like this: Nicaragua at 18.51:1; Guatemala at 9.63:1; Honduras at 5.12:1; Costa Rica at 1.77:1; and El Salvador at 0:1. Thus in all cases except El Salvador and Costa Rica, the HG program will have leveraged substantially more than the average counterpart financing. (See Table 2.) (CABEI counterpart has come from a variety of sources including: (a) roll-over funds available for re-investment; (b) its sale of certificates of investment (CIVs); and (c) funding transferred from other CABEI funds secured from external borrowing--e.g. 1984 Club-Loan--and prior year contributions by member countries to capitalize its Social Development Fund from which funding has been made available for shelter activities.)

However, it should be noted, that this leveraging has not resulted in the generation of much additional local currency to finance shelter due to several factors. First the lack of convertibility of local currencies has limited the ability to transfer resources from a country with excess capital to those with a relative scarcity of capital. Second, the Project did not result in the planned creation of a secondary mortgage market. While CABEI did perform the function of discounting mortgages and in establishing a variety of securities to facilitate a secondary mortgage market, it was not able to in turn sell these securities to private investors. This was primarily due to the low level of development of the capital markets in the region. Another factor is the relative unresponsiveness of participating countries in establishing market instruments such as mortgage-backed bonds, with only 2% of the projected portfolio representing financing by this means. (See Table 4. for details.) One problem has been the inability of member countries, such as Costa Rica, to create these instruments in the face of debt restrictions imposed by IMF stand-by agreements. Nevertheless, CABEI has attempted to use a variety of mechanisms for financing projects in the five countries. (See Table 4.)

CABEI's non-liquidity position with respect to the compensating loans that it has outstanding with the different Central American countries is also imposing a restriction in the disbursement of funds to borrowers. The uncollected amount, as of December 31, 1984, is $CA 21.4 million which is affecting the bank's liquidity. CABEI has entered into an agreement with Costa Rica by which the unpaid amount of $CA 15.3 million will be paid by endorsing region Central Banks' notes to CABEI which will mature within the year.

Due to the non-convertibility of local currencies to US$ in various countries, CABEI accumulates local currency in those countries which is used to finance projects (short-term financing) other than housing. CABEI's financial statements show that $CA 30.5 million of the Housing Fund have been used for this purpose. This is not an indication that CABEI diverts Housing Funds for financing--for example, the Social Development Fund-but it is an acceptable cash management procedure.

Table 4

CABEI PROJECT 596-HG-005
BREAKDOWN BY TYPES OF SECONDARY MARKET TRANSACTIONS
AS OF DECEMBER 31, 1984

In millions of $CA

Country	Purchase of Mortgages	Purchase of Mortgages/Mortgage-backed Bonds	Mortgage Participation	Countries' Guaranty	Global Mortgages
Guatemala	21.1				
El Salvador	19.4				
Honduras	18.1				13.1
Costa Rica	2.8	2.0	15.0		
Nicaragua				16.0	
Total CA$ 107.5	61.4	2.0	15.0	16.0	13.1
	57%	2%	14%	15%	12%

B. Field Visit Findings

In Guatemala, some $21.05 million have been provided to the Banco de los Trabajadores and the Banco de la Vivienda (BANVI) under three sub-loans to finance approximately 2,267 units for families with incomes below and above the median.

The field portion of the evaluation found that in general the units built have been of high quality construction and have been designed to be affordable to the target population. In Guatemala, all of the units were turn-key construction. No serious problems were encountered with the engineering of the units or the sites. In the BANVI program, the project is a multi-family project made up of four story buildings with three bedroom apartments, consisting of a total area of 69 square meters. The buildings were made out of reinforced concrete. Walls and roofs were constructed with steel forms and concrete poured in place. People complained of two defects in the buildings: (1) they have no place to dry their laundry, and (2) roofs on the top floors leak when it rains. The leaking roofs are currently being corrected by waterproofing them. In all other aspects the construction is solid, built under adequate specifications and with adequate services of water, electricity, and drainage. Moreover, the site has good transportation access as well as other social services, such as schools and medical services. The average sale price per unit is Q.12,400. They are affordable to families earning less than Q.450 per month which compares with the estimated median income in 1983 of Q.550.

The Banco de los Trabajadores loan is divided into two sub-projects. Ciudad Quetzal is a housing complex of low cost houses. Of the three projects visited in Guatemala, this was the most economical type of construction. Houses were built to provide shelter at the lowest possible price. Floors were made of low-price cement tile. Walls were made out of unpainted clay or cement blocks. Windows were of aluminum frame with clear glass, and no protective grills. Only the front, rear and bathroom had doors. There are three types of houses: single bedroom, two bedroom and three bedroom units. No furniture or equipment was installed. After occupation of the houses, some changes were identified and made: protective grills were installed on windows, doors, and roof openings. Front and rear wood doors were changed to metal doors. Additional rooms or walls were built. Some changed the facade of their house and all occupants painted the interior of their houses. The sales prices of these units do not exceed Q.12,500 for a three-bedroom unit, which is affordable to families earning approximately Q.453 per month. (See Annex 1. for additional details.)

In Costa Rica, some $19.80 million have been provided to the Banco Agrícola de Cartago and INVU under four sub-loans to finance approximately 3,422 units for families with incomes below and above the median.

The Costa Rican program provided financing for construction on dispersed, individually owned lots, as well as in turn-key developments. The construction appeared to be solid and well designed overall, and the maintenance of the units was highly rated by the accompanying engineer. (See Annex 2. for details.) No obvious engineering problems were detected, nor were complaints issued on the construction quality. The average lot size in this program was 222 M^2, and the constructed area averaged 73 M^2.

The average initial cost of construction was C.294,000; which was affordable to a family with an average monthly income of approximately C.10,330 per month. This was below the estimated median income of C.13,500 in 1983. The average current value of the construction, with additions since originally built, was estimated at C.358,000. This was affordable to a family with an average monthly income today of C.12,580 and was still well below the current estimated monthly income of nearly C.21,000.

This latter point is significant, in that the field visit turned up that nearly all families building on their own lots had financed the units by acquiring more than one formal loan. In one case, the family was paying on three formal loans: the mortgage through INVU, as well as two short term loans through Banco Popular and Caja de Seguro Social. The apparent reason for this phenomenon is that INVU was restricted by the criteria of the program to provide no more financing than could be afforded by a family paying 30% of monthly income. However, the families were not satisfied with the size or the finishing of the unit that that implied, and therefore sought out additional resources to build to their own specifications.

The program with the Banco Credito Agricola de Cartago consists of units built on dispersed individually owned lots. The units in this program were not as well maintained as those in the INVU program; but the basic construction appeared to be solid. None of the occupants complained of construction problems.

This program did present some difficulties in assessing the value of the units. In three of the seven units visited, the houses had been re-sold and the new owners were unable to provide reliable data on construction of the unit or the financial condition of the previous owner. In one case, the unit was being rented, with a similar lack of information from the current occupants. Two other units found nobody home. Only one family could be interviewed that represented the original owners. In this case, the year of construction was established, but the widow of the owner had little other information to offer. The problem of establishing the year of construction could have been facilitated, if the Banco Credito had been better prepared with the records of the units visited.

However, it was possible from the field visit to establish that the average size lot of the units financed is 193 M^2, with an average area of construction of 56 square meters. Without the original date of construction and knowledge of modifications since then, it is not possible to establish the original cost of the units. It was possible, however, to estimate the current value of the units in their present state, estimated to be approximately

C.250,000. This unit would be affordable to a family earning just over C.9,000 per month. Again this is well within the current median income range of C.21,000 per month, and even considering cost inflation, would still be affordable to families below the median income two years ago.

In Nicaragua the HG-005 provided some $16 million under three different sub-loans to the Nicaraguan Ministry of Housing and Human Settlements (MINVAH) and the Banco Inmobiliario. $8 million provided to MINVAH were used to finance 2,000 solutions for families with incomes below the 50th percentile. All of these 2,000 units are located in Managua at the Batahola project which has been further subdivided into Batahola Norte where some 1,200 units are located and Batahola Sur where the remaining 800 units are located. All of the Batahola units average 43 m^2 per unit and built on lots of 100 m^2. A variety of solution designs were executed at Batahola including row houses and units built on individual lots. Also, a variety of building materials were used in the construction of units ranging from concrete blocks to brick to wood and to monolithic concrete wherein the walls of houses were formed by concrete being poured down a form. The Batahola Norte units were sold at an average price of 41,216 Cordobas per unit while those at the Batahola Sur site were being sold at an average price of 49,000 Cordobas per unit which translated into approximately $4,100 to $4,900 per unit, assuming that Cordobas were converted at an exchange rate of 10 Cordobas to $1.00.

The second $8 million provided to the Banco Inmobiliario were used to finance 1,104 units for families with incomes below the median. The 1,104 units were located at two different sites in Leon and a third site in Chinandega, Nicaragua. 554 units were located at the Fondesa project in Leon. These were 55 m^2 units located in two to three story walk up buildings and were being sold at an average price of 69,790 Cordobas per unit. Another 200 units were located at the Emir Cabezas project in Leon. These were 47 m^2 units located in row houses and in a barrack-like design of several units being built side by side and located in one structure. Each unit offered the recipient a 95 m^2 lot to be used for the construction of additional rooms once family incomes could afford this. The Emir Cabezas units were being offered at 41,216 Cordobas to 41,500 Cordobas per unit. The last 350 units located in Chinandega were 48 m^2 units located in two and three story walk up buildings. These units were being sold at 51,644 Cordobas for first and second floor units and 44,665 Cordobas for third floor units.

In 1983 the median family income for Nicaragua was established at 3,590 Cordobas per month. Of the 25 families interviewed at the four project sites in Managua, Leon and Chinandega, it appears that MINVAH paid close attention to insuring that only families with incomes below the median qualified for units at the Batahola project. Only one of the 10 families interviewed at that project site had an income above the established median.

On the other hand, of the 15 families interviewed at the three Banco Inmobiliario projects in Leon and Chinandega at least one third had incomes above the median. However, also a number of families interviewed earned no more than 1,200 Cordobas per month which was considered to be the minimum wage and substantially below the median income established in 1983 when these families acquired their units.

Because of the difficult economic situation in Nicaragua, and due to the scarcity of even the most basic building materials, all projects visited and financed under the HG-005 were delivered to families without internal partitions. Almost none of the families interviewed had the available income, or if they did, could not secure the building materials required to install partitions to divide up a unit and offer family members privacy. During two days of field visits of the four different projects in the three Nicaraguan cities, only one family was seen at the Batahola Project in Managua who was able to secure the building materials-concrete blocks-to build an addition to a house.

In spite of the scarcity of long-term housing finance available in general in Nicaragua and in spite of the fact that the $16 million being provided by CABEI to the Nicaraguans for financing units at the cited projects were being provided at 10 5/8%, the Nicaraguan government was offering units to eligible families at the highly subsidized interest rate of 5% to 6%. Families with higher incomes were required to pay up to 10%, but these cases were exceptional. When asked as to why the government was subsidizing interest rates to such a degree, the Minister of Housing and Human Settlements indicated that he received Cordobas from the government to finance housing construction, and it was not his concern but the government's to meet payments to CABEI which covered the difference.

Units at all four Nicaraguan projects appeared to be well constructed, if not somewhat overbuilt in terms of the application of substantially more than minimal building standards. MINVAH partially accounted for this with the explanation that Nicaragua was a country subject to frequent earthquakes. Due to the scarcity of long-term housing finance, it appeared that MINVAH was moving towards financing more sites and services and progressive development solutions rather than the complete units which have been financed by these $16 million which have been provided under the HG-005.

In El Salvador, some $19.450 million have been provided to the Fondo Social de Vivienda (FSV) and the Financiera Nacional de la Vivienda (FNV) under three sub-loans to finance approximately 3,000 units for families with below median incomes. In 1983 the El Salvador median income was established at 733 Colones per month.

Of the $13 million provided to the FSV, some $10 million were used to finance some 1,561 units at three large projects in the San Salvador Metropolitan Area and to finance a number of other units on scattered sites all over the country. Under the $10 million FSV sub-loan, some 104 two-bedroom units of 41.80 m^2 located in two-story walk up buildings were financed. Also, 838 row house units of 36 m^2 built on lots of 90 m^2 were financed at a second site and 403 units of 35 m^2 per unit were built on lots of 75 m^2 at a third site.

The $3 million sub-loan provided to the FSV was used primarily to finance some 481 units at a fourth site in the San Salvador Metropolitan Area for 36 m^2 units built on lots of 72 m^2.

The $6.450 million provided to the FNV were used to finance some 975 units on scattered sites all over the country at 38 different locations. (See Annex 3. for details.)

The average price of units financed through the FSV and FNV ranged from $6,000 to $7,000 per unit. FSV units were being financed at interest rates ranging from 4 to 10% while FNV was financing at 14 to 15% interest rates.

Of the 22 project beneficiaries interviewed, no more than 2 or 3 had incomes above the median of 733 Colones per month. In conclusion, the vast majority of FSV and FNV financed units appear to be serving families with incomes below the median. A large number of families seemed to earn incomes ranging from between 300 to 400 Colones per month, and it appears that a number of families interviewed had experienced long periods of unemployment and were delinquent in their house payments. Moreover, it would appear that the FSV staff were very much on top of the situation, especially with its use of the median family income as the basis for determining the eligibility of those to receive housing financed under the HG-005 loan.

Of projects located in the western side of the San Salvador Metropolitan Area, which have been virtually unaffected by the civil war, families interviewed seemed to be more optimistic in their outlooks as reflected by the large volume of progressive development activity taking place wherein families who had acquired basic 36 m^2 units had made efforts to acquire the building materials to build additions on to their units. In contrast, families living in projects in the northeastern side of the San Salvador Metropolitan Area appeared to be less open to interviewers' questions and there appeared to be less movement at these projects to build additions on to basic core unit houses. (See Annex 4.)

In Honduras over $31 million have been provided by the HG-005 to six different institutions to finance over 7,200 units. As noted above in this evaluation report, over $20 million have been already disbursed by CABEI to the different institutions to finance eligible project activities. Financing has been made available for housing to serve both families with incomes below the median as well as for housing serving those with above median incomes. Typical of the projects financed for families with above median incomes is the El Roble project in San Pedro Sula where two-bedroom units of 62 m^2 or three-bedroom units of 82 m^2 have been built on lots of 180-185 m^2. These have been offered to families at L12,000 to L25,000 per unit. Other housing for families with incomes above the median include those at the Montefresco Sur Project in San Pedro Sula where 46 m^2 units have been built and offered to families at L25,000 per unit. On the other hand, projects built for families with below median incomes include such projects as Villas del Río in San Pedro Sula where units of 37 m^2 have been offered to families at L15,000 per unit and the Las Brisas project where units of 18 m^2 built on lots of 96 m^2 have been offered to families at L6,000 per unit.

Due to time constraints, only families in the San Pedro Sula area were interviewed as part of this evaluation. Of the 20 families actually interviewed in the El Roble, Montefresco Sur, Villas del Río and Las Brisas projects, all seemed to have had incomes below the median of L810 per month which was established in 1983 for Honduras. Most families in the Las Brisas project seemed to have exceptionally low median incomes because the majority of those interviewed seemed to have incomes ranging from L300 to L350 per month.

Unlike the usually fully occupied projects seen in El Salvador and Nicaragua, projects visited in the San Pedro Sula seemed to be replete with abandoned and unoccupied units. This seemed to be a very special phenomenon in Honduras, especially in the San Pedro Sula area. The latter must adversely impact upon the liquidity situation of the sub-borrowers who have been provided long-term financing under the HG-005.

From a financial standpoint it would appear that Honduran sub-borrowers, especially in the cases of La Vivienda de Sula, INVA, and FINAVI, which had received long-term finance under the HG-005 at 10 5/8%, were on-lending these funds at interest rates more reflective of the cost of the resources. Families at the El Roble and Montefresco projects were paying 13 5/8% and families at the Las Brisas project were paying 9%. In contrast to situations in El Salvador and Nicaragua, sub-borrowers in Honduras seemed to be charging a fair margin.

So as to enable CABEI to complete disbursements to sub-borrowers and close out the HG-005 project as near the currently projected September, 1985 close out date as possible, it would appear that decisive actions and decisions must be made by CABEI and sub-borrowers who have experienced delays in the disbursement of funds under different sub-loans as originally planned. For example, decisive actions must be taken to resolve with the Nicaraguans the problem with arrearages and payment delinquencies so that the $2.248 million still undisbursed to the Banco Inmobiliario can be made as soon as possible or alternative uses with these undisbursed funds should be identified as soon as possible. An alternative use should be identified for the $2.7 million scheduled to be disbursed to the Banco de los Trabajadores for a 300-unit project in La Lima, Honduras, which has been hopelessly stalled in its completion. $2 million under sub-loan FFV 1-080 to Guatemala's Banco de los Trabajadores still is without a signed agreement with the sub-borrower. CABEI should be identifying alternative uses for these funds. Decisive actions and decisions should also be made regarding the use of $1.8 million under sub-loan FFV 3-078 scheduled to be provided to Honduras' FINAVI which remain undisbursed, especially since its use appears to be uncertain. Decisive actions must also be taken by CABEI regarding the stalled disbursement of $3.7 million under sub-loan FDS-8-0 to Honduras' INVA for the development of the El Cid project. Similarly, a decision must be made as quickly as possible by CABEI with the $2.6 million remaining to be disbursed to the La Vivienda de Sula for the development of the El Roble project in Honduras which has been unusually slow in being drawn down and used.

C. Conclusions

In sum, it appears that CABEI has clearly exemplified its commitment to low-cost housing, having provided substantially more counterpart for that purpose than was required by the Implementation Agreement, resulting in a larger percentage of low-income housing being built than planned in the design of the Project. Also, the field visits confirmed that the units built have been of good quality as well as affordable to families earning below the median income.

CABEI, within its resources restriction, has moved to disburse funds in an acceptable manner. Only 13% of funding has not been disbursed, as per the Project Delivery Plan of December 31, 1984. Most of the projects are at a 100%-completion stage and funds have been disbursed according to the delivery plan.

In order to comply with the fund allocation ratio of 2:1, CABEI may need an extension of at least one year beyond September 25, 1985, to disburse all funding to sub-borrowers due to (1) cash flow position; and (2) uncollected accounts on the compensating funds portfolio. However, the refinancing granted to Costa Rica ($CA 15.3 million) may reduce the negative impact if all Central Banks' notes assigned to CABEI are honored on the due dates.

There is no indication that CABEI's Housing Fund resources are being used to finance other Funds in detriment of the Fund. Housing Fund resources are lent to other accounts only when recuperations of compensating loans are idle in the Central Banks due to non-convertibility.

IV. Infrastructure

As part of the evaluation, an attempt was made to explore the possibilities of extending AID assistance to CABEI in the area of urban upgrading. This type of project has not been a part of CABEI's portfolio; however, the institution does have substantial experience in the area of large scale infrastructure investments, as well as completed housing developments, which included urbanization infrastructure.

CABEI's water programs have amounted to $CA 51,584,600 from 1966 through 1984 (see Table 5). The loans have generally been oriented to provide incremental and emergency improvements in the water systems of the the capital cities of the participating countries, with the exception of a loan to finance the feasibility studies for a major irrigation project in southern Honduras. The types of works financed in each of the countries is similar, including investments in wells, dams, rehabilitation of water production and treatment plants, pumping stations, and major trunk lines for distribution. In addition, funds have been provided to assist in improving the administration, management and supervision of water works, including the installation of meters as well as financing the cost of technical studies for physical works and technical assistance in tariff structure improvements.

In the area of electrical power, CABEI has financed a total of $CA 23,243,900 in Guatemala, Honduras, Nicaragua and Costa Rica (see Table 6). These works have all been oriented to improving the distribution systems for residential areas of major cities in the region. The types of works financed included the purchase and installation of equipment to improve and expand distribution systems in both capital and secondary cities in the region.

The CABEI loans have been made either directly to the implementing agency, such as the Municipality of Guatemala or SANAA in Honduras, or to the Government of the respective country. In the case of water, the loans have been to either entity, whereas the electrical power loans have been made directly to the implementing agency, usually the national power agency, such as ENEE in Honduras. In the case of both types of loans, approval was justified in terms of improved infrastructure for residential areas. The terms of loans have varied between 7 and 15 years, with interest rates of between 3% and 10%. The more recent loans, from the mid-seventies through 1984, have tended to vary between 8% and 10%.

In addition, CABEI has financed $CA 93,615,779 worth of housing developments, most of them associated with AID financing, which have included financing, supervision and implementation of physical infrastructure associated with the entire urbanization process for residential projects, i.e. financing and installation of water lines, sewer lines, surface water drainage systems, electrical services, etc. (see Table 7). Thus, CABEI appears to have ample experience in the kinds of infrastructure projects that would be applicable to an upgrading program.

An examination of the institutional process by which projects are identified, approved and implemented indicate that CABEI has the basic structure to design and implement an upgrading program. The development of specific projects involves first the Gerencia de Estudios y Proyectos, which has responsibility for initial design. Their responsibilities involve demand studies, initial determination of project eligibility and recommendations to the Board of Directors through the Department of Project Analysis, and assistance to the participating country in developing the feasibility studies and formal requests for financing. The Department of Project Analysis has responsibility for presenting the formal proposals to the Credit Committee.

Table 5

DA (AGUA POTABLE)

País	Aprobado Resoluc. No.	Fechas Aprobac.	Fechas Escritur.	Monto Aprobado	Monto Desembol	Pendiente Desembol.	1/ Sdo.por Cobrar	Plazo Amortiz.	Tasa Interés
atemala	DI-200/74	20-12-74	30-6-75	1.800.0	1.800.0	-	Cancelado	10 años	8 y 10%
atemala	DI-70/77	27-6-77	6-12-77	1.200.0	1.200.0	-	450.0	10 años	8-8.75%
atemala	DI-37/84	20-6-84	6-12-84	1.200.0	-	1.200.0	-	7 años	10.5%
atemala	DI-63/80	22-4-80	1-9-80	1.500.0	1.500.0	-	1.000.0	8 años	8.75%
				5.700.0	4.500.0	1.200.0	1.450.0		
Salv.	DI-199/80	17-12-80	4-3-81	21.600.0	15.557.6	6.042.4	15.557.6	15 años	8.75%
nduras	DI-128/65	17-11-65	23-2-66	240.0	240.0	-	Cancelado	10 años	3%
nduras	DI-119/66	6-12-66	27-2-67	144.6	144.6	-	Cancelado	8 años	5%
nduras	DI-108/73	28-6-73	30-8-73	250.0	227.9	-	Cancelado	10 años	6%
nduras	DI-2/74	10-1-74	7-3-74	8.800.0	8.787.5	-	5.630.3	15 años	8%
nduras	DI-201/74	20-12-74	28-2-75	1.000.0	1.000.0	-	550.0	15 años	8%
				10.434.6	10.400.0	-	6.180.3		
sta Rica	DI-109/73	28-6-73	27-2-74	9.500.0	9.500.0	-	4.715.1	15 años	8%
sta Rica	DI-59/77	15-6-77	23-6-77	4.350.0	4.299.8	-	3.613.6	15 años	8.75%
				13.850.0	13.799.8		8.328.7		
				51.584.6	44.257.4	7.242.4	31.516.6		

Table 6

) DE INTEGRACIÓN ECONÓMICA

ARA INFRAESTRUCTURA DE VIVIENDA (ENERGIA ELECTRICA)

Aprobado Resolución No.	CIFRAS EN MILES $CA Fechas Aprobación	Escrituración	Monto Aprobado	Monto Desembolsado	Pendiente Desembolso	Saldo 1/ por Cobrar	Plazo Amortización	Tasa Interés
DI-49/81	19-05-81	04-09-81	2,500.0	2,311.8	188.2	2,061 8	12 años	8.75%
			2,500.0	2,311.8	188.2	2,061.8		
DI-59/69	05-06-69	01-06-70	1,574.0	1,574.0		Cancelado	7 años	5.3/4%
DI-59-69	05-06-69	29-07-69	1,700.0	1,700.0		Cancelado	7 años	5.3/4%
DI-116/73	28-06-73	14-09-73	2,850.0	2,850.0		Cancelado	7 años	8%
DI-136/75	07-10-75	02-12-75	8,300.0	7.919 9		4.750.6	15 años	8%
			14,424.0	14.043.9		4.750.6		
DI-6/67	02-01-67	17-02-67	481.0	481.0		Cancelado		8%
DI-64/80	22-04-80	17-09-80	3,000.0	2,667.2	332.8	2,667 2	15 años	8.75%
			3,481.0	3,148.2	332.8	2,667.2		
DI-121/68	15-12-68	07-02-69	640.0	640.0		Cancelado	10 años	8%
DI-122/68	15-12-68	12-01-70	300.0	300.0		Cancelado	7 años	8%
DI-117/73	28-06-73	24-09-73	1,500.0	1.500.0		Cancelado	7 años	8%
DI-173-73	12-12-73	16-05-74	1,000.0	1,000.0		546.0	15 años	8%
DI-41-77	19-04-77	04-05-78	300.0	300.0		277.6	15 años	8%
			3,740.0	3.740.0		823.6		
			24,145.0	23,243.9	521.0	10,303.2		

Table 7

PROGRAMA HABITACIONAL-BCIE

Proyectos financiados mediante el Sistema de Compra de Hipotecas y Préstamos Directos.

INSTITUCION / PAIS	P R O Y E C T O	Participación BCIE
Guatemala		
1 Bco. de Los Trabajadores	Ulises Rojas (Ciudad Quetzal)	$CA 6.000.000.
2 BANVI	NIMAJUYU	30.000.000.
Honduras		
3 Bco. de Los Trabajadores	Colonia Satélite	1.[illegible]
4 La Vivienda S. A.	Las Colinas	[illegible]
5 FEHCOVIL	Miraflores Sur / El Sauce	2.[illegible]
6 FEHCOVIL	Zapote Norte / Divanna	650.000.
7 INVA	Faldas del Pedregal	510.000.
8 La Vivienda, S. A.	Col. Centroamérica	1.500.000.
9 La Vivienda de Sula, S. A.	Urbanización El Roble	5.650.650.
10 FEHCOVIL	Rio Grande	1.500.000.
11 FEHCOVIL	Divanna/Zapote Norte	1.500.000.
12 Bco. de Los Trabajadores	Residencial La Lima	2.700.000.
13 INVA	Hato de Enmedio/ El Cid	2.500.000.
14 La Constancia, S. A.	Ciudad Satélite	4.900.000.
15 INVA	Las Brisas	1.000.000.
16 INVA	Hato de Enmedio/ El Cid	6.100.000.
Nicaragua		
16 Bco. Inmobiliario	BATAHOLA	3.000.000.
Costa Rica		
17 Bco. Nac. de Costa Rica.	Com. Modelo La Aurora	6.000.000.
El Salvador		
18 C A S A	Jardines de La Hacienda	5.000.000.
	TOTAL	$CA 93.615.779.

NOTA: En los proyectos arriba detallados el BCIE participó en su formulación financiamiento, supervisión y ejecución, en los mismos estan comprendidas las obras de infraestructura.

AREA DESOVI
9/4/85 -PAL:bds

This committee decides whether the project proposal should be presented to the Board or not. Part of the decision rests on the technical merits of the project; but a necessary condition is the identification of funding for financing the implementation. Once a proposal has been given the green light on technical grounds, the project will be submitted once a secure source of funding has been identified. Once a project has been officially approved, the Gerencia de Supervision takes over the management of the implementation.

The above process is the institutional process for all CABEI projects under its reorganization plan implemented in 1984. The specific requirements for an infrastructure project approval involve financial, economic and institutional feasibility. The financial feasibility requires an analysis of the capacity of the institution to repay the loan, and involves CABEI in the structure of tariffs, cost recovery policies, etc. The economic feasibility requires a minimum internal rate of return (IRR) of 12%. The institutional feasibility involves an analysis of the management and implementation capability of the organization. Loans for infrastructure are financed out of the Fondo Centro-Americano de Integracion Económica (FCIE) and are on-lent at interest rates pegged to the cost of funds, as required under CABEI's revised policies. This policy requires that loans not be signed up until the cost of funds to CABEI have first been estabilished. It is anticipated that CABEI would fund its upgrading program as part of its shelter portfolio, which will enable it to avoid having to meet requirements of regional characteristics for project approval associated with the FCIE. However, the policy of insuring the financial soundness of the transaction for CABEI would continue to have to be met for an upgrading program.

Although CABEI has not to date designed or implemented projects in the area, of urban upgrading, the Gerencia de Estudios y Promocion is in the process of developing a concept paper on how such a program might become part of the portfolio. Discussions with CABEI indicate that, although originally it was conceptualizing urban development in terms of the entire array of possible services and economic infrastructure that could be incorporated in the integrated development of a community, it has revised its position to restrict the implementation of programs to the areas of physical infrastructure associated with basic improvements in marginal communities. This revised concept recognizes that one financial entity cannot possibly hope to resolve all the problems associated with urban development, but it can play a significant role in contributing toward the improvement of the quality of life through the provision of basic infrastructure. Furthermore, discussions with CABEI seem to indicate that by focusing on the basic physical infrastructure components of urban development, CABEI would be moving into the area of urban upgrading by building on the base of its considerable experience in infrastructure.

It will be necessary, however, to provide assistance to CABEI in the areas of program design for upgrading. While they have the basic engineering capacity to supervise the physical works of an upgrading program, it will need assistance in designing the criteria for implementing agency selection and for considering project eligibility. It will be particularly important to provide

CABEI personnel with orientation and training in how to analyze and qualify the implementing agency's capacity in promotion, the cost recovery mechanisms of the program, and its ability to coordinate with other public agencies involved in the provision of infrastructure services. Furthermore, training will be required to insure adequate analysis of the eligibility of individual projects, particularly with regard to the socio-economic analysis required to determine capacity and willingness to pay for improvements. Moreover, CABEI may require some assistance in setting up an internal mechanism for managing and monitoring upgrading programs.

In sum, the analysis of CABEI's current experience in infrastructure confirms that they have the basic capacity to design and implement an urban upgrading program. They will require some technical assistance and training in the areas which differ from the traditional infrastructure project, namely the socio-economic and institutional dimensions of the upgrading program to establish the base for cost recovery of the investment.

/cs

A N N E X E S

23

MEMORANDUM

TO: FILES DATE: MARCH 5, 1985.

THROUGH: MR. EDWARD BAKER, ~~O/PDSO~~

FROM: VICTOR DARDON, PDSO/Eng.

SUBJECT: CABEI NG-005 EVALUATION
USAID/GUATEMALA, FEB. 28 - MARCH 1, 1985

REFERENCE: A) TEGUCIGALPA 1468
B) GUATEMALA 1292

By Ref Tel B, I was appointed to provide assistance to Messrs. Joe Lombardo RHVDO/ROCAP staff member and Ingeniero Jorge García, CABEI official to conduct the subject evaluation.

Projects visited were Ciudad Quetzal, Ulises Rojas and Nimajuyú, housing projects financed under HG005.

Ciudad Quetzal is a housing complex made of low price houses. Of the three projects visited, this project was made up of the most economic type of construction. Houses were built to provide shelter at the lowest possible price. Floors were made of low-price cement tile. Walls were made out of clay or cement blocks with no paint on them. Roofs were constructed utilizing long span asbestos cement panels. Windows were of aluminium frame with clear glass, and no protective grills. Only the front, rear and bathroom had doors. There are three types of houses: single bedroom, two bedroom and three bedroom. No furniture or equipment was installed. After occupation of the houses, some changes were identified and made: protective grills were installed on windows, doors and roof openings. Front and rear wood doors were changed to metal doors. Additional rooms or walls were built. Some changed the facade of their house and all occupants painted the interior of their houses.

The houses were built on 8 x 15 meter lots with a construction area of 27 square meters for the single-bedroom unit, 42 square meters for the two-bedroom unit, and 54 square meters for the three-bedroom unit. The estimated construction cost for these units was Q3,780 for the single-bedroom unit, Q5,880 for the double bedroom unit and Q7560 for the three-bedroom unit.

The specifications for the quality of construction and structural soundness are adequate, the construction is solid and the services are well designed and functioning adequately. No faults, cracks, leaks or any other defect were seen in the units visited.

In conclusion the houses are satisfactorily built.

The Ulises Rojas project was built with houses of higher standards than the Ciudad Quetzal project. The houses are made of solid concrete throughout. Floors are made from concrete poured in place. Walls and roofs are made of three inch reinforced concrete. Houses are built in series with metal forms and concrete poured in place. Two-bedroom houses are built on 15 x 25 meter lots with a construction area of 55 square meters and three-bedroom units have a construction area of 85 square meters. Cost estimated for these houses are: Q9,900 for the two bedroom, and Q11,900 for the three-bedrooms house.

Except for few cracked floors and a leak in a construction joint in the roof of one of the houses visited, the houses have no defects and they were built of a solid and adequate type of construction. They have separate storm and sewage drainage systems, electricity and a water supply.

In general the houses are adequately constructed.

The Nimajuyú project is a multi family project made out of four story buildings with three bedroom apartments with an area of 68 square meters at an estimated cost of Q10,000 each.

The construction system followed in this project is similar to the one followed in the Ulises Rojas project. The building were made out of reinforced concrete, walls and roofs were constructed with steel forms and concrete poured in place. People complain of two defects in the buildings: a) they have no area to dry their laundry, and b) roofs on the top floors leak when it rains. Except for the leaking roofs, the construction is solid, built under adequate specifications and with adequate services of water, electricity and drainage.

4686C

CONSULTECNICA

SAN JOSE, COSTA RICA · TELEFONO 22-04-11 · APARTADO POSTAL 4593 · TELEX 2594

28 de febrero de 1985.

Señor
Joseph F. Lombardo
Oficina Regional de Vivienda y Desarrollo Urbano
Agencia para el Desarrollo Internacional (USAID)
Presente.

Estimado señor:

Adjunto a la presente el informe correspondiente a la gira de inspección de viviendas que realizamos en compañía del señor Eduardo Varaona del BCIE, personeros del Banco Crédito Agrícola de Cartago y del INVU.

La información que se da es el resultado de una inspección visual rápida de las obras, sin revisar planos constructivos, ya que el tiempo disponible ha sido poco.

Los datos para las obras del INVU son una mejor aproximación, ya que se contó con mejor información tanto documental como visual de las obras, que en el caso del Banco Crédito Agrícola de Cartago.

Los valores de la construcción estimados se hicieron a fecha actual y luego se trasladaron a la fecha indicada por medio de los índices para vivienda de la Cámara Costarricense de la Construcción. Estos índices se adjuntan para el caso de que se requiera establecer el valor a una fecha diferente a la mencionada.

Atentamente,
CONSULTECNICA, S.A.

Ing. Enrique Moreno E.

EME:GV

CC: Ing. Jeffory Boyer
Archivo

INDICES DE PRECIOS PARA VIVIENDA

CAMARA COSTARRICENSE DE LA CONSTRUCCION

AÑO	MES			
	ENERO	ABRIL	JULIO	OCTUBRE
1980	151.45	156.74	161.07	167.53
1981	193.35	211.58	222.05	259.84
1982	331.14	382.82	452.14	508.90
1983	541.28	554.26	563.54	597.64
1984	613.94	622.42	660.oo	661.73
1985	705.71			

EVALUACION DE VIVIENDAS FINANCIADAS POR A.I.D. - B.C.I.E.

PROYECTOS FINANCIADOS A TRAVES DE I.N.V.U.

	BENEFICIARIO	UBICACION	AREA LOTE M^2	AREA CONSTRUC. M^2	MATERIALES PAREDES	CUBIERTA	PISO	CIELOS	VALOR ACTUAL LOTE	VALOR ACTUAL CONSTRUC.	FECHA CONSTRUC.	VALOR INICIAL CONSTRUC	MANTENIMIENTO	OBSERVACIONES
1	Castillo Rojas Octavio	Cinco esquinas - Tibas	354.6	110	bloque	Hierro Galvaniz.	Terraco	Tablilla	600 000.-	715 000	Set 1984	600 000	Muy bueno	Ampliado en ...
2	Abarca Flores Olman	La Trinidad - Moravia	508.6	70	bloque	"	Masaico	Tablilla	360 000.-	312 000	Jun. 1982	200 000	Bueno	—
3	Chacón Chinchilla Dora Mª	San Isidro - Coronado	120	72	bloque	"	Terraco	Durpanel	168 000.-	360 000.-	Jun. 1982	230 000	Muy bueno	—
4	Zúñiga Serrano Claudio	San Isidro - Coronado	205	70	bloque	"	Masaico	Fibroarm.	90 000.-	312 000.-	Jun 1983	230 000.-	Muy bueno	Falta pintura
5	Carvajal Matamoros Ana C.	Ipis - Guadalupe	90	60	bloque	"	Concreto	Durpanel	108 000.-	240 000.-	Jul 1982	134 000.-	Bueno	con mejoras
6	Delgado Arias Rafael A.	Ipis - Guadalupe	90	52	bloque	"	Concreto	NO	108 000.-	198 000.-	Marzo 1982	107 000.-	Bueno	—
7	Soto Madrigal Ronald	Curridabat	500	30	bloque	"	Masaico	Parte Tablilla	230 000.-	230 000.-	Abril 1984	202 454.-	Bueno	falta acabados
8	Vargas Corrales Miguel A.	La Colina - Curridabat	280.6	143	bloque	"	Concreto Terrazo	Tablilla y Plywood	453 000.-	715 000.-	Enero 1984	622 022.-	Muy bueno	Falta acabados
9	Méndez Arguedas Adilia	San Fco. - Dos Ríos	180	60	bloque	"	Terracín	Durpanel	216 000.-	300 000.-	Dic. 1983	261 000.-	Muy bueno	—
10	Brooks Johnson Gilberto	Desamparados	236	91	bloque	"	Terraco	Tablilla	333 500.-	546 000.-	Jul. 1983	436 000.-	Muy bueno	—
11	Gutiérrez Góngora José O.	Desamparados	203.4	43.5	bloque	"	Concreto	Tablilla Durpanel	224 000.-	182 700.-	Oct. 1983	152 000.-	Bueno	Falta pintura
12	Figueroa Sánchez Walter	Higuito - Desamparados	2024.4	77	bloque Madera	"	Masaico	Durpanel	800 000.-	346 500.-	Feb. 1984	301 000.-	Muy bueno	—
13	Céspedes Calderón Víctor G.	San Sebastián	194	86	Prefab. Concreto	"	Terracín	Fibroarm.	236 000.-	423 000.-	Ag. 1984	442 000.-	Muy bueno	—
14	Navarro Núñez José Luis	San Antonio - Escazú	150	75	bloque	"	Concreto	Tablilla	165 000.-	337 500.-	Jul. 1984	315 000.-	Bueno	—
15	Brenes Mora José Antonio	San Antonio - Escazú	140	54	bloque	"	Concreto	NO	154 000.-	210 600.-	Jul. 1984	137 000.-	Regular	Falta pintura
16	Benanburg Fernández William	Santa Ana	150	63	bloque	"	Masaico	NO	120 000.-	252 000.-	Dic. 1982	153 000.-	Bueno	falta pintura
17	Salas Araya Rodrigo E.	Heredia	127	66	bloque	"	Masaico	Fibroarm.	172 000.-	341 000.-	Abril 1984	300 000.-	Muy bueno	Ampliada
18	González Quesada Antonio	Heredia	165	67	bloque	"	Masaico	Fibroarm.	181 000.-	368 500.-	Abril 1984	325 000.-	Muy bueno	—

PROYECTOS FINANCIADOS A TRAVES DE BANCO CREDITO AGRICOLA - CARTAGO

	BENEFICIARIO	UBICACION	AREA LOTE M^2	AREA CONSTRUC. M^2	MATERIALES PAREDES	CUBIERTA	PISO	CIELO	VALOR ACTUAL LOTE	VALOR ACTUAL CONSTRUC.	FECHA CONSTRUC	VALOR INICIAL CONSTRUC.	MANTENIMIENTO	OBSERVACIONES
1	Aguilar Garita Rodolfo	Tierra Blanca - Cartago	504	57	bloque	Hierro Galvan.	Terraco	fibroarm.	800 000.-	285 000.-	?	?	Poco	-
2	Espinoza Barrantes Rigoberto	Tres Ríos	200 *	65	[illegible]	"	?	?	100 000.-	260 000.-	?	?	bueno	—
3	Sanabria Nájera Wagner	Tres Ríos	150 *	70	bloque	"	Mosaico	Durpanel	75 000.-	280 000.-	?	?	Poco	—
4	Barrantes Solís Aquiles	Desamparados	160 *	60	Prefabricado concreto	"	?	?	195 000.-	300 000.-	?	?		Ampliada
5	Padilla Martínez	Pavas	100 *	60 *	bloque	"	Masaico	Durpanel	164 000.-	300 000.-	?	?	bueno	—
6	Campos Anchía Mª Virginia	Tibas - León XIV	90 *	38	bloque	"	Concreto	?	83 000.-	132 000.-	?	?	Poco	—
7	Sancho Ramírez Carlos	San Pablo - Heredia	130 *	44	bloque	"	Concreto	NO	78 000.-	112 000.-	1980	46 000.-	bueno	—

* Estos valores son aproximados por observación ; Las paredes de bloque son de bloque armado integral

RESUMEN DE PROYECTOS QUE HAN GENERADO HIPOTECAS ELEGIBLES DENTRO DEL CONTRATO DE PRESTAMO Nº FFV-2-062 (US$ 6.450,000.00)

PROYECTO	NUMERO UNIDADES	PRECIO PROMEDIO POR VIVIENDA C.A. $	VALOR PROYECTO C.A. $
Urb. La Coruña	177	6,638.14	1.174,951.30
Repto. Santa Marta	32	7,252.30	232,073.74
Repto. San José Las Flores	28	6,885.68	192,799.06
Repto. Santa Lucía	54	6,940.44	374,784.02
Repto. San Bartolo	104	6,754.00	702,416.40
Repto. Bosques del Río	96	6,936.72	665,925.74
Repto. Santa Julia	34	7,180.10	244,123.54
Urb. Prados de Venecia	92	6,884.26	633,352.60
Repto. Los Santos	14	6,130.85	85,832.00
Repto. San José	38	6,805.02	258,590.88
Repto. San José 2	5	6,602.91	33,014.59
Repto. San José 3	16	7,274.36	116,389.86
Urb. Estadio	7	6,625.66	46,379.67
Cond. Atlanta	61	6,080.00	370,880.00
Urb. Sensunapán	22	7,116.83	156,570.44
Urb. Villa Mariona	59	6,597.79	389,269.91
Urb. El Molino	39	6,571.14	256,274.72
Urb. Santa Elena	7	7,090.26	49,631.82
Urb. Jardines de Montebello	7	7,157.20	50,100.40
Repto. Los Angeles	25	6,770.10	169,252.65
Colonia 21 de Noviembre	3	7,186.66	21,560.00
Colonia Isabel	1	7,200.00	7,200.00
Urb. Los Lirios	4	6,287.16	25,148.66
Cond. Cayala	2	6,957.71	13,915.42
Repto. La Ermita	11	6,312.97	69,442.76
Urb. Ilopango	10	7,036.25	70,362.50
Colonia 10 de Septiembre	1	5,600.00	5,600.00
Urb. El Zapote	2	7,148.40	14,296.80
Colonia García	1	6,957.71	6,957.71
Repto. El Tazumal	2	6,840.00	13.680.00
Barrio Las Mercedes	1	7,200.00	7,200.00
Colonia Angélica	1	6,240.00	6,240.00
Urb. Jardines de la Hacienda	1	7,000.00	7,000.00
Barrio El Calvario	2	7,200.00	14,400.00
Repto. Los Lencas	1	7,200.00	7,200.00
Colonia San Antonio	2	7,147.48	14,294.95

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Repto. La Aldea	1	7,200.00	7,200.00
Urb. Santa María 2	2	7,164.22	14,328.44
Edificio El Tejar	1	7,950.50	7,950.50
Repto. Universitario	2	7,197.20	14,394.40
Cond. C. Cuscatancingo	1	6,467.70	6,467.70
Av. Ignacio Gómez	1	6,000.00	6,000.00
C. Gerardo Barrios	1	7,200.00	7,200.00
Crédito 898-825-82	1	7,167.88	7,167.88
Reparto URBESA	3	6,811.71	20,435.13
T O T A L	975		

RAM'B/mda.-
1º/3/85.

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