

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE Shelter for the Urban Poor	2. PROJECT NUMBER 522-HG-005	3. MISSION/AID/W OFFICE Honduras			
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) <u>522-81-14</u>					
<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION					
5. KEY PROJECT IMPLEMENTATION DATES <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">A. First PRO-AG or Equivalent FY <u>81</u></td> <td style="width: 33%;">B. Final Obligation Expected FY <u>n/a</u></td> <td style="width: 33%;">C. Final Input Delivery FY <u>84</u></td> </tr> </table>	A. First PRO-AG or Equivalent FY <u>81</u>	B. Final Obligation Expected FY <u>n/a</u>	C. Final Input Delivery FY <u>84</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>15,500,000</u> B. U.S. \$ <u>10,500,000</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>Sept. 1978</u> To (month/yr.) <u>Dec. 1980</u> Date of Evaluation Review <u>April, 1981</u>
A. First PRO-AG or Equivalent FY <u>81</u>	B. Final Obligation Expected FY <u>n/a</u>	C. Final Input Delivery FY <u>84</u>			

B. 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 <u>1/</u>
1. Implement Project monitoring as per Office of Housing guidelines (includes quarterly update of Project Delivery Plan) jointly with INVA.	INVA: Ing. Franco RHUDO: Labarca, Avalos	Received
2. Assure expeditious formalization of HG loan contract for amount up to \$10,500,000.	MinFin: Lic. Ordóñez INVA: Lic. Uclés RHUDO: Conway DS/H: Hansen	7/ 31/81
3. Promote earliest possible start of construction activities at <u>Hato de Enmedio</u> .	INVA: Ing. Romero Larios RHUDO: Avalos and Labarca	Started 6/8/81
4. Obtain clear policy statement from INVA's Board regarding commitment to providing affordable shelter for the urban poor.	INVA: Ing. Romero Larios RHUDO: Labarca	Received 5/81
5. Encourage adoption by INVA of: a. improved internal performance standards and controls b. construction project management c. turn-key procedures for project execution	INVA: Ing. Romero Larios Lic. Morales RHUDO: Labarca, Avalos	a. By end of Project b. 12/31/82 c. 12/31/81

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Project Paper</td> <td><input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Financial Plan</td> <td><input type="checkbox"/> PIO/T</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Logical Framework</td> <td><input type="checkbox"/> PIO/C</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Project Agreement</td> <td><input type="checkbox"/> PIO/P</td> <td>_____</td> </tr> </table>	<input type="checkbox"/> Project Paper	<input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input checked="" type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project
<input type="checkbox"/> Project Paper	<input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____											
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____											

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) Francis J. Conway: Project Officer <u>[Signature]</u> Leo L. Ruelas: Mission Evaluation Officer _____ Ing. Roberto Romero Larios, Mgr. INVA (See Letter Att. #6) Dean Bernius, Office of DED _____ Flavio Labarca, Advisor RHUDO _____	12. Mission/AID/W Office Director Approval Signature <u>[Signature]</u> Typed Name <u>Leo L. Ruelas</u> Acting Director Date <u>6/26/81</u>
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13. SUMMARY

There are two distinct types of activities related to Project 522-HG-005:

- the institutional development of INVA, specifically in three areas - general management and planning, financial management and construction and delivery of housing projects, and
- ... - the provision by INVA of new or improved shelter for over 6,000 poor urban families.

There has been significant, measurable progress in all three areas of institutional development. The most notable success has been in overcoming the severe problems that INVA had confronted in reducing the delinquency in its loan portfolio. There have been reductions of over 60% in both the number and value of delinquent loans. This experience and others are described more fully in Section 17., below, and in Attachment 1.

It is impossible to establish a direct cause and effect relationship between A.I.D.'s technical assistance and the positive changes that have occurred. Certainly, the largest share of the credit belongs to INVA itself, especially to the dedicated and capable middle-managers who have been appointed over the last two years. At the very least it can be said that A.I.D.'s assistance (a total of 22 person/months short term consultancy at a cost of \$200,000 to date) has been timely, coinciding with INVA's own efforts to restructure and strengthen the institution. All of the progress has been in the areas covered by the technical assistance.

Activities related to the provision of new and improved shelter have been less successful. Construction on the first subproject (Hato de Enmedio) was to have started in January, 1979. Although INVA had spent approximately \$2,000,000 by December, 1980 on land, design and on the off-site sewer lines for this subproject, actual construction on the site will not begin until April or May, 1981.^{1/} By the end of calendar year 1980 approximately 1,300 new shelter units and an equivalent number of home improvement loans were to have been provided. In fact, none had been provided by that date. Based on the revised Project Delivery Plan (PDP), it is estimated that this activity will conclude in March, 1984, one and a half years later than anticipated in the Project Paper (PP).

As with the institutional progress, it is not possible to establish clear cause and effect relationships to account for this delay. The problem does not appear to come from a lack of technical capability at INVA. Rather, the causes seem to lie in three areas:

^{1/} Note: Construction began 6/8/81

- The degree of commitment to providing minimum cost shelter affordable by the poor.

- The management capability to monitor progress toward pre-specified production goals. (In September, 1978, it was estimated that final plans and specifications for the Hato de Enmedio sub-project would be ready within ninety days. They were actually finalized two years later.)

- The ability to obtain necessary assistance from other government agencies, especially the utility companies. (It has been known from the beginning that the provision of water for Hato de Enmedio would be a problem. SANAA has maintained that INVA would have to pay for the full cost of improving the water system in the sector of the city where the site is located, although the improvements would benefit other projects as well. The impasse has lasted for nearly three years.) RHUDO/ROCAP strategy is to address each of these as follows:

- Utilize the various covenants and conditions of the Project Implementation Agreement (IA) as a method of encouraging INVA to define its commitment to the Project's goal of providing shelter for the poor.

- encourage INVA to adopt A.I.D. project monitoring procedures to measure the performance of its various divisions and offices, and provide technical assistance in construction management.

- recruit the assistance of the Ministry of Finance in obtaining the support of government agencies for INVA's projects.

Aside from the loss of time, the delay also signifies that the various typical solutions will be more expensive. To compensate in part for the increase, the use of differentiated interest rates on the mortgage loans is being considered. Poorer families will pay lower rates (9%) for a serviced site than will be paid by slightly more affluent families on a low cost house (14%). This will be done without reducing the yield of the overall portfolio to levels which would prejudice INVA's financial position. The use of even lower design standards and other cost-cutting measures will be utilized as well.

To summarize, as of December, 1980, the Project has resulted in a mixture of greater success in institutional development and more serious difficulties in the provision of shelter than was anticipated in the PP. In balance, the prospect of achieving the Project goal and purpose probably is higher now than at the time when the Project was authorized two years ago. The Implementation Agreement was signed on November 20, 1980. INVA's management and technical capability have been strengthened. Although impossible to measure, there is also a clear impression that there is a stronger commitment to and enthusiasm for the Project at INVA particularly with regard to providing lower-standard housing affordable by the poor. CONSUPLANE and SANAA (the

planning agency and water authority, respectively) appear to be much more favorably disposed toward helping INVA find solutions for its problems. Finally, it is very encouraging that after two years, INVA issued an invitation to bid for the first 700 housing units in the Ha-to de Ermedio project. Bids were opened on December 22, 1980. Nine contractor participated - a very high number for INVA projects. Construction is expected to begin in April or May, 1981.

14. EVALUATION METHODOLOGY

This evaluation was performed to measure progress and to accelerate Project Implementation.

Three sources of information were utilized in this evaluation.

a. RHUDO/ROCAP bulk and reading files include over twenty reports covering virtually all aspects of INVA's operations. They are the product of twenty-two person/months of short-term consultancy, broken down as follows:

- overall management = 3 p/m
- production/delivery of shelter = 15 p/m
- financial management = 4 p/m

(Attachment 2 provides greater detail on this subject.) The evaluation and recommendations contained in the reports provided an important input for this evaluation.

b. INVA was asked to provide data reflecting, in their estimation, the status of their compliance with the various Conditions Precedent to Disbursements contained in the Project Paper. This they did by submitting various reports, regulations and Board resolutions. These documents are too extensive to be included with this evaluation report, are available in the RHUDO/ROCAP bulk file (B.3.8.5.), and are listed in Attachment 3.

c. The information contained in the documents presented by INVA was verified by conducting a spot check or audit of INVA's files and source documents. This was done by Flavio Labarca, resident advisor working with RHUDO/ROCAP. Mr. Labarca is a trained, experienced auditor. His report, which is included as Attachment 3., confirms the accuracy of the information provided by INVA.

15. EXTERNAL FACTORS

INVA has suffered from the less than enthusiastic support which it receives from other government institutions. This has been most noticeable with regard to the provision of off-site infrastructure-water and sewage trunk lines, main access roads and electricity.

At this moment the situation has changed dramatically. CONSUPLANE has realized that the lack of infrastructure has been either an obstacle or a source of high, additional costs to INVA's projects. This key planning agency has undertaken to coordinate the government's infrastructure investment plans with INVA's needs so as to minimize this problem. SANAA is currently assisting INVA's technical staff to identify the least costly solution to the provision of potable water for the Hato de Enmedio project in Tegucigalpa. It has also agreed to absorb all those costs not directly related to the project. The net effect should be less delays and lower costs for INVA. Finally, by virtue of being a co-signer of the Implementation Agreement, the Ministry of Finance has acquired a greater awareness of and interest in the implementation of this Project.

16. INPUTS

A. External (A.I.D.)

Up to this evaluation, A.I.D. had provided twenty-two (22) person/months of short term technical assistance. In addition, ten (10) person/months of participant training was funded for INVA personnel. These inputs have been timely and effective. They have cost approximately \$200,000.

There was, however, an eighteen-month delay in contracting the first of the resident advisors proposed in the Project Paper. A personal services contract was signed in January, 1980 with Flavio Labarca. He has assisted INVA in general management and finance. A second contract was signed in January, 1981, with an engineer, thus completing the team of resident advisors.

Over twenty persons were considered for these positions, but many were found to be insufficiently experienced for the jobs. Many of those who were thought to be qualified were unwilling or unable to remain for two years in Honduras. The two who will be filling the positions are excellent and their presence will reduce the possibility of further delays in carrying out this Project.

Other than the TA, there have been no other A.I.D. inputs. The HG loan has not been contracted.

B. Internal (INVA/GOH)

During the two year period since Project authorization INVA has greatly strengthened its middle management. The following appointments have been made:

- Deputy-General Manager
- Mid-management
 - Chief, Finance Division
 - Chief, Personnel Office
 - Chief, Social Integration Division
- Subordinate management
 - Treasurer
 - Chief, Administrative Services

The Deputy-General Manager, who was appointed shortly before Project authorization, has since resigned and he will not be replaced. Instead a Project Coordinator will be hired. In addition, the former Chief Accountant, who has been strongly endorsed by various consultants, was promoted to Internal Auditor. His Deputy was promoted to replace him.

All of these additions have had an immense positive impact on INVA. The creation of this middle level of managers was the center piece of the reorganization of INVA suggested by the Mexican consulting firm of Leopoldo Torres y Asociados contracted directly by INVA three years ago. It has proven to be a very valuable recommendation.

The new appointees have been the counterparts for A.I.D. consultants. They have also been responsible for implementing the recommendations made by the consultants.

Other than new staff, INVA has provided interim financing for off-site sewer improvements for the Hato de Enmedio sub-project. The institute has also contracted with A & E firms for the designs of two new sub-projects: La Joya in Tegucigalpa and Del Cid in San Pedro Sula. Both designs will be finished by June, 1981. All total, INVA has made eligible investments in land, designs and infrastructure for this Project of approximately \$2,000,000. This is 40% of the required counterpart.

17. OUTPUTS

A. Institutional Development

Attachment 1 compares outputs and magnitude of outputs as established in the Logical Framework of this Project with actual, verifiable results to date. It demonstrates very clearly that there has been definite progress in all the areas of institutional development. It also confirms the delay in construction and delivery of housing units. The most significant results are:

1. Area: Planning and management capability to establish and carry out shelter programs.

Progress to date:

- Greater delegation by Board to management of authority over key operational details thus providing greater flexibility and agility in day to day decision-making.
- Expanded internal reporting system, particularly on financial matters.
- More effective budgeting.
- Greatly improved interagency coordination, particularly with the water authority (SANAA).
- Completion and delivery of the pilot sites and services project (Faldas del Pedregal).

Needed:

- Internal reporting system on progress toward housing production goals.
- Implementation of program budget as tool for controlling expenses and for measuring the performance of key operational areas.
- Improvement in advanced project programming, site selection and interagency coordination procedures.
- Evaluation of pilot sites and services project (Faldas del Pedregal).

2. Area: Technical capability to design, construct and deliver minimum cost shelter.

Progress to date:

- Operating information and accounting system which produces monthly comparison of budgeted versus actual expenditures in construction projects established.
- Evolutionary house design which starts with serviced site accepted.
- Refinement of house designs based on two pilot experiences (Las Brisas, and Faldas del Pedregal).
- Agreement to contract for independent construction supervision reached.
- New regulation developed for selecting participants in housing projects which is more flexible, reduces processing time by about 25%, utilizes more objective, more easily measured selection criteria and is simpler from participants point of view.
- New regulation developed for home improvement loans which is more responsive to needs of poorer families since it reduces minimum income requirements and can be applied in marginal communities.

Needed:

- Improved construction management procedures, including training of personnel.
- Implementation of home improvement program on a large scale.
- Computer processing of housing applications and related files.
- Procedures for implementing shelter projects in smaller cities on a large scale.
- Implementation of turn-key procedures.

3. Area: Financial capability to manage the loan portfolio, as well as other capital assets.

Progress to date:

- Operating, computerized management of mortgage loan portfolio.
- Reduction of delinquency in value by 66 percent and number of accounts by 62 percent between December, 1977 and September, 1980.
- Total delinquency is less than 2% of value of portfolio.
- Accounting and computer records on portfolio reconciled.

Needed:

- Expansion of EDP to home improvement loan portfolio and to general accounting.
- Implementation of EDP auditing.
- Development of accounting procedures, and their implementation.

B. Provision of New Improved Shelter

Attachment 3 compares the projections of shelter units to be sold by period as presented in the PP (September, 1978) with the projections presented by INVA in December, 1980. The comparison demonstrates that:

- the first units will be sold two years later than anticipated.
- the conclusion of the Project will be delayed one and a half years.
- 646, or 12 percent, less units will be financed because of cost inflation (The effect on the increased cost on the beneficiaries is covered in Section 20., below.)

As with the institutional progress, it is not possible to establish clear cause and effect relationships to account for this delay. The basic facts associated with the delay are as follows:

- Plans and specifications for Hato de Enmedio were to have been completed in December, 1978 (PP, page 43). They were completed in November, 1980.
- Offsite water and sewerage problems with the Hato de Enmedio site were to have been resolved, as final plans and specs were completed, by "close planning and implementation cooperation with SANAA" (PP, page 42). In fact, SANAA has taken the position that INVA should improve, at its expense, the overall water and sewerage systems in the general area of the site. Discussion of less onerous and expensive solutions did not really begin until October, 1980, coincidental with the appointment of new managers at INVA and SANAA.

A report prepared by consultant Frank Connors in October, 1979, identifies several possible causes of delays in the production of new shelter: 1/

- failure on the part of INVA's Board and top management to establish definite priorities and production goals with regard to the provision

1/ Frank Connors, Consultant, National Savings and Loan League: "General Evaluation of INVA", October, 1979.

of new and improved shelter. (Faldas del Pedregal, consisting of 360 units, and Las Brisas, with 440 units, are the only new projects that INVA undertook in the three years from 1978 to 1980).

- an excessive attention to activities performed versus actual results produced on the part of key middle managers (e.g. concern with the number of projects and shelter units being designed as opposed to those finished and delivered and concern with applications for housing under review and consideration as opposed to the number of families actually provided with new shelter). (This greater concern with the process than with the product is clearly evidenced by the time it has taken to finish the plans and specs for Hato de Enmedio.)
- poor coordination and even poorer relationships with key utilities (water or power authorities) and with municipalities.

The lack of technical capability at INVA to carry out housing projects has not been cited in a single report by any of the short-term consultants provided by A.I.D. The best estimate, then, is that the delay has been caused by the factors cited by Connors, that is, uncertain commitment, poor management of the construction process and lack of external support.

The lack of commitment is the most difficult obstacle to confront. Starting in December, 1979, following Connor's evaluation of INVA, pressure has been applied to the GOH to define its position with regard to the Project:

- On December 11, 1979, Fred Hansen, then Director of RHUDO/ROCAP met with INVA's Board of Directors to inform the directors of A.I.D.'s dissatisfaction with the total lack of production to date. Hansen conditioned the provision of additional A.I.D. technical assistance inputs to the adoption of "clear and specific priorities which will provide a sense of urgency and direction to management and the staff in general." 2/
- In March, 1980, John Oleson, USAID/H Mission Director, met with the GOH Minister of Finance, Lic. Valentín Mendoza, to inform him of A.I.D.'s concern with the lack of progress in the Project. A follow-up letter was sent on March 28, 1980. (See file 3.8.2.)
- Internally, RHUDO/ROCAP and the Honduras Mission agreed on the need to decide whether or not to proceed with the Project by September, 1980, when the authorization would be two years old.

2/ "Comentarios del Sr. Fredrik Hansen ante la Junta Directiva del INVA" December 11, 1979 (See file 3.8.5.)

- In August, 1980, INVA informed A.I.D. that the Central Bank had given its approval to contracting a HG loan.
- In September, 1980, INVA informed A.I.D. that it was prepared to negotiate the Project Implementation Agreement (IA).
- A draft IA was sent in October, 1980. The final IA was signed on November 20, 1980.

This process, although slow, has forced INVA and the GOH to focus on the Project. During the negotiations it was made clear that A.I.D. fully expected INVA to act quickly once the IA was signed. In fact, INVA presented documentation in compliance with most of the Conditions Precedent in October, 1980, using the language of the Project Authorization as guidance. By December, 1980, the PDP for the Hato de Enmedio sub-project had been submitted and invitations to bid on that same sub-project issued. Clearly, then, there are positive signs of a renewed sense of interest and commitment to the Project on INVA's part.

With regard to the other two apparent causes of the delay in the Project there are positive signs as well. INVA's evident weaknesses in the management of the construction process cannot be overcome easily. **However, the very fact that** the invitation to bid on Hato de Enmedio, has been let, that there has been an increase from six to twenty-four in the number of pre-qualified firms and that INVA has promised to hire a full-time project manager are all encouraging signs.

The most significant development is the attitude of the new managers of INVA and SANAA with regard to the need for cooperation between the two institutions. The water and sewer problems at Hato de Enmedio have been known for well over two years. The first management-level meeting to address these was held at INVA on October, 1980.

In addition, CONSUPLANE has acquired an interest in resolving the problems of lack of water supply which are holding up INVA's projects. CONSUPLANE, as the central planning institution, is responsible for preparing the investment budget of the GOH. With the knowledge of the off-site water and sewer investments required to develop Hato de Enmedio, the institution is in a position to assist in identifying alternate sources of financing for the improvements.

Together, these developments provide the basis for real optimism with regard to the prospects of initiating Project activities in the provision of new and improved shelter. The causes of the delay have not been overcome fully. Without a doubt, they will continue to pose occasional, and hopefully transitory, obstacles.

Therefore, a number of provisions will be taken to address the problem, specifically:

- . Training and technical assistance for INVA in construction management will be increased. In this regard the arrival of the resident engineer for RHUDO will be of great importance.
- . Alternate methods of carrying out construction projects will be encouraged, particularly use of turn-key procedures and the breakdown of large projects into sectors, thus permitting simultaneous construction by various contractors.
- . Alternate channels for administering the construction process will be promoted, specifically by incorporating other institutions such as FINAVI, the central savings and loan bank.
- . Direct A.I.D. communication with key sector institutions, such as SANAA (water authority) and non-sector institutions such as the Ministry of Finance will be used to obtain assistance in overcoming obstacles.

Finally, the Project monitoring system, as per Office of Housing guidelines, will be implemented to provide timely, continuous information on Project progress.

18. PURPOSE

The purpose of this Project is to develop within INVA the capability to produce and deliver approximately two thousand (2,000) low-cost shelter solutions and one thousand (1,000) home improvement loans annually which are affordable by families below the median income level in both primary and secondary urban centers in Honduras.

A. The end of project status (EOPS) is defined in the Project Paper in terms of two trends. By increasing production, controlling expenses and improving collections INVA was projected by 1982 to have become able to capitalize its operations from surplus income. In this regard, there has been notable progress. The completion of two large BID-funded housing projects has increased portfolio income. Delinquencies on the mortgage loan portfolio have been reduced by two thirds. Operating losses have been reduced from \$1.3 million in 1977 to about \$0.4 million in 1980. The budgeted loss for 1981 is \$0.2 million. This trend is close to that estimated in the PP for the same years, that is: losses of \$0.9 and \$0.4 million in 1979 and 1980 respectively, break even in 1981 and a surplus of \$0.4 million in 1982.

The PP assumed that INVA's net operating results would improve as income from the mortgage loan portfolio grew at a faster pace than overall expenses. The portfolio was expected to grow with the loans generated by the Project. Expenses were to grow at no more than 6% a year, the inflation rate in 1978, thus maintaining a constant, real value.

No new mortgages have been generated by this Project. The current value of the mortgage loan portfolio is 25% lower than that shown in the PP. However, the growth of expenses has been controlled. This moderation of expenditure, combined with a much higher rate of reduction than anticipated in delinquencies (to 1.4% of value in 1980 versus 8.0% projected originally in the PP) has kept INVA's actual net operating results within the trend anticipated over two years ago. It is reasonable to expect that INVA will become financially solvent, as described in the end of project status.

B. The second aspect of the end of project status is the level and distribution of INVA's production.

Specifically:

- . annual production of 2,000 new units and 1,000 home improvements.
- . demonstration through pilot projects that INVA can provide shelter on an expanded scale in secondary cities.

INVA is expected to overcome the problems which have affected its level of production of new shelter. (See Section 17.) The projections

provided by INVA in December, 1980, and those made in the PP in 1978 differ, as follows:

Projections by:	ANNUAL PRODUCTION RATE		
	<u>1981</u>	<u>1982</u>	<u>1983</u>
PP (8/78)	1950	2000	2000
INVA (12/80)	1000 <u>3/</u>	1500	2000
% of EOPS	50	75	100

INVA, then, should reach the established production goal one year late, 1983. The development of pilot projects in secondary cities may be only six months behind schedule largely because of a fortuitous development of eligible subprojects in two smaller urban centers (Catacamas and Choluteca) through the efforts of Peace Corps Volunteers. The volunteers have succeeded in organizing groups of families that need housing and in obtaining land from the respective municipalities. They have been in contact with A.I.D. regarding financing for the development of housing projects for the families on the donated land. Such financing could be provided through this Project.

Further, there is strong demand from municipal authorities for new shelter projects in several north coast towns (La Ceiba, Tela, Puerto Cortés). Different arrangements will be employed in carrying these subprojects, including turn-key, direct design and contracting, and mutual help (limiting INVA's involvement to providing a loan for materials). This will enable INVA to test and evaluate different procedures for carrying out secondary-city projects.

There is full expectation, then, that the end of project status with regard to the level and spatial distribution of production will be met.

3/ Includes 600 units from subprojects not included in this Project and the first 392 from Hato de Enmedio.

19. GOAL/SUB-GOAL

The goal of this Project is to expand the supply of shelter sources affordable by the urban poor on an on-going and self-sustaining basis. The achievement of this goal will be greatly supported by the new Urban Upgrading project in Honduras (522-HG-006). This project was authorized nearly one and a half years after the INVA Project. The two projects are being developed simultaneously. Together, they will provide access to improved shelter to families whose incomes fall between the 5th and 50th percentiles, that is, virtually all of the groups that make up the urban poor in the major cities of Honduras.

20. BENEFICIARIES

Since no housing units have been financed under this Project there have been no beneficiaries to date. The analysis of the effect of inflation on the cost of even minimum solutions, such as a site with sanitary core, points to the need for even further reduced standards to maintain the originally intended target group. This will be covered more fully in the next evaluation when better cost data is available. Preliminary cost data indicates the following:

	<u>Unit Cost</u>		<u>Affordability 4/</u>	
	PP	Current	PP	Current
Serviced Site	1500	2500	17	19
Core house	2500	3400	30	35
Low cost house	3500	4800	39	46

The most significant change in the affordability of the solutions is with regard to the low-cost house (called "expanded core house" in the PP). The serviced site remains affordable basically to the same percentile group. This reflects the effect of a measure which will be taken to transfer the impact of inflation, caused by the delay, to the higher income families in the target group by lowering the interest rate on mortgages on serviced sites from 12% (in the PP) to 9% (currently proposed) and increasing the rate on low cost houses from 12% to 14%. The core houses will remain at 12%. (See footnote 4/). With constant factors (i.e. holding all interest rates at 12%) the affordability of a serviced site would jump to the 26th percentile.

In effect, then, there will be a cross-subsidy from the most to the least costly solutions. There will be no net subsidy, since the yield on the total Project portfolio, given the mix of solutions, should provide a spread of 1.5 to 2.0% over cost of resources.

4/ This represents the percentile of the lowest income required by a family to buy the solution based on these parameters:

	Interest Rate		Years		Down Payment		% Income	
	PP	Current	PP	Current	PP	Current	PP	Current
Serviced site	12	9	20	20	5	5	18	18
Core house	12	12	20	20	5	5	22.5	22.5
Low-cost house	12	14	20	20	10	10	25	25

21. UNPLANNED EFFECTS

None have been observed to date.

22. LESSONS LEARNED

a) It is beginning to appear that the success of the institutional development efforts of INVA, with A.I.D. technical assistance, is due in large measure to that institution's ability to attract and willingness to appoint qualified middle managers. INVA's top management and its Board are to be commended for this development.

The lesson to be learned is that sustained technical assistance over time may succeed largely because it helps to create both the opportunity and the challenge of change and improvement which is attractive to those qualified, young professionals who are on the rise.

b) In addition, this Project may also help to demonstrate that it is not always necessary to create a self-contained implementation unit as a strategy for overcoming institutional weaknesses. It is probably slower and more difficult to deal with the entire institution, as A I.D. is attempting to do in this case; but, the effects are also probably longer lasting. Part of this can be deduced in the current case, as consultants uncover useful, valid procedures originally developed for an IDB project unit set up in INVA. After the unit was dissolved in 1978 its manuals and procedures were largely lost to the institution.

c) Finally, the obvious question is what lessons, if any, have been learned on how to avoid delays such as those encountered in this Project. Since the problem has not been resolved it is premature to attempt to evaluate the efficacy of proposed solutions:

- . Use of Project-related agreements and contracts to pressure participating institutions to define their commitment to the Project.
- . Greater emphasis on construction project management techniques in the TA and training plans.
- . Creation of alternative methods of construction project implementation (turn-key, mutual or self-help)
- . Recruiting non-shelter sector institutions to assist in overcoming obstacles.
- . More intensive Project monitoring.

The effect of these measures will be considered in the next regular Project evaluation scheduled for the first quarter FY82 (Oct - Dec, 1981).

Certainly, it begins to appear that the technical analysis done for the PP in 1978 did not consider adequately the capability of INVA's staff to manage or administer the construction process, i.e. bidding, contracting and supervising construction and, in general, keeping a project on schedule.

This fault in the PP may derive from the fact that the technical analysis tends to concentrate on the quality of plans and specifications, the accuracy of cost estimates and the professional qualifications of the personnel. For future PP's, as is evident from the experience with this Project that it will be necessary to place equal, if not greater, emphasis on assessing the management capabilities of the personnel in charge of the construction process.

23. SPECIAL COMMENTS

There are five attachments to this evaluation:

- Attachment number 1 is the comparison between the findings of this evaluation and the objectively verifiable indicators for Project outputs utilized in the original logical Framework. This was referred to in the discussion of item N° 17.
- Attachment number 2 is taken from Annex A of the Project Implementation Agreement signed on November 20. It shows technical assistance and training inputs to date and proposed.
- Attachment number 3 includes a copy of the transmittal letter sent by INVA, detailing all the documents used as the actual basis for this evaluation (all available in RHUDO bulk file B.3.8.5"INVA Regular Evaluation - 1980"). It includes as well a copy of consultant Labarca's report on his evaluation of those documents.
- Attachment number 4 is a comparison of the projections of units to be sold by period as per the original Project Delivery Plan (PDP) prepared for the Project Paper cash flow and the actual or budgeted results known at the time of this evaluation.
- Attachment number 5 is a comparison of the projections of key financial indicators made in the PP with either actual results to date or current projections.
- Attachment number 6 is INVA's letter accepting the recommendations of this evaluation.

ATTACHMENT No. 1

1.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
<p>OUTPUTS:</p> <p>The project will lead to the development within INVA of:</p> <p>a) The planning and management capability to establish and carry out shelter programs in keeping with the institution's mandate.</p>	<p>Magnitude of Outputs:</p> <p>a)</p> <p>-Functions and responsibilities of INVA management and INVA Board established.</p> <p>-Increased responsibility for operations to INVA management.</p>	<p>a)</p> <p>-INVA has adopted two key regulations -one for selecting participants for housing projects and one for the home improvement loan program- which limit Board functions to setting general parameters and official policy and which both give Management flexibility to operate within those parameters and authorize it to prepare detailed operations manuals without specific Board approval. The Board was made aware by Management of these characteristics of the proposed regulations before they were approved. This signifies that Board approval of the regulations was an explicit acceptance both of the need to define Board-management functions clearly and of the desirability of delegating operational details and providing flexibility to Management. (*)</p> <p>-The Home Improvement Loan regulation creates a new credit committee empowered to establish the loan terms for specific projects. The parameters established for the committee by the Board are those set for general lending by the Central Bank of Honduras. (*)</p>

(*) On this and subsequent pages, indicates subject areas of AID technical assistance to date.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
b) The technical capability to design, construct and deliver minimum cost shelter solutions affordable by the urban poor.	<p>-Internal reporting system, internal auditing system and budgeting procedures for all divisions for cost control developed and implemented.</p> <p>-Improved advanced project programming, site selection and acquisition planning, budgeting, and interagency coordination procedures adopted.</p> <p>-Pilot sites and services projects evaluated.</p>	<p>-INVA's Accounting Section prepares monthly reports on the status of budgeted versus actual expenditures. They also prepare trial balances showing the general balance sheet, results of operations (current and prior year); analysis of financial position, changes in the institution's capital, reconciliation of mortgage portfolio in the accounting records and in the computer, reserves and source and application of funds. INVA's Treasury Department prepares monthly analyses of the mortgage portfolio delinquency.</p> <p>INVA has started using a program budget which allocates expenses to one of four categories -general administration, projects, finance and social integration. This will permit a closer control of the performance of INVA's various subdivisions. (*)</p> <p>-As noted in item 15. above, inter-agency coordination has improved dramatically. There has been no improvement in advanced project programming, site selection, etc...</p> <p>-The pilot sites and services, called Faldas del Pedregal, is just being delivered to participating families. It has not been evaluated.</p>
	b)	b)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
	-Construction cost control system established and personnel trained on its use.	-INVA has established and is operating an information and accounting system which allows it to compare on a monthly basis budgeted and actual expenditures, by item, for its construction projects. Both direct (construction) and indirect (land, administration) costs are included. The system is adaptable to both construction by force account and work by contractors. As an example of the effectiveness of this cost control, original, budgeted unit costs for the pilot sites and services project (Faldas del Pedregal) were \$ 2215 and final costs were \$ 2160. (*)
	-Minimum unit and site design standards adopted and preparation of low-cost design.	-INVA has submitted to A.I.D. for formal consideration three basic unit designs for use in the Hato de Enmedio project. They range from a site with sanitary core to a one-bedroom unit. Seventy percent (70%) of the units in the Hato de Enmedio project will be either sites with sanitary cores or 18m ² core houses. A similar distribution is proposed for the El Cid project in San Pedro Sula. INVA is also considering an even lower standard unit with communal services and no on-lot connections. (*)
	-Timely unit inspection and acceptance procedures in operation.	-INVA has agreed in principle to use independent, full-time inspection in all of its projects. This has not been formalized.
	-Personnel trained and procedures established for promotion, orientation and organization of beneficiaries.	-INVA's Board approved on May 18, 1979 a new regulation for selecting participants for its housing projects, replacing the one in use since 1964.

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

FINDINGS OF THE EVALUATION

In a memorandum from Management to the Board, recommending approval of the new regulation, the following advantages of the proposal were identified:

1. A reduction of the documentation required of those requesting a house.
2. A simplification of internal procedures (e.g. There had been two receiving bodies at management level, performing the same function. One was eliminated.)
3. The time for considering a request was reduced by about 25% (from 26 to 16 weeks).
4. The new system utilized objective criteria.
5. The new system is flexible, allowing for modifications of criteria to adjust to regional variations. This discretion is exercised by Management within general guidelines established by the Board. (*)

This same memorandum specifies that in exercising its final ratification, the Board should reject only those cases in which a mistake has been made in following the selection process.

The new selection and orientation system is in full operation at INVA. (*)

-Personnel trained and procedures established for making and collecting on small home improvement loans.

-INVA's Board approved on March 5, 1980 a new Regulation for a Home Improvement Loan Program, as well as a revised budget for the Savings and Loan

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
<p>-New low cost project designs prepared for post-project continuation of low cost shelter delivery.</p> <p>-Improved contracting and disbursement procedures in operation.</p>	<p>Department which runs the program in INVA. The new regulation eliminates obstacles contained in the previous rules, which effectively impeded the access of poorer families to these loans. One key change is the reduction of the minimum income required from \$750 to that necessary to amortize a \$200 loan (the smallest allowed), which at 12%, 10 years, 15% of income available would mean \$30 per month total income. Another important change is removing the requirement that loans be made only in "urbanized" areas, which might have excluded marginal communities. The new procedures are being applied by INVA. (*)</p>	<p>-INVA's design for a site with sanitary core serves as the basic module for the core house, and then for the one-, two- and three-bedroom units. In this sense, it can be said that they do have low-cost designs for expansion of the solutions by the beneficiaries themselves. INVA's self-construction methodology, developed for its rural housing program is also applicable in urban areas.</p> <p>-The problems that INVA has with contracts for both design and construction of housing projects were seriously underestimated in the Project Paper. Several actions are being taken to address these problems:</p> <p>a) Plans and specifications are being prepared in greater detail and with more precision to facilitate bidding by contractors and to minimize change-orders.</p>

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

FINDINGS OF THE EVALUATION

b) The register of pre-qualified firms was expanded. It now includes over twenty firms.

c) The cost escalation clause, which adjusts contract prices to allow for inflation, is being re-drafted in a way which will tie it to indexes or prices set by the government and which will simplify and expedite its use. This is one of the most critical areas at this moment.

d) Independent construction supervision will be used.

Bids for the first two sectors of the Hato de Enmedio project were received on December 22. Nine firms bid on one sector. Eleven bid on the other. This large participation by construction firms is an encouraging sign. (*)

-Procedures developed and implemented for delivery of low-cost shelter projects in secondary cities.

-No specific procedures have been developed for secondary cities. However, in responding to housing initiatives promoted by Peace Corps volunteers in two mid-sized centers, Choluteca and Juticalpa, INVA is taking its first steps in this direction. An interesting aspect has been INVA's inclination to use the home improvement program run by its Savings and Loan Department in responding to these requests, rather than applying to more traditional approach through its Projects Division. Nothing concrete has been done that could be evaluated at this time.

c) The financial capability to manage its mortgage and loan portfolios, as well as its other capital assets. c)

c)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
<p>-Developed and implemented effective overall internal cost accounting, allocation and information system which incorporates the construction cost accounting system.</p> <p>-Accounting system including the portfolio fully mechanized.</p>	<p>-Improved loan collection, delinquency control and eviction procedures developed with reduction of delinquency to an average of one month on overall portfolio collections.</p>	<p>-This item was discussed under output a), above. Nonetheless, this is an area where little assistance has been provided to date. It is a priority for the upcoming year.</p> <p>-RHUDO/ROCAP was opposed initially to INVA's intention of setting up its own EDP capacity. Assistance was provided once the computer had been installed. Fortunately, RHUDO/ROCAP's concerns did not materialize into real problems. On the contrary, INVA's EDP operation has been very successfully used in managing the mortgage portfolio. INVA has now obtained a new, larger computer. It will now be able to mechanize not just its accounting but also its files of requests for housing. (*) :</p> <p>-This is INVA's biggest success to date. In a comparison between December, 1977 and September, 1980 (roughly two years) the value of delinquency was reduced by 66% and the number of delinquent accounts was reduced by 62%. The delinquency is 1.86% of the value of the portfolio.</p> <p>The specific steps taken have included among others:</p> <ul style="list-style-type: none"> . complete mechanization of the portfolio, including maintaining balances, applying payments, issuing payment coupons and receipts, preparing reports of status of collections, issuing delinquency notices; . reconciliation of computer and accounting portfolio balances;

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	FINDINGS OF THE EVALUATION
The restructuring of INVA's shelter programs will further lead to:	<ul style="list-style-type: none"> -Personnel trained in management of portfolio operations, reflows and other financial resources. -Study of domestic and internal sources for future financing. 	<ul style="list-style-type: none"> . cleaning up the large number of payments which had been received by INVA (roughly \$300,000) that could not be applied to the proper account for lack of information and taking steps to avoid the recurrence of the problem; . instituting house calls to collect on delinquent accounts; . improving the control of mortgage payments deducted from the mortgagee's paycheck and paid in his name by the employer.
d. A major increase in INVA's production and delivery of minimum cost shelter solutions affordably by the urban poor.	d. Over 4,750 sites and services delivered in primary cities.	-There has been no training yet in this area.
e. The expansion and reorientation of INVA's home improvement loan program to serve families living in existing low-income communities.	e. Over 3,070 improvement loans delivered in primary cities.	-This study has not been done.
f. The extension of the home improvement loan and sites and services programs to secondary cities on a pilot basis.	<p>f.</p> <ul style="list-style-type: none"> -500 sites and services units produced and -415 home improvement loans averaging \$500 extended in at least 3 secondary cities. 	<p>d. No housing units have been produced. Three hundred (300) are programmed to be delivered next year.</p> <p>e. No home improvement loans have been made for the account of this Project. INVA has projected \$550,000 in such loans for next year.</p> <p>f. No housing units or home improvement loans have been provided in secondary cities. INVA may undertake small (+ 50-unit) pilot projects in Juticalpa or Choluteca, or both, next year.</p>

ATTACHMENT 2

ILLUSTRATIVE TRAINING
AND
TECHNICAL ASSISTANCE

INPUTS (Note 1)
(person/months)

Subject area:	Short-term Advisors		Training	
	To date	Proposed	To date	Proposed
<u>1. Overall management</u>				
-Internal policy and operational controls	2	2	1	3
-project planning and programming	1	2	-	-
-management training for top and middle-level staff	n/a	n/a	8	15
<u>2. Production/delivery of shelter</u>				
-construction project management	8	4	1	6
-orientation and organization of beneficiaries	4	(Note 2)	-	3
-home improvement loan program	3	-	-	-
<u>3. Financial Management</u>				
-portfolio/asset management	2	2	-	3
-financial programming/alternative financing sources	-	2	-	3
-electronic data processing of portfolio/accounting	2	2	-	-
T O T A L S	22	14	10	33

Note 1: The work of the short-term advisors will be complemented by that of three resident advisors working with RHUOC/ROCAP.

Note 2: Subject to the availability of funds additional short-term TA for this area could be provided as part of the grant-funded TA under the Urban Upgrading Project (522-HG-006). As such, it will involve participation of the municipality of San Pedro Sula and the Central District government of Tegucigalpa.

memorandum

REPLY TO
ATTN OF:

Sr. Flavio Labarca

SUBJECT:

INVA Proyecto 522-HG-005

TO: Sr. Francis J. Conway, Director Adjunto para CA., Oficina de Vivienda

Referente a los planteamientos expuestos en el "Project Paper" y en el borrador del "Implementation Agreement" relacionados con la necesidad que el INVA debería mejorar y fortalecer su capacidad institucional en general, y en particular, establecer determinadas normativas y procedimientos en áreas específicas, puedo informar a usted lo siguiente:

I. Area de Finanzas y Contabilidad

De las conclusiones de análisis efectuados por diversos consultores de la A.I.D. se desprendía fundamentalmente que resultaba indispensable establecer un sistema informativo permanente, dinámico y efectivo, que permitiera a la administración superior conocer periódica y constantemente la situación financiera de la institución. Además se debía cambiar para su mejoramiento, los procedimientos utilizados para realizar la programación anual de actividades y el presupuesto respectivo, como también establecer un sistema del registro y control de costos de los proyectos de viviendas a desarrollar.

Desde el último trimestre de 1979 hasta la fecha, se comenzó a estudiar y diseñar los nuevos procedimientos y sistemas a aplicar para lograr los objetivos anteriormente mencionados, tomando como base principal los alcances, sugerencias y comentarios contenidos en los informes emitidos por el consultor Sr. Frank Connors, y, a partir de marzo del año en curso se puso en práctica, con la asesoría del consultor que suscribe, diversos métodos sobre la materia que permitieron paulatinamente incorporar a las rutinas de trabajo en el área, el uso de estados financieros mensuales, trimestrales, semestrales y anuales, que, como puede observarse en los ejemplares remitidos a esta oficina, permiten conocer y analizar la situación en forma realista e inmediata, tanto a la administración superior como a todos los ejecutivos de la institución (Anexo A). Paralelamente se diseñó un nuevo sistema de programación de presupuesto por programa, objetivo y realista, que se utilizó en la preparación del presupuesto para el próximo ejercicio, año 1982, cuya muestra también



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ha sido remitida a esta oficina. (Anexo B) Igualmente se ha establecido un sistema de control contable de los costos directos de los proyectos en ejecución, de acuerdo con las necesidades señaladas para tal efecto por la División de Proyectos y por la División de Finanzas, el cual permite registrar diariamente las transacciones y mensualmente observar en un estado comparativo entre lo presupuestado y el costo real de lo ejecutado, el resultado del mes con indicación de las variables producidas en cada uno de los ítem que constituyen la subdivisión de los costos de cada proyecto, ejemplo del cual se encuentra también entre los antecedentes enviados por el INVA, y cuyo desarrollo se explica en una breve información preparada en la Sección Contabilidad, y que ha sido utilizada con éxito en los proyectos ultimamente ejecutados y en ejecución, especialmente en "Faldas del Pedregal" y "Las Brisas". (Anexo C)

En lo que se refiere a los costos indirectos, administración, y la determinación de su incidencia en cada uno de los proyectos, en estos momentos se prepara el diseño de un sistema tentativo que finalmente, después de los cambios e implementaciones que la práctica indique, permita establecer con la mayor exactitud posible los costos indirectos de los proyectos. Se adjunta una relación sobre la materia, preparada por la División de Finanzas. (Anexo D).

II Manejo Cartera Hipotecaria - Cobranza y Control de la Mora

En base a la orientación y a los planteamientos expuestos por los consultores de la A.I.D. especialistas en procesamiento de datos, se inició la implantación de un sistema computacional para el manejo de la cartera, cuotas a cobrar, cuotas pagadas y en mora, estados informativos, etc., lo cual requirió de un largo proceso de depuración de la información, aplicación, cambios y mejoramiento de los sistemas diseñados originalmente, procedimientos de conciliación con los mayores de contabilidad, etc., que tomó sobre dos años de trabajo, para llegar finalmente a un sistema actualmente en uso, que representa un sistema aceptable que opera en un buen grado de eficiencia, encontrándose exactamente conciliados los saldos del Depto. de Procesamiento de Datos con los de Contabilidad, y que mantiene claramente y al día toda la información requerida, y que emite talonarios de recibos a cobrar a cada uno de los adjudicatarios, aviso de cada uno de los meses en que se entra en mora, etc., y estados informativos mensuales de la situación de la cartera general y subdividida por colonias, y condición de pago indicando la mora de 1, 2, 3, 4 y más meses en mora, etc. Entre los antecedentes recibidos

en esta oficina se encuentra una muestra de lo expuesto y un estado comparativo entre 1977 y 1980 de la situación de morosidad de la cartera hipotecaria. (Anexo E). Respecto a las acciones de cobranza, el INVA entrega semestralmente a cada uno de los adjudicatarios un talonario de cuotas a pagar; avisa y envía con antelación las nóminas de descuento a efectuar por empleadores correspondientes a cuotas de vivienda y envía a cada adjudicatario un aviso mensual de lo que el empleador a remesado al INVA; emite un aviso de mora por cada mes de atraso y lo envía al afectado. En la cuenta "cobros en suspenso" actualmente existen únicamente partidas con asignación específica (No. de cuenta del adjudicatario) que en su mayoría provienen de variaciones producidas en el descuento que realizan los empleadores de los salarios de los adjudicatarios que están acogidos a este procedimiento, las cuales son, adicionadas o disminuidas, según sea el caso, automáticamente por el computador rectificándose paralelamente el movimiento siguiente. Aparecen también algunas partidas correspondientes a abonos a su cuota que realizan algunos adjudicatarios que pagan directamente, las cuales también se encuentran identificadas. Al 31 de octubre de 1980 el saldo de esta cuenta denominada en el INVA "Depósitos para Primas y/u Obligaciones en Mora" No. 61-610, ascendía a L.8,840.26. Han realizado campañas de cobranza con difusión en los medios de comunicación, se visita continuamente en las colonias a los interesados, etc., promoción que no ha incrementado por falta de medios económicos. Para los casos en mora, el cuarto mes de atraso se pasa a cobranza judicial que actúa primeramente en una acción prejudicial y de requerimiento y visitas directas, notificaciones, etc., que generalmente terminan en convenios de pago, caso contrario se inician los juicios respectivos. En los estados de resultados recibidos en estas oficinas puede apreciarse una disminución importante de la mora entre los años 1977 y 1980. No obstante el INVA deberá continuar y aumentar sus esfuerzos en la materia para reducir a un nivel razonable la situación actual.

III Departamento de Ahorros y Préstamos

Las Normativas y Guías Administrativas aprobadas por la Junta Directiva en febrero del año en curso (Anexo F), se han puesto en práctica en esta unidad de trabajo, donde se mantiene al día los registros contables respectivos y de control y registro de los préstamos y su cobranza. En atención a que se ha trasladado a este Departamento un técnico en construcción, se está en condiciones de atender con más eficiencia los préstamos de mejoramiento habitacional. Los cambios introducidos al reglamento, las responsabilidades conferidas por la Junta Directiva al "Comité de Créditos" conformado según lo establece la Gerencia quién lo preside o designa representante, permiten suponer que esta unidad estará en condiciones de afrontar en buenas condiciones el desarrollo del proyecto en lo que a préstamos de mejoramiento se refiere. Respecto a programación presupuestaria y control de resultados, el nuevo sistema general implantado incluye un sector especial para este Departamento. A la fecha se trabaja en la elaboración de un programa para incorporar al Depto. de Procesamiento de Datos las operaciones de préstamo que se hagan en este Departamento.

IV Selección, Orientación y Organización de Adjudicatarios

En esta área se ha implantado desde fines de 1979, los procedimientos y métodos diseñados por los consultores A.I.D. y contenidos en las Normativas y Guías Administrativas aprobadas por la Junta Directiva los cuales se han aplicado en la adjudicación de los últimos proyectos realizados, Ej. Faldas del Pedregal, en su totalidad, o sea, la evaluación de antecedentes y características socio-económicas de los interesados, la aplicación del sistema de puntaje diseñado, las encuestas de verificación de datos, etc., se utilizan tal como fueron preparadas, existiendo solo actualmente la necesidad del mejoramiento del manejo de archivos en lo cual se está trabajando para lograrlo, como igualmente en la superación de fallas en la aplicación del sistema enunciadas por los consultores de la A.I.D. Se adjunta una relación de la División de Integración Social que informa sobre la situación, la cual fué verificada por el suscrito, y las Resoluciones de la Junta Directiva que aprobaron el nuevo sistema de adjudicación. (Anexo G).

V División de Proyectos

En esta área se puede apreciar un incremento en la productividad como lo demuestran los diseños, planos, estimaciones de costos, etc., realizados para los nuevos proyectos a desarrollar, habiéndose logrado los últimos tres meses preparar los antecedentes para los primeros proyectos que se incluirán en el Programa, tales como "Hato de Enmedio", "El Cid", etc. Igualmente se ha trabajado conjuntamente con la División de Finanzas, de Planificación, etc., en el estudio de la aplicación de nuevos sistemas de licitación y del desarrollo de proyectos en general incluyéndose la preparación de una metodología para desarrollar la aplicación del sistema de "Llave en Mano" o "Compra Directa". (Anexo H) El consultor, Arq. Abad Ramírez, emitirá en su informe una apreciación del nivel técnico de la unidad y de su capacidad para afrontar las necesidades que demanda el desarrollo de todo el Programa. Por el momento se ha elaborado el estudio del desarrollo del Proyecto "Hato de Enmedio". (Anexo I).

VI Observaciones Generales

Respecto de los nombramientos de Jefes en la División de Finanzas y División de Integración Social, fueron confirmados en Septiembre y Agosto de 1979 como puede observarse en las resoluciones de la Junta Directiva que se adjuntan. (Anexo J) En este mismo Anexo se incluye el Acta 631 del 1º de Septiembre de 1980 en la cual se

deja constancia que el INVA ha recibido los dictámenes del Banco Central, Ministerio de Hacienda y CONSUPLANE, que otorgan su aprobación a la realización del Proyecto.

En lo que se refiere a la descentralización de las funciones de la Junta Directiva en su relación con la Gerencia y de ésta con las Jefaturas de División, se ha producido un cambio de actitud al respecto como puede observarse en las Resoluciones que aprobaron las nuevas normas para selección de adjudicatarios, las normas del Departamento de Ahorros y Préstamos en las que se estableció el Comité de Créditos, etc.

En general y tomando en consideración el estado en que esta Institución se encontraba al inicio de las gestiones realizadas por la A.I.D. respecto a desarrollar el Proyecto 522-HG-005, puede concluirse que se ha producido un mejoramiento institucional a partir del último trimestre de 1979 y particularmente durante el año en curso, que representa una capacitación aceptable para el desarrollo de proyectos habitacionales, siempre y cuando continúe esta actitud positiva y se mantenga la actitud de poner en práctica los planteamientos provenientes de la asistencia técnica proveída por la A.I.D. por cuanto evidentemente los avances logrados deben ser mejorados y superados según la experiencia lo determine, de tal modo que la capacidad institucional quede definitiva y sólidamente establecida, para lo cual será necesario definir específicamente las materias, áreas de trabajo, y funcionarios del INVA, que cubrirá la asistencia técnica y adiestramiento, consultados en el Proyecto durante el período de su desarrollo, destacándose a la fecha como primordiales: el establecimiento definitivo de un sistema de control de los costos operacionales que permita su aplicación racional a los costos de los proyectos; el diseño de un sistema adecuado y eficaz de supervisión de los proyectos en ejecución; la implantación de un sistema de evaluación racional de las ofertas para solución de proyectos para cuando se aplique el procedimiento de licitación en base a "Compra Directa" o "Llave en Mano"; la capacitación del personal de "Auditoría Interna" para realizar auditorías en el área de "Procesamiento de Datos" y en la ejecución de proyectos; la implementación de procedimientos y acciones para incrementar el rendimiento de la cobranza de los créditos hipotecarios y otros, etc.

No. 519-GG, 17 de octubre de 1980

REGIONAL HOUSING
INSTITUTIONAL DEVELOPMENT DIVISION

NO. AP

Date Received OCT 24 1980

Sr. Francis J. Conway
Director Adjunto para Centro América
Oficina de Vivienda ROCAP/AID
Presente.

1. Chief	_____	Date _____
2. Deputy Chief	_____	Date _____
3. Housing Adviser	_____	Date _____
4. Sr. Tech. Adviser	_____	Date _____
5. Tech. Adviser	_____	Date _____
6.	_____	Date _____

REF.: PROYECTO 522-HG-005

Estimado Señor Conway:

B-3,85

En atención de su carta del 1° de octubre de 1980, me permito enviarle alguna información que se detalla mas adelante, mediante la cual este Instituto ha implementado las condiciones previas a la formalización del Préstamo del Proyecto de la referencia, la información adjunta se refiere a lo siguiente:

1. Resoluciones de Junta Directiva referentes a nombramientos de personal en la División de Integración Social y Finanzas.
2. Resolución de Junta Directiva referente a la contratación del Préstamo referido.
3. Disposiciones Reglamentarias y Guías Administrativas aprobadas por Junta Directiva para el manejo de programas de mejoramiento habitacional a través del Departamento de Ahorro y Préstamo.
4. Anteproyecto de Resolución de Junta Directiva conteniendo las Disposiciones Reglamentarias para la adquisición de proyectos habitacionales por medio del sistema Llave en Mano.
5. Conjunto de Disposiciones y Normas aprobadas por Junta Directiva para el manejo de la adjudicación de viviendas.
6. Anteproyecto del Presupuesto por Programas para el año 1981, el cual es contentivo de un resumen de los objetivos del Instituto para el año 1981.
7. Informe financiero y administrativo referente a estados financieros y de resultados, ejecución presupuestaria, costos globales de proyectos.
8. Informe de Tesorería del mes de agosto de 1980, referente a recursos financieros y descomposición de morosidad de cartera.

.../2

Nº. 519-GG, 17 de octubre de 1980

Página -2-

9. Manual de Organización contentivo de las funciones básicas y específicas para el personal del Instituto.

En lo que respecta a cartera hipotecaria en la actualidad el ciento por ciento del trabajo realizado por el computador está encaminado a control de la misma, realizándose a través del mismo todas las funciones inherentes a dicho manejo.

Nuestra División de Proyectos se encuentra por ahora preparando actualizaciones de los costos de unidades habitacionales y del destino y monto de préstamos para mejoramiento, los cuales estaremos haciendo llegar juntamente con los planos de urbanización en los primeros días de la próxima semana.

Sin otro particular me suscribo de usted,

Muy atentamente.



[Handwritten Signature]
ROBERTO ROMERO LARIOS
Gerente General.

cc: División de Finanzas
Archivo
RU/gl.

ATTACHMENT 4

UNITS SOLD

COMPARISON

PERIOD (Calendar years)	Original PDP (6/78)		INVA PDP (12/80)		Difference		
	Period	Cumulative	Period	Cumulative	Period	Cumulative	%
1979							
Semester 1st.	-	-	-	-	-	-	-
2nd.	250	250	-	-	(250)	(250)	(100)
1980							
Semester 1st.	400	650	-	-	(400)	(650)	(100)
2nd.	650	1300	-	-	(650)	(1300)	(100)
1981							
Semester 1st.	850	2150	-	-	(850)	(2150)	(100)
2nd.	1100	3250	392	392	(708)	(2858)	(88)
1982							
Semester 1st.	1100	4350	1177	1569	77	(2781)	(64)
2nd.	900	5250	371	1940	(529)	(3310)	(63)
1983							
Semester 1st.	n/a	n/a	1088	3028	1088	(2222)	(42)
2nd.	n/a	n/a	993	4021	993	(1229)	(23)
1984							
Semester 1st.	n/a	n/a	583	4604	583	(646)	12

ATTACHMENT 5

FIANCIAL ADMINISTRATION
INDICATORS OF PERFORMANCE

... Years/Source	Operating Expenses	Results of Operations	Value of Mortgage Portfolio	Delinquency as of portfolio value
1979				
PP <u>1/</u>	1976	(807)	14595	17.0
INVA <u>2/</u>	912	54	9089	
1980				
PP	1671	(359)	16527	15.0
INVA	1512	(445)	11484	1.4
1981				
PP	1771	46	19126	8.0
INVA <u>3/</u>	1763	(208)	15012 <u>4/</u>	1.4 <u>5/</u>

1/ See PP, Annex H

2/ Actual results for INVA to December 31 of the corresponding year.

3/ INVA's projected figures per their 1981 Budget.

4/ Value of portfolio to January 31, 1981. Between December 31, 1980 and January 31, 1981, INVA effected the closings on the 600 + units in project San José de la Peña, hence the large jump in value. The PP assumed that this would occur in 1979.

5/ INVA's goal is to retain this level.



INSTITUTO DE LA VIVIENDA
REPUBLICA DE HONDURAS

No.586-GG, 15 de junio de 1981.

ATTACHMENT #6

5410

REGIONAL HOUSING
INSTITUTIONAL DEVELOPMENT DIVISION
ROCAP

Date Received JUN 15 1981

- 1. Chief _____ Date _____
- 2. Deputy Chief _____ Date _____
- 3. Housing Adviser _____ Date _____
- 4. Sr. Tech. Adviser _____ Date _____
- 5. Tech. Adviser _____ Date _____
- 6. _____ Date _____

SR. FRANCIS J. CONWAY
Director Adjunto para
Centro América
ROCAP/AID
Presente.

REF.: PROYECTO 522-HG-005

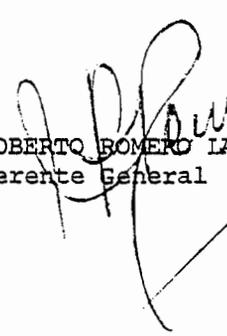
Estimado Señor Conway:

Hemos recibido copia del Informe de Evaluación realizado a este Instituto en relación al Proyecto 522-HG-005, tal evaluación corresponde al período entre el inicio de gestiones del Proyecto hasta el 31 de diciembre de 1980, y fue revisada en el mes de abril recién pasado.

Al respecto comunicamos a usted que hemos tomado conocimiento de dicha evaluación, que estamos de acuerdo con los señalamientos contenidos en el resumen de la misma los cuales también estamos implementando a la fecha.

Agradeciendo anticipadamente su atención, me es grato suscribirme,

Muy atentamente.


ROBERTO ROMERO LARIOS
Gerente General



cc: División de Finanzas
Archivo
RU/gl.