

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Regional Housing and Urban Development Office
for South America

PRIVATE SECTOR COOPERATIVE HOUSING PROGRAM II

MID-TERM EVALUATION

(513-HG-009)

Alfonso J. Palacios Eheverría

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1. EXECUTIVE SUMMARY

Section 2.01 of the Implementation Agreement signed with the Corporacion de la Vivienda Popular (COVIP S.A.) on June 24, 1991 established that the Second Private-Sector Housing Cooperative Program (513-HG-009) would be used to support the continuing and increasing involvement of private-sector institutions in implementing shelter activities for low-income groups in Chile, and to support such institutions in expanding their activities to reach low-income population segments of the housing market in new regions of the country.

Therefore, the mid-term evaluation conducted two years into the life of the project (in accordance with the HG-009 Project Paper, page 57) reviewed the progress that COVIP and some affiliated housing cooperatives had made to date in achieving the following objectives/premises of HG-009:

- A. Innovative implementation of appropriate shelter solutions for low-income groups (including, wherever possible, serviced lots and progressive development solutions) with funds from HG-009 or other sources.
- B. Support, in each housing project, of those services and organizations that would enable program beneficiaries to participate in continuous management and improvement of their communities.
- C. Best efforts to extend COVIP membership to include other cooperatives and non-governmental organizations (NGOs) to achieve the HG-009 objectives presented in Sections 2.02 and 5.03 of the Implementation Agreement.

In addition to the general performance of COVIP and its affiliated housing cooperatives, at this point in project implementation (based on the above general premises) a number of specific points will be evaluated:

- A. Evaluation of the project's overall impact on development;
- B. Possible problems/obstacles that could prevent achievement of the project's overall goals;
- C. Information produced by the evaluation that could be used to help overcome any problems with this project;
- D. Success to date with project implementation.

Finally, the terms of reference for the evaluator listed the following specific points to be addressed.

The evaluation methodology was as follows:

- A. Study of documents: review and analysis of the HG-009 agreement, implementation letters, correspondence between COVIP and RHUDO/SA, statistical reports, institutional annual reports and research reports prepared prior to the evaluation.
- b. Interviews: The principal officers of COVIP and its member cooperatives, the Corporacion Habitacional de la Camara Chilena de la Construccion, MINVU, USAID/Chile, Citibank, and other commercial banks, and the beneficiaries of the houses produced in two different regions were interviewed.
- C. Field Visits: Three projects with funding guaranteed by HG-009 were visited to sample the quality of the shelter solutions.

This interim evaluation concluded that the project enhanced private-sector involvement in activities to provide housing for low-income families, especially those with family income below 10 UFs [Development Units, an inflation-adjusted measure of monetary value].

Success in generating projects outside the metropolitan area surpassed the minimum agreed upon. However, the number of member cooperatives did not increase or include non-governmental organizations (NGOs) due to their difficulties with meeting membership requirements.

SERVIU programs, where the government develops serviced lots/progressive development housing and basic shelter projects, embody hidden subsidies, whereas the housing cooperatives must bear all costs.

Little was achieved in the area of community education, which was the purpose of the project, although some major actions were taken in this direction, through the publications that the cooperatives used to educate their members.

Cost increases have forced cooperatives to design smaller-size units to remain within program parameters. Furthermore, the dollar/UF ratio currently has a negative impact on the project, making it more difficult to produce low-cost solutions and rotate the use of the HG-009 construction financing.

The following recommendations resulted from this evaluation:

- A. COVIP and its member cooperatives have requested that new requirements be established for the 513-HG-009 program because the original cost and income conditions have changed substantially (higher building costs, the dollar/UF ratio,

etc.) Since the project has achieved its major goals, this request should be approved.

- B. However, at least 60% of the solutions must still be located outside the metropolitan region.
- C. It must be clearly established that serviced-lot and progressive development housing projects should only be developed through mechanisms that overcome the disadvantages inherent in the hidden subsidies of government projects.
- D. COVIP should continue to review the possibilities to enable other cooperatives to resolve those difficulties that prevent them from participating in the project, so that they can gain access to the line of credit under the terms that have been established; COVIP should also continue looking for NGOs that can comply with requirements to participate in the project.
- E. Even though COVIP has made laudable efforts to integrate community education into its cooperative education programs for housing beneficiaries, greater effort must be made to promote and integrate such programs so that beneficiaries can remain involved in managing their communities.
- F. When the first line of credit period ends (June 1995) another evaluation should be conducted on cost and market trends, the line of credit use, and the expansion of participation and compliance with the new requirements agreed to by both parties.

2. OUTLINE OF BASIC PROJECT IDENTIFICATION DATA

1. Country: Chile
2. Project Title: Private Sector Cooperative Housing II
3. Project Number: 513-HG-009
4. Project Dates:
 - a. First Project Agreement:
 - b. Final Obligation date: FY2000 (planned)
 - c. Most recent Project Assistance Completion Date (PACD): No PACDS for HG loans
5. Project Funding: (amounts obligated to date in dollars or dollars equivalents from the following sources)

a. A.I.D. Bilateral Funding	US \$ 650,000 - Grant Funding
	US \$ 5-Million-HG loan *
b. Other Major Donors	US \$ - 0 -
c. Host Country Counterpart Funds	US \$ 500,000
Total	US \$ 6,150,000
6. Mode of Implementation: Private Sector open housing cooperatives - COVIP and its affiliated housing cooperatives.
7. Project Designers: RHUDO/SA, USAID/Chile and COVIP with - consultant support provided by AG International Consulting Corporation.
8. Responsible Mission Officials: (for the full life of the project)
 - a. Mission Director: Paul Fritz, A.I.D Representative in Chile.
 - b. Project Officer: William H. Yaeger, Director, RHUDO/SA
9. Previous Evaluation: None
- * Because HG loan funds are being used on a revolving fund basis for new home construction purposes, after two and half rotations of HG funds which have been originally authorized for this project approximately \$12.5-Million of new authorized shelter could be financed through this project.

3. TABLE OF CONTENTS

	PAGE
1. Executive Summary	1
2. Project Identification Data Sheet	4
3. Table of Contents	5
4. Report Contents	6
4.1 Purpose and Evaluation Questions	6
4.2 Economic, Political and Social Context of the Project	9
4.3 Team Composition and Evaluation Methodology	10
4.4 Evaluation Scope and Findings	11
4.4.1 Expected Outputs	11
4.4.2 Evaluation Perspectives	14
4.4.3 Specific Points Evaluated	14
4.4.4 Other Unanticipated Impacts	25
4.5 Conclusions	26
4.6 Recommendations	28
5. Appendices	30
5.1 Terms of Reference	31
5.2 Documents Consulted	39
5.3 Persons Consulted	41
5.4 Institutions Contacted	42
5.5 Visited Projects	42
5.6 Geographic location of housing projects financed through 513-HG-009	43

4. REPORT CONTENTS

4.1. Purpose and Evaluation Questions

Section 2.01 of the Implementation Agreement signed with the Corporacion de la Vivienda Popular (COVIP S.A.) on June 24, 1991 established that the Second Private-Sector Housing Cooperative Program (513-HG-009) would be used to support the continuing and increasing involvement of private-sector institutions in implementing shelter activities for low-income groups in Chile, and to support these institutions to expand their activities to reach low-income population segments of the housing market in new regions of the country.

Therefore, the mid-term evaluation conducted two years into the life of the project (in accordance with the HG/009 Project Paper, page 57) reviewed the progress that COVIP and some affiliated housing cooperatives have made to date in achieving the following objectives/premises of HG-009:

- A. Innovative implementation of appropriate shelter solutions for low-income groups (including, wherever possible, serviced lots and progressive development solutions) with funds from the HG-009 or other sources.
- B. Support, in each housing project, of those services and organizations that would enable program beneficiaries to participate in continuous management and improvement of their communities.
- C. Best efforts to extend COVIP membership to include other cooperatives and non-governmental organizations (NGOs) to achieve the HG-009 objectives presented in Sections 2.02 and 5.03 of the Implementation Agreement.

In addition to the general performance of COVIP and its affiliated housing cooperatives, at this point in project implementation (based on the above general premises) a number of specific points were evaluated:

- A. Evaluation of the project's overall impact on development;
- B. Possible problems/obstacles that could prevent achievement of the project's overall goals;
- C. Information generated by the evaluation that could be used to help overcome any problems with this project;
- D. Success to date with project implementation.

Finally, the terms of reference for the evaluator listed the following specific points to be addressed:

- A. New products and regional coverage

- Review the progress that COVIP and its member coops have made as of the date of the evaluation in achieving the project's purpose, including the following proportions in the use of HG-009 funds:
 - 55% to continue producing the cooperatives' "standard" units, which are accessible to families with monthly incomes between US\$167 and the established median (US\$199).
 - 25% to finance construction of low-cost units priced around US\$ 6,246, which are different from the above units and accessible to families in the third decile (monthly income of at least US\$131).
 - 15% to finance units under the Programa Extraordinario de Vivienda, which is targeted to benefit groups of workers with monthly incomes in the third decile (US\$87 - July 1990).
 - 5% to finance solutions that will be accessible to the lowest-income groups, including families with incomes in the first decile, by providing serviced lots and sanitary cores or other structures.
- Review the success obtained in having at least 60% of the projects financed outside of the metropolitan area.
- B. Verify the match of shelter solutions with project beneficiaries to ensure that they have been targeted to serve families with monthly incomes within the established ranges (first through fifth deciles), as shown below:

	Start of Project	Current Situation
1st decile	3.92 UF = US\$ 76.56	4.3 UF = US\$ 102.81
2nd decile	5.25 UF = US\$ 102.53	8.4 UF = US\$ 200.84
3rd decile	6.70 UF = US\$ 130.85	11.0 UF = US\$ 263.01
4th decile	8.55 UF = US\$ 166.98	13.0 UF = US\$ 313.22
5th decile	10.17 UF = US\$ 198.62	15.9 UF = US\$ 380.17
	(1 UF = US\$ 19.53) March 1990	(1 UF = US\$ 23.91) June 2, 1993

- C. Review, projects HG-008 and HG-009 supposing they had not existed, whether COVIP and its member cooperatives could have obtained financing for construction to sustain their projected production levels for the 1994-1998 period, and under what terms and conditions.

- D. Evaluate what COVIP and its affiliates have done to cultivate relations with NGOs to generate shelter for families that can afford only those solutions costing less than 400 UFs.
- E. Review the ranges in which housing solutions have been produced to date, and the reasons for any concentration in certain ranges.
- F. Confirm the percentage of solutions built in provinces and document obstacles and successes.
- G. Confirm information about the production of progressive development solutions and the conditions under which they are being produced.
- H. Analyze what may be done to encourage COVIP and its member coops to produce progressive development solutions.
- I. Review the Chilean Chamber of Construction and Habitacoop projects, under consideration, to determine whether they are progressive development solutions.
- J. Visit projects in the provinces to review COVIP's conclusions regarding difficulties which it has identified and how to address these difficulties.
- K. Analyze why new members have not been added as COVIP affiliates.
- L. Review beneficiary education programs according to HG-009 program requirements (not just cooperative education).
- M. Confirm changes experienced between 1991 and 1993.
 - Fewer available dollars from HG-009 for the project in UFS.
 - Higher construction and land costs and housing prices.
 - Increase from 115 to 140 UF for progressive development solutions.
 - Increase of the National Median Income from 10.07 to 16.50 UF, so that homes costing up to 640 UF are now accessible to below median income families.

Then, analyze the changes proposed by COVIP:

- Exempt them from producing Pet type shelter solutions (Special Worker Program).
- Change the cost distribution of low-cost housing to: progressive development solutions, standard units, and low-cost units.

N. Commitment to use HG-008 financing during another four year period extension, as follows:

- Progressive development housing in the Santiago Metropolitan Area.
- Financing from other banks.
- Response to the estimated demand.

L. Other unanticipated impacts produced by HG-009.

4.2 Economic, Political and Social Context of the Project

Since the start of the HG-009 Project two years ago, the unique, highly effective public-private partnership system has developed to build and market housing for low-income families, increasing the number of available market shelter solutions.

The Chilean shelter sector is without a doubt the most highly developed in Latin America. For years, it has proven that its demand subsidy mechanism works effectively and enables multiple operators to participate in the process.

The strategy of how to generate shelter solutions has been resolved. There is adequate financing, available technology, construction and demand organizing institutions that have arisen to the challenges posed by the system. The public sector has clearly defined roles and functions and has met the goals that have been set for it.

All required conditions are in place to achieve the goal of the whole shelter sector, i.e. to satisfy the shelter needs of those families that are not in a position with their own means to meet their needs for a basic solution.

Even if the policies, financial resources, information base, financing systems, administration and implementation are all first-rate, the sizeable housing deficit has not been significantly reduced, but only maintained at its current level.

Moreover, building cost indicators, for comparable periods in 1992 and 1993, have been as follows:

Indicators	Unit	Source	Period	1992	1993	Variation
Building cost index	Index	C.Ch.C.	Jan-March	1,215.4	1,428.6	17.5%
Materials sub-index	Index	C.Ch.C.	Jan-March	1,454.9	1,715.6	17.9%
Wages & salaries sub-index	Index	C.Ch.C.	Jan-March	984.3	1,554.6	17.3%
Consumer price index	Index	I.N.E.	Jan-March	117.6	199.6	12.4%

C.Ch.C. = Chilean Chamber of Construction

I.N.E. = National Statistics Institute

Real annualized growth of costs, which began to rise sharply in the second half of 1992, seem to have topped out in January 1993, with twelve-month variations of 6% to 6.5% for the overall index, respectively, for construction and materials costs.

Since January, 1993, increases have been more moderate, reaching 4.1% and 4.4% in March. (No information was available for April or May.)

Finally, the measures that the government has been implementing since June 1993, to reduce income tax to stimulate saving will help solve one of the basic problems to addressing the shelter deficit. Access to shelter solutions on the Chilean market is based not only on income, but also on the ability to save for a down payment to buy a house.

Chilean housing policy is based upon the joining of the principles of solidarity with that of subsidizing.

Solidarity implies that the government plays the role of financier by providing housing subsidies targeted to the underprivileged social sectors, without losing sight of the policies that will enable the middle class to make use of basic financial and social mechanisms.

Subsidizing means that the government will facilitate full private-sector involvement in implementing the different programs of this sector, through construction companies, commercial banks and social institutions such as housing committees, cooperatives, professional associations, business corporations, and NGOs.

4.3. Team Composition and Evaluation Methodology

The team charged with conducting the HG-009 evaluation was comprised of a principal evaluator, who spent 11 work days on field work in Chile, and an auxiliary evaluator, who collaborated during the first four days.

Subsequently, the evaluation's findings were reviewed in Santiago with the USAID Representative in Chile, and in Quito, Ecuador, with RHUDO/SA, to cover any information gaps and inconsistencies.

The evaluation methodology used was as follows:

- a) Review of documents: Review and Analysis of the HG-009 agreement, Implementation Letters, correspondence between COVIP and RHUDO/SA, statistical reports, institutional annual reports, and technical assistance and study reports prepared prior to the evaluation.
- b) Interviews: The principal officers of COVIP and its member cooperatives, the Corporacion Habitacional de la Camara Chilena de la Construccion, MINVU, USAID/Chile, Citibank and other commercial banks, as well as beneficiaries of the houses produced in two different regions were interviewed.

- c) Direct Field Visits: Three projects with funding guaranteed by HG-009 were visited to sample the quality of the shelter solutions produced.

4.4. Evaluation Scope and Findings

4.4.1. Expected Outputs

From page 17 of the HG-009 Project Paper, the following project outputs are listed:

- a) Support for continuous, growing private-sector involvement in implementing shelter activities for low-income groups; and
- b) Support of housing cooperatives to expand their activities to reach low-income population segments of the housing market in new regions of Chile.

The midterm evaluation's terms of reference includes:

- a) Reviewing the progress that COVIP and its member housing coops have made in generating innovative shelter solutions suitable for low-income groups (including, wherever possible, serviced lots and progressive development solutions) with funds from HG-009 or other sources;
- b) Verify the inclusion, in each housing project, of those services and organizations that would enable program beneficiaries to participate in continuous management and improvement of their communities; and
- c) Ensuring that efforts are being made to extend COVIP membership to include other cooperatives and non-governmental organizations (NGOs) to achieve the objectives of HG-009;

(This was to measure the performance of COVIP and its member cooperatives in meeting their ultimate project goals.)

The following conclusions may be drawn from the evaluation:

- * **Involvement of the private sector in implementing activities to provide housing for low-income families**

Chile's private sector (financial institutions, intermediary institutions and construction companies) is a major player in providing shelter for low-income families since government policy has encouraged private sector initiatives for years.

Participation by open housing cooperatives can be analyzed in two dimensions:

- Continuity of participation, shown through the activities carried out during two years of project implementation;
- Growth of participation, reflected in the number of units financed by HG-009 guaranteed funds.

Total production of shelter solutions by COVIP and its member coops between 1989 and 1992 --when the HG-008 and HG-009 programs began -- is shown in the following table which distinguishes the number of units produced under AID financing from the number produced by local financing.

**TOTAL SHELTER SOLUTION PRODUCTION
(Calendar Years)**

	1989 ¹	1990	1991 ²	1992	Total
CONAVICOOP					
AID	178	0	200	0	378
OTHERS	0	770	994	930	2,694
HABITACOOP					
AID	262	190	236	361	1,049
OTHERS	676	674	878	811	3,039
PROVICOOP-INVICA					
AID	270	340	0	302	912
OTHERS	1,454	676	2,143	498	4,771
CORP. HABITACIONAL					
AID	98	57	0	0	155
OTHERS	600	1,446	7,182	6,293	15,521
TOTAL COVIP					
AID	808	587	436	663	2,494
OTHERS	2,730	3,556	11,197	8,532	26,025
TOTAL	3,538	4,153	11,633	9,195	28,519

¹ Start of HG-008

² Start of HG-009

The above figures cover the shelter solutions generated by year by the HG-008 and HG-009 projects.

In summary, three cooperatives (CONAVICOOP, HABITACOOP AND PROVICOOP/INVICA) have made the greatest use of HG-008 and HG-009 funds.

However, if we leave out the 1991 and 1992 figures (HG-009 funds use), you will find that CONAVICOOP has produced 136 and HABITACOOP 432 units.

Therefore, out of the 1,099 solutions generated with funding from both guaranty programs, 51.7% corresponds to HG-009.

However, the conclusion is that HG-009 has been used less than HG-008, although the indirect effect of the AID guaranty loans' existence is that other banks have provided 93% (by number of units) of construction financing (versus 7% under the program) in 1992, and 96% (versus 4% under the program) in 1991.

If the objective had been to stimulate private sector participation, this was accomplished through indirect effects, since other private banks have provided greater financial support than the HG-009 guaranty loan. Consequently, the participation of construction firms has increased which was precisely what the project intended to achieve.

*** Expansion of Cooperatives' Activities in Low-Cost Segments of the Housing Market**

If low-cost houses are built for families with incomes under 10 UF, then a high proportion of the housing financed by this HG loan falls within this range.

Income Range	%	Number of Houses Financed with HG-009
0-6 UF	5.99%	34
6-10 UF	88.73%	504
10 or more UF	5.28%	30
TOTAL	100%	568

*** Generation of Innovative Solutions Suitable for Low-Income Families**

For the reasons explained below, cooperatives have not been able to produce serviced lots or progressive development solutions, but have stayed within the maximum income range allowed by HG-009 (i.e. under 10 UFs indicated by the Project Paper).

However, since the cooperatives are responsible for producing houses based on income levels that no longer match current costs, they are actually producing solutions below the median income, which means that the project has achieved more than what was originally proposed.

*** Stimulus for Adequate Community Organization, so that Beneficiaries Can Stay Involved in Managing Their Communities**

Field research showed that no cooperative established community education programs for the reasons stated below.

*** Inclusion of Other Member Cooperatives and Non-Governmental Organizations**

No new housing cooperatives nor non-governmental organization members have been added to this project for the reasons explained under the point corresponding to this Stet. Additionally, neither INVICA-PROVICOOOP nor the Shelter Corporation of the Chilean Chamber of Construction has made use of the HG-009 line of credit.

*** Expansion of Activities to Other Regions of the Country**

HG-009 established that at least 60% of the houses produced under this line of credit should be located in other regions outside the metropolitan area. This has been surpassed, since 73.8% has been produced in other regions, with only 26.2% in the metropolitan area.

*** Conclusion About Serviced Lot and Progressive Development Solution Projects**

This goal has not been achieved, for the reasons explained below. 87.3% of the houses financed are of the standard type and only 12.7% are of the low-cost category.

4.4.2. Evaluation Perspectives

The terms of reference state that the specific questions of interest to AID should be considered from the following perspectives:

- a) Evaluation of the project's overall impact on development;
- b) Possible problems/obstacles that could prevent the project from achieving its overall goals;
- c) Information generated by the evaluation that could be used to help address problems with this project;
- d) Successes to date in project implementation.

4.4.3. Specific Points Evaluated

- a) Review the progress that COVIP and its member coops have made up to the date of the evaluation to meet the project's purpose.

The May 24, 1993 quarterly report listed the following project achievements:

CATEGORY	OBJECTIVE (1)	COMPLETED	UNDER CONSTRUCTION	TOTAL
Standard houses	55%	87.3%	81%	85%
Low-cost	25%	12.7%	19%	15%
Basic house	15%	0	0	0
Serviced lots/ Progressive Development Solutions	5%	0	0	0

(1) The total number of housing units produced were to follow the desired proportions stated above.

With the line of credit backed by HG-009, the following has been achieved:

COMPLETED HOUSES	CONAVICOOP	136
	HABITACOOP	432
	TOTAL	568
HOUSES UNDER CONSTRUCTION	CONAVICOOP	0
	HABITACOOP	308
TOTAL COMPLETED AND UNDER CONST.		876

Neither INVICA/PROVICOOOP nor the CORPORACION HABITACIONAL have used the line of credit. The finished houses may be broken down as follows:

87.3%	(496)	standard-type units
12.7%	(72)	low-cost units
0%		basic units
0%		serviced lots and progressive development solutions

The breakdown for houses under construction was:

81.0%	(250)	standard-type units
19.0%	(58)	low-cost units
0%		basic units
0%		serviced lots and progressive development solutions

The cooperatives presented the following rationale for not having produced any basic units or projects with serviced lots or progressive development solutions:

i) Increasing sales prices for land;

- ii) Increasing construction costs;

- iii) Hidden subsidies in government programs:
 - Land appraised at below market prices;
 - The costs of administration and technical supervision are not included;
 - A subsidy of approximately 4% per annum in construction financing;
 - Use of mechanisms that allow for advances on subsidies;
 - Titling costs estimated at 3 UF (when they cost 5 UF for the cooperatives;

- iv) Uncertainty about the future stability of the progressive development housing system;

- v) Since private banks do not finance demand under 400 UF, financing is only available from the government backed bank.

However, in actuality it is more economically advantageous to build basic type units than progressive development solutions. Consequently, construction firms prefer to develop basic type units on their land and not progressive development solutions (Covarrubias, et al.), but the coops that benefitted from HG-009 have not capitalized on this level of demand.

Moreover, serviced lots and progressive development housing programs require a different mentality and type of program organization than that of the cooperatives (MacDonald), whose basic intent is to deliver units that are as complete as possible. Rather, they ignore the progressive development housing concept that beneficiaries will complete their houses through their own efforts.

Those who have not supported the use of progressive development housing claim that such solutions are not acceptable because owners do not receive a house, but a sanitary core or a serviced lot. The concept of dignity is ambiguous: Is it undignified for a family that currently lives under deplorable housing conditions to receive a subsidy of 132 UF from the government that enables them to buy their own home, thus meeting their needs for sanitary facilities and establishing the basis for building their own future home through their own efforts? (Covarrubias, et al.).

- b) **Financing of At Least 60% of the Solutions in Other Regions of the Country.**

The analysis produced the following:

HABITACOOOP

No. of Houses	Community	Region
74	Parral	7
78	La Union	10
56	Chillan	8
72	Peumo	6
82	Talca	7
138	Casablanca	5
170	San Antonio	5
70	Penaflo	Metropolitan Area

CONAVICOOP

136	Puente Alto	Metropolitan Area
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Out of a total of 876 houses, 26.2% were built in the Metropolitan Area, and 73.8% in other regions, which is 13.8% over the proposed goal.

c) Gender Participation

Out of the 568 houses delivered according to the above quarterly report, 154 deeds were issued to women (27.11%) and 414 to men (72.89%). This reflects considerable progress for women as the ultimate recipients of units as compared to units in similar projects developed by construction firms not participating in the HG-009 program.

d) Suitability of Solutions for Project Beneficiaries.

HG-009 is interested in matching shelter solutions with the needs of beneficiaries from the first through the fifth decile by their monthly incomes.

At the start of the project (March 1990 data), income deciles were as follows:

1st decile	3.92 UF = US\$ 76.56
2nd decile	5.25 UF = US\$ 102.53
3rd decile	6.70 UF = US\$ 130.85
4th decile	8.55 UF = US\$ 166.98
5th decile	10.17 UF = US\$ 198.62

By the date of this evaluation (June 2, 1993 data), the situation had changed as follows:

1st decile	4.3	UF = US\$ 102.81
2nd decile	8.4	UF = US\$ 200.84
3rd decile	11.0	UF = US\$ 263.01
4th decile	13.0	UF = US\$ 313.22
5th decile	15.9	UF = US\$ 380.17

Due to the overall improvement in the country's economy, the national median income rose during this period from 10.07 to 16.50 UF.

The statistics based on beneficiary income levels show that the original targets of the HG-009 have almost all been completely surpassed:

From 0 to 6 UF,	34 homes have been delivered (5.99%)
From 6 to 10 UF,	504 homes have been delivered (88.73%)
From 10 UF upwards,	30 homes have been delivered (5.28%)

However, the greatest share is clearly in the top end (from 6 to 10 UF).

e) Possibility for COVIP's Member Coops to Obtain Construction Financing to Maintain Projected Production Levels for the 1994-1998 Period.

To answer this question, the financial statements of HABITACOOP and CONAVICOOP were reviewed, officers of both coops were interviewed and, as recommended, we also interviewed Citibank and another commercial bank.

The conclusions were extremely interesting:

* The provision of both lines of credit (HG-008 and HG-009) proved to be very useful at a time when it was difficult for the cooperatives to obtain construction financing. AID support was viewed favorably for the cooperatives by the banking community.

* However, an analysis of the financial statements of two coops shows that the Citibank line of credit has been used minimally in comparison to the short-term financing being provided to the coops by commercial banks.

This shows that the cooperatives currently do have access to lines of credit far in excess of the amount guaranteed by the HG-009 loan.

* Citibank would not make any loans without the HG-009 guaranty, not because it has problems with the clientele (cooperatives) but because of its policy of not operating in the real estate market.

* The BHIF has opened a credit line to finance construction because of the guaranties backing the projects (captive clientele and government subsidies), but it states that it is not interested in providing financing when units cost 400 UF or less. This is true for the other commercial banks, as well.

The immediate conclusion is that coops no longer need the line of credit guarantied by HG-009, except to facilitate their cash flow and to enhance their image which AID support provides. However, if the cooperatives wanted to start under 400 UF projects, especially for lower income groups, this line of credit would be indispensable.

In other words, given the low number of units produced through the HG-009 and the ease in obtaining financing in a financial market that shows no signs of contraction, but rather promises stability for at least the next few years, coops are not faced with much difficulty in maintaining projected production levels.

This is the opinion of the coops, however, they do feel that, if the country should experience hard times in the financial sector, it would prove difficult to obtain financing for projects. In addition, they believe that the Citibank line is much easier to use, even if the added AID commission makes it more expensive.

f) What Have COVIP and its Member Cooperatives Done to Cultivate Relationships With Other Coops and NGOs to Generate Shelter Solutions for Those Families That Can Buy Houses Priced Below 400 UF?

First, we must remember that the eligibility standards for sub-borrowers (Section 5.03) requires that, to participate in the program, they must present evidence (satisfactory to AID in form and substance) that they meet the following criteria:

- a) The entity must be privately operated and managed according to democratic principles and have open membership regardless of race, creed, color, gender or political affiliation.
- b) It must be empowered by the laws of Chile to carry out the activities and be responsible for the obligations required by the agreement.
- c) It must be financially sound and comply with all applicable administrative and financial regulations and policies in Chile certified by COVIP and the financial statements of

the sub-borrowers audited by independent authorized public accountants.

- d) It must have been engaged in activities to provide housing for low-income families in Chile and demonstrated successful results during the last few years.
- e) It must be aware of no factors or circumstances that could have any significant adverse effect on its operations and/or capacity to meet the obligations undertaken pursuant to the agreement.

Interviews were conducted and the report on "Estudio de Prestaciones Adicionales del Convenio AID-COVIP" [Study of Additional Services under the AID-COVIP Agreement] was completed in May, 1993, at the request of AID/Chile.

The conclusions seem evident:

- i) The great majority of the coops contacted could not meet one or more of the eligibility requirements.
- ii) Those that could comply were generally closed-membership cooperatives or were not interested in the type of shelter solution covered by the agreement. In general, they were oriented toward higher ranges than 400 UF, or had been quite inactive during the last few years.
- iii) Others had received the bridge financing that they needed from local commercial banks, or (at the other end) their financial statements showed a partial loss of equity.
- iv) As for the NGOs, despite the extraordinary performance of some, they are all grant funded from abroad and within the country, with no need to pay interest. Also, their administrative systems could not meet democratic requirements since they depended on the decisions of their founders.

g) Financing of Housing in Categories Below 300 UF.

The cooperatives affiliated with COVIP have failed to meet this goal for two reasons: rising land and construction costs along with hidden government subsidies; and the philosophy of housing coops.

Increased costs for land, construction materials and labor have been apparent in this country due to the increased volume of production in the construction sector, as already explained on the basis of Chilean Chamber of Construction and National Statistics Institute figures (section 4.2 above) which show that the average increase between 1992 to 1993 has been 17%.

The following hidden subsidies operate within government programs:

- i) Beneficiaries' costs for organization and advisory support, especially in the case of progressive development and basic shelter, are absorbed by the SERVIUS and municipal governments; no monetary value is assigned to these costs.
- ii) Administrative expenses of the construction process are completely absorbed by the SERVIUS.
- iii) Legal expenses for deeds and title registration are lower, only 3 UF because of the large number of operations, whereas private sector organizations pay up to 5 UFs because of their lower operating volume.
- iv) Financial costs during construction, without the support of SERVIU advances, must be borne by private sector organizations, resulting in an estimated 7.7% of the total direct cost of the housing.
- v) In general, lots provided by SERVIU have been appraised at 10 UF which, under current market conditions appear to be undervalued.

As for housing coop philosophy, almost all these organizations, in accordance with the preferences of their membership, aim for finished houses, and believe that a lot with services installed or a progressive development solution is not their goal. Any other mode other than the traditional approach would require an attitude change by leaders and beneficiaries.

- h) **The agreement establishes that 60% of the houses produced should be located outside the Metropolitan Region.**

This was amply achieved (73.8%) despite the coops difficulties in purchasing land, dealing with zoning plans and utilities, and with companies that were reluctant to build at reasonable prices.

However, success is due greatly to how quickly the cooperatives managed to get themselves organized in a locality. Urgent unmet needs and the positive image of seriousness and reliability of HABITACOOP, one of the coops that has really implemented these projects has ensured its success with such projects.

At the request of AID-Chile, maps showing the geographical location of the projects financed under the HG-009 project have been attached as annexes to this report.

- i) **The Situation is Different in regard to Producing Progressive Development Housing.**

There is, in fact, approximately 28 UFs in unaccounted indirect expenses, which represent about 18% of the total cost, calculated on the basis of 13 square meters of construction on an 80m2 lot with government projects.

The Under-Secretary of Housing has stated that many urban development or housing programs include sizeable hidden or implicit subsidies. They are difficult to accurately evaluate, and are usually regressive, favoring most those groups that have the least need.

The Corporacion Habitacional of the Chilean Chamber of Construction is analyzing the feasibility of a project for 1,000 progressive development solutions, basing their operational approach on immediate access to subsidies 1 and 2, rather than having to wait two years between using one and the other; this may be possible under MINVU regulations. However, the Under-Secretary of Housing feels that such an operation would not be "progressive", which includes the homeowner's active involvement, but is more like the production of a basic unit. She thinks that this could set a negative precedent for future development of the government policy related to progressive development projects.

In terms of housing policy, participation plays a central role as support and reinforcement of the democratic process. Even with the limitations upon change imposed by the need to preserve the sector's stability, programs have been designed to emphasize the government's role as facilitator:

- Progressive development housing program (stage 1) with public and private modules (under way)
- Progressive development housing program (stage 2 - under way)
- Lot densification program (under design)
- Shelter upgrade program (under design)
- Community facilities program (under review)

These programs seek to empower participation by families and groups, and create efficient management and operational instruments and mechanisms, first experimentally and then generalized.

Finally, the argument presented by coops to prove that it is not economically feasible for them to invest in progressive development or basic housing systems is that the administrative costs, added to the maintenance costs of reserve funds, makes these projects prohibitively expensive for them.

These costs include promotion and publicity costs to attract beneficiaries; costs associated with the process of advising and monitoring the interests of applicants; the administrative cost of maintaining applicant initial deposit accounts; management of the

process whereby coop members must be contacted when new projects are proposed; the processing of mortgage loans; search for and purchase of land to locate projects (in the case of HG-009 this includes an additional cost of 5%); and costs for the delivery of completed units. The lower volume of coop construction has resulted in a percentagewise increase in administrative costs.

- j) Cooperatives feel that the only way that they could be encouraged to produce progressive development housing would be if there was a grant involved, such as the land that Trappist monks have offered HABITACOOOP (a proposal which is currently under study). Such a saving could make a progressive development project feasible for them.

Government programs have implicit and hidden subsidies, and NGOs that work in this area have done so with grants free of financial costs.

- k) Project visits to provinces (Region 5), and to two peripheral areas of the Metropolitan Region, have confirmed the quality and innovativeness of houses produced by HG-009 funding.

Innovations were evident in the projects financed under HG-009 in comparison with those financed by HG-008. As costs increased, there was a need to reduce the size of units without sacrificing quality and functionality.

- l) Beneficiary education, in the sense outlined in the HG-009 agreement, has to do with training for community participation (in addition to traditional training or cooperatives education programs), to prepare beneficiaries properly on how to use and maintain their homes and their communities.

In a review of the materials produced by INVICA-PROVICOOOP, the evaluation found publications for cooperative education programs which dealt directly with diverse topics of interest. Among these were documents such as the Manual for the Use, Maintenance and Improvement of the Home, and Community Organization and Development. No formal community education programs have been established, but the concept of training has been integrated in project decision-making.

It would be useful to make a greater effort to develop activities that are oriented toward the creation of community awareness and to develop community consciousness if the residents of a community are to become responsible for its appearance, the maintenance of common areas, and to resolve possible problems that could arise in the future relative to the maintenance of infrastructure and the environment.

m) Other activities in this mid-term evaluation to confirm information provided by COVIP regarding changes which have occurred in the last two years:

1. Less dollars available through the HG-009 in UFs.

When the project began, the ratio of dollars to UFs was 21.00 UFs per dollar, as indicated in project documents. At present (as of June 2, 1993) the ratio is 23.91. This means that more dollars are now required per UF than at the start of this project.

The immediate effect is an increase in dollar prices for shelter solutions or, in other words, more dollars are needed to produce each house.

2. Higher construction and land costs and consequently higher priced housing

As already noted in the Chilean Chamber of Construction and National Statistics Institute figures, construction (material and labor) and land prices have been rising, at approximately a 10% rate.

The immediate effect is that shelter solutions that could previously be produced at the prices established in the original HG-009 agreement with COVIP have increased about 10%.

3. Increase from 115 to 140 UF in the projected price for progressive development solutions.

A Ministry of Housing and Urban Development (MINVU) Decree (published on January 3, 1993) set this new price. This is an official acknowledgement of cost increases, which is on the order of 21.7%.

4. Increase in the national median income from 10.07 UF to 16.50 UF, which makes houses of up to 640 UF accessible to families earning below the national median income.

As a result of the economy's upswing and the application of public policies, which have been put in place, the poorest sectors have received a larger share of the benefits from economic growth, and the national median income has risen.

Section 4.1.B of this report presents a table showing how the incomes of the first five income deciles have increased.

However, home purchasing power for families in these income groups has not increased at the same rate, since housing prices have also risen. In other words, incomes and prices have adjusted upwards, maintaining a more or less stable relationship.

Consequently, the request from COVIP and its open coop members to modify price ranges for shelter solutions (standard, low-cost, PET and progressive) is well-based, since conditions have changed during the first two years of project implementation. A different situation relates to their request for exempting the housing cooperatives from the production of progressive development housing and the special workers program (PET) units. As already discussed, this request has been made for other reasons.

The table presented by COVIP in its letter 179/93 of May 27, 1993 requesting changes in Annex A to the 513-HG-009 Implementation Agreement clearly illustrates the effects of the change in the median income:

COMPARISON OF ORIGINAL GOALS WITH NEW PROPOSED GOALS

Type	WF		Average US\$		Total units		US\$ units	
	1991	1993	1991	1993	1991	1993	1991	1993
Progressive development housing	115	140	2,423	3,346	259	228	627,650	762,888
Special Workers Program (PET)	300	330	6,300	7,887	298	262	1,977,400	2,066,394
Low-cost housing	350	385	7,350	9,201	425	374	3,123,750	3,441,174
Standard housing	400	440	8,400	10,515	818	720	6,871,200	7,571,520
Projected Total Units Produced Life of Project			1,800	1,584				
Projected Total Value of Units Produced -Life of Project							\$12,500,000	\$13,841,976
National median	10	16.50						
Accessibility to housing	460	640	In relation to US\$ Rotation				5,000,000	4,500,000
							2.5	3.08

The above demonstrates how housing prices affect the number of units that can be produced and the rate at which the funds must be rotated to produce the corresponding number of units projected.

4.4.4. Other Unanticipated Impacts

The terms of reference for this evaluation calls for an examination of other unforeseen impacts resulting from the implementation of the HG-009.

The major conclusion reached by the evaluator relative to unexpected impacts is the complexity of the impacts which can be attributed to the advent of this project.

- a) Doubtlessly, the availability of the HG-009 line of credit has improved cash flow for COVIP and its member coops, and also it has streamlined the process for obtaining funds, through Citibank. Perhaps this was more clearly evident at the start of the HG-008 project since currently the use of HG-009 funds has not been as great as anticipated.

Two cooperatives have not used HG-009 funds at all. Consequently the level and speed of rotation in the use of HG-009 funds has not been optimal.

- b) HG-009's backing (especially at the start of the previous loan, HG-008, at a time when conditions were not so favorable as currently) restored the commercial banks' trust in the cooperatives.
- c) What was really unexpected was that an agile mechanism was put in place that was adaptable to changing conditions such as those experienced in the last two years. However, these same changing conditions can partly explain why the coops have been unable to produce shelter solutions affordable to families at the two lowest income deciles.

4.5 Conclusions

The conclusions of this mid-term evaluation can be summarized as follows:

- a) One of the project's basic objectives was to promote greater private-sector linkages with the implementation of activities related to the provision of housing for low-income families.

This was amply achieved by the indirect impacts outlined in section 4.4.1, of this report since other private banks have been providing greater financial support than HG-009, to greatly expand the participation of private sector construction companies in the types of activities being promoted by the HG-009 project.

Even if these impacts can be considered to the project's credit for COVIP and its member coops throughout the rest of the country, due recognition must also be given to the public policies being advanced by the Government of Chile.

- b) Another basic project objective was to target shelter solutions to families with monthly incomes below 10 UFs.

This was amply achieved in the case of 94.72% of the units produced by the coops to date even when cost increases during the project's two

	1990	1991	1992	1993
	(preliminary figures)			
Progressive Development	0	8%	13%	13%
Basic	26%	33%	25%	32%
PET	23%	22%	23%	18%
Rural	10%	7%	10%	10%
Unified Subsidy Solutions	41%	30%	29%	30%

However, the increase in progressive development solutions and the relative stability in the production of basic type units has been due to heavy Chilean government production based on the hidden subsidies described above.

- i) There have been significant increases in the cost of land, construction materials and labor, due to the increased production volume of the construction sector. This has adversely affected the ability of cooperatives to continue to produce housing for their traditional target groups. It will be even more difficult to do so in the future.
- j) Increased costs have forced coops to produce smaller sized units to stay within the price ranges established by the HG-009 agreement.
- k) It was confirmed that the dollar/UF ratio now affects the project negatively, making it more difficult to produce solutions and rotate the use of the HG-009 funds.

4.6 Recommendations

On the basis of the evaluation, the following recommendations were made:

- a) COVIP and its member cooperatives have requested that new requirements be established for the 513-HG-009 agreement because the original cost and income conditions have changed substantially (higher construction costs, the dollar/UF ratio, etc.) Since the project has been achieving its major objectives, it would be advisable to approve this request.
- b) The requirement that at least 60% of the solutions to be financed by this project should be located outside the Santiago Metropolitan Region should be maintained.
- c) It must be clearly established that serviced lot and progressive development housing projects be developed through mechanisms that can override the unfair advantages inherent in the hidden subsidies built into government projects.
- d) COVIP should continue to examine the possibilities to help other cooperatives resolve difficulties which have excluded them from

years of life to date have made it difficult to keep prices affordable to the targeted families.

- c) For the reasons stated in this report, COVIP and its member coops have not produced serviced lots or progressive development housing projects. However, HABITACOOP is studying a project that, under special conditions, could produce over 50% of the units which had been agreed to be produced by COVIP and its member coops under the HG-009 agreement.
- d) None of the cooperatives have established programs to promote community education so that beneficiaries can continue to participate in processes related to the development of their communities.

This is true, strictly speaking, but --as explained elsewhere in this report-- INVICA-PROVICOOP has developed materials that it offers coop members during its cooperative education process which covers some aspects of community education.

- e) For the reasons explained in the report, COVIP has been unable to increase the number of coops in its membership or include NGOs who can use the HG-009 line of credit. Efforts that have been made in this direction have not produced positive results because most NGOs or cooperatives cannot meet established COVIP and USAID requirements for membership or these very institutions have demonstrated lack of interest in producing housing for the project's target population.

Additionally, neither PROVICOOP nor the Corporacion Habitacional have yet to use the HG-009 line of credit.

- f) Among the most clearly expressed HG-009 objectives was for the coops to expand their activities to other regions of the country by producing at least 60% of their shelter solutions outside the Metropolitan Region.

Here the objective has been amply surpassed in that 73.8% of the housing has been produced and located in these regions.

- g) 87.3% of housing produced has been standard units and 12.7% have been low-cost units which indicates that the coops have remained with their traditional clients.
- k) There is the impression that, during the last two years of HG-009 project implementation, a large number of progressive development solutions (1st stage) and basic type units have been produced, on the basis of the following figures:

participating in the HG-009 project so that they can still gain access to the line of credit under the terms that are in effect. Also, COVIP should also continue to look for NGOs that can meet requirements to participate in the HG-009 project.

- e) Even if COVIP made a worthy attempt to build community education into its cooperative education programs for shelter beneficiaries, greater efforts must be made to integrate such initiatives so that beneficiaries can continue to be actively involved in the development of their communities.
- f) When the first credit-line period ends (June 1995) for the HG-009, another evaluation should be conducted to analyze in-depth, cost and market trends, the degree of utilization of this line of credit, and how COVIP and its member coops have been complying with the new requirements agreed to by both parties in expanding the participation of this project.

ATTACHMENTS

Statement of Work

I. Introduction

In the Implementation Agreement executed with COVIP on June 24, 1991, it is stated in Section 2.01 that the 513-HG-009, Private Sector Cooperative Housing Program II is to support continued and growing involvement of private sector institutions in the implementation of Chile's low-income housing activities and support these institutions to expand their activities into low-cost segments of the housing market and into new regions of Chile.

Therefore, during this interim project evaluation to be conducted two years into the life of the project, per the HG-009 Project Paper (page 57), the Contractor will review progress being made by COVIP and its affiliated housing cooperatives to date through their implementation of HG-009 in achieving the following over-all objectives/premises of this project:

1. Implementing innovative shelter solutions appropriate to lower income groups (including, where possible, sites and services, progressive development solutions [Ministry of Housing special workers program]) with HG-009 funds or other sources;
2. Sponsor in each housing project the services and organizations adequate to allow Program beneficiaries a continued involvement in managing and improving their communities.
3. Best efforts to expand COVIP's membership to include other cooperatives and NGOs fulfilling HG-009 objectives cited by Sections 2.02 and 5.03 of the Implementation Agreement.

Besides evaluating COVIP and its affiliated housing cooperatives performance at this point of project implementation with the over-all project premises cited above, the Contractor will evaluate a number of specific points to be listed below.

II. Specific Evaluation Questions to be Addressed

The questions cited below to be addressed by the Contractor should be considered in the evaluation from the following evaluation perspectives: (a) evaluation of the overall developmental impact of the project; (b) possible problem areas/ constraints inhibiting the attainment of overall project objectives; (c) generating information from the evaluation which may be used to help overcome problems in this

project; and (d) document successes which have been achieved to date in project implementation.

Specific points to be addressed are:

1. Both the HG-009 PP (page 18) and Annex A to the Implementation Agreement list the variety of "new products" to be financed under this Project. Review COVIP and its affiliated coops' progress up to this date in accomplishing this stated project purpose. Document successes and short falls of the HG-009's implementation in this regard. Analyze and document why successes and short falls. Also, verify the HG-009 project's success to date with financing at least 60% of solutions in the provinces. If shortfalls with this goal, analyze and explain what can be done about this.
2. Through a cursory review of COVIP and affiliated housing coop statistics verify the HG-009's success with properly targeting shelter solutions to the intended project beneficiaries. Review available statistics on the distribution of beneficiary family incomes - first to fifth deciles - which the Project's financing is managing to serve to date.
3. On the premise that HGs 008 and 009 were closed out, the Contractor should interview other banks to determine whether COVIP and its affiliates could get the construction financing they require to sustain their projected levels of output for the 1994 to 1998 period? Terms that other banks would offer financing to COVIP affiliates, if HGs 008 and 009 were not in place? versus if they were in place?
4. "Empresas Privadas" now seem to build social housing at a minimum level price of 400 UF. Evaluate what COVIP and its member coops have done to cultivate relationships with NGOs - i.e. Taller Norte- to work at building housing to serve those who can only afford shelter priced at below 400 UFs. If COVIP has failed with such efforts, why? What can be done to put COVIP and its affiliated coops back on a proper track, as per the HG-009 agenda for them to do this?

Initiate dialogue/agreements with the Min. of Interior, NGOs, etc.?

Sites and services?

Progressive development solutions?

Try to serve people in "campamentos"?

5. Solutions less than 300 UF or less.

The Contractor should review Covarrubias' consultant report, "Análisis de las Soluciones de Vivienda para Familias de Escasos Recursos" and verify its conclusions/recommendations relative to "progressive solutions" by interviewing Taller Norte/Min. of Interior, "campamento" - type beneficiaries to see how COVIP might be encouraged, if feasible, to get its members to sponsor such types of housing projects. If this is not feasible, why not, should be well documented in the evaluation. If feasible, propose a possible strategy/action plan which COVIP and the open housing coops could be encouraged to follow.

6. Do 568 houses (5/24/93 Fernández to Bovet report) to be financed under HG-009 in the provinces represent 60% of HG-009 financing to date? If this represents more, great! Analyze and document why the success? If this represents less than 60% analyze, why less? Identify obstacles faced by coops to do more in the provinces. Possible lines of action to overcome obstacles? Develop this by interviewing some very successful as well as least successful coops which have operated in the provinces.
7. Covarrubias' study - "Sistemas de Acceso a la Vivienda y Sistemas Privados de Financiamiento" - page 44 - shows that the quantity of progressive solutions started by year are as follows:

<u>Year</u>	<u>Houses Started</u>
1990	6,431
1991	12,210
1992	12,872

The above shows that there is obvious demand for this type of solution. The Contractor should contact Subsecretaría de Vivienda Joan MacDonald to see who is producing such solutions and under what financial and other terms have these "progressive solutions" been produced. Get MacDonald's view points/analysis of what would be required to get housing coops and any other private sector segments to participate.

Interview individual housing coops - not COVIP- to see what would get them to participate. (Coops. in Santiago and outside.)

8. Can those who qualify for the "progressive solution" program subsidies also qualify for "vivienda básica" - SERVIU- program subsidies? If not, which I'd suspect would be the case, what can COVIP and the housing coops do to be encouraged to produce "progressive housing"?
9. Review with the Cámara Chilena de la Construcción and Habitacoop where they're at with their "progressive solutions" projects now under study? How many units? Target beneficiaries characteristics? Where will the projects be built? How are the groups (beneficiaries) being organized? When will they start? When are the projects scheduled to be finished? How will the projects be financed/subsidies details?
10. By a quick visit to the provinces -i.e. San Antonio, Valparaiso, etc.- revisit conclusions reached by COVIP to see how special problems identified by Sommerhoff -Acción en Provincias- might be addressed/managed. Different twist/angle/spin applied to "special problems"? Discuss with COVIP and its members these possible new twists/spins, etc. and get their reactions to them.

11. Incorporation of New Members.

Revisit with COVIP why they've failed and talk to those who failed to be accepted by COVIP -i.e. Cooperativa Abierta de Vivienda Cardenal Silva Henríquez in Santiago- to see why they really failed to be included by COVIP. Review whether it would be reasonable to modify the conditions under Section 5.03 of the HG-009 I.A.- possibly their interpretation by COVIP- so that they could have greater success in taking in new members, if they really wanted to.

Also, review what the Icecoop T.A. concludes and recommends on this situation.

12. Membership Education

Review the program against what the P.P. says about the objectives of this part of the HG-009 agenda. That is, COVIP and member coops' support to beneficiaries during the process that a family is matched up with a house and afterwards.

13. COVIP notes that a number of changes have occurred between 1991 and 1993: (a) less dollars now being available from the HG-009 for the project in UFs; (b) increased construction costs, land costs, and housing prices; (c) issuance of a MINVU decree increasing from 115 UFs to 140 UFs for "Progressive Solutions" to make them more viable solutions to be produced by the private sector; and (d) increase in the national median income from 10.07 UF to 16.50 UFs making housing up to 640 UFs now accessible to families with incomes below the national median income. On the basis of these changes, COVIP requests that A.I.D. consider the following changes to the solution types which the Open Housing Cooperatives are to produce with HG-009 funding:
 - Exempt them from producing PET (Programa Especial) type housing;
 - Change the type distribution of low cost housing to be produced by COVIP affiliated open housing cooperatives only to: (a) Progressive Solutions; (b) Low cost Housing; and (c) Standard Housing. Assess the soundness of this COVIP request by reviewing with COVIP officials and any one of the COVIP affiliated open housing cooperatives their commitment to follow through especially with the production of "Progressive Solutions", if AID agree to approve this COVIP request to modify the structure of solution types to be financed by the HG-009.
14. Review with COVIP and all of its affiliated open housing cooperatives their seriousness in using the funding from a HG-008 extended for another 4 years, through 1998, to be used:
 - a) For entrance into the production of "Progressive Housing", in the Santiago Metropolitan Area -i.e. Santiago Poniente or areas where a Taller Norte would serve in collaboration with COVIP- to produce all three housing types projected to be produced by a restructured HG-009;
 - b) Verification with other banks their continued willingness to lend to COVIP and its affiliated housing cooperatives, if the HG-008 extension was withdrawn;
 - c) Verification by interviews with MINVU Sub-Secretary Joan MacDonald and representatives of organized groups of the 1,000,000 "allegado" families as to

whether increases in the production of COVIP's new mix of housing types would really respond to their demands for "accessible shelter" or whether their demands would be better met by the production of lower cost solutions -i.e. sites and services/sanitary core lots.

15. Review with COVIP and its affiliated open housing cooperatives "other unanticipated impacts" which the implementation of the HG-009 have produced -i.e. member cooperatives now being able to secure construction financing for their projects at advantageous interest rates and terms, development of a phenomenon wherein COVIP and its member coops now cannot use all the construction financing which they could access, etc. Please document such findings as success stories:

III. Reports

The Contractor will prepare the following reports:

1. A complete draft of the evaluation report -with 6 copies- which fully responds to the Statement of Work for RHUDO/SA and USAID/Chile's review when the Contractor arrives in Quito o/a 6/17/93 for his debriefing on the evaluation with RHUDO/SA.
2. Ten copies each of a final evaluation report in Spanish and English of no more than 40 pages, including Annexes, which incorporates RHUDO/SA and USAID/Chile comments on the draft, delivered to RHUDO/SA by 6/29/93. (RHUDO/SA will be responsible for the distribution of copies of the final evaluation report to AID/Chile and others.)
3. The draft report may be prepared in Spanish, but the final report must be prepared in Spanish and be fully translated into English.

The final evaluation report must be prepared in the following format:

- Executive Summary
- Project Identification Data Sheet (see Appendix 1. attached).
- Table of Contents
- Body of the Report
- Appendixes

The executive summary states the development objectives of the activity evaluated; purpose of the evaluation; study method; findings, conclusions, and recommendations; and lessons learned about the design and implementation of this type of development activity.

The body of the report should include discussion of (1) the purpose and study questions of the evaluation; (2) the economic, political, and social context of the project; (3) team composition and study methods (one page maximum); (4) evidence/findings of the study concerning the evaluation questions, including a full treatment of findings related to the Project's "other unanticipated impacts"; (5) conclusions drawn from the findings, stated in succinct language; and (6) recommendations based on the study findings and conclusions, stated as actions to be taken to improve project performance.

Appendixes should include a copy of the evaluation scope of work, a list of documents consulted, and individuals and agencies contacted. Additional appendixes may include a brief discussions of study methodology and technical topics if necessary.

IV. Relationships and Responsibilities

The Contractor shall conduct this evaluation under the supervision of the RHUDO/SA officer designated to provide oversight for this activity. Completion of the field work/analysis etc. in Chile will be in full coordination with the AID Representative in Chile, COVIP and its affiliated housing cooperatives, and others cited by the SOW who should be contacted.

V. Period of Performance

The Contractor will complete this activity in accordance with the following schedule:

1. Travel to Santiago, Chile, to arrive by o/a June 1, 1993.
2. Field work/analysis and draft report preparation in Chile - o/a June 1 through o/a June 16 or 17.
3. Quito stopover for debriefing of RHUDO/SA on evaluation o/a June 17 or 18.
4. Return to Contractor's home base in San José, Costa Rica, June 19.
5. With RHUDO/SA and USAID/Chile comments on draft evaluation report in hand, prepare final evaluation report and have it translated into English -June 21 to 25- 5 work days.

6. DHL the required number of copies of the final evaluation report cited above for delivery to RHUDO/SA by no later than 6/29/93.

Drafted by: Slow/tina/statofwo

TERMS OF REFERENCE

1. **FELLER SCHLEYER, Consultores Económicos y financieros**
Participación de COVIP, S.A. en el financiamiento de largo plazo de viviendas sociales.
Santiago de Chile, enero de 1993
2. **AGENCIA DE COOPERACION INTERNACIONAL/PROGRAMA DE LAS NACIONES UNIDAS PARA EL DESARROLLO (AGCI-PNUD)**
Análisis de Cooperación Internacional 1992
Santiago de Chile, agosto de 1992
3. **NORTE, CENTRO URBANO DE ASISTENCIA TECNICA LTDA.**
Minuta de Información Institucional, Taller Norte.
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4. **INSTITUTO CHILENO DE EDUCACION COOPERATIVA**
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Correspondencia

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Decenio.

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MINVU, Santiago de Chile

PERSONS CONSULTED

1. Moreno Nuñez, Leonardo

Gerente de Operaciones

Corporación Habitacional

Cámara Chilena de la Construcción

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Presidente

COVIP, S.A.

Erasmus Escala 1835, Santiago

3. Sommerhoff Ruer, Walter

Director de Desarrollo

Habitacoop

Erasmus Escala 2290, Santiago

4. **Hernández, Sergio**
Asesor Financiero
COVIP, S.A.
Erasmus Escala 2290, Santiago
5. **Trucco Aray, Cristian**
Gerente Area Económica
CONAVICOOP
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6. **Varela Morgan, José G.**
Gerente de Vivienda y Consumo
BHIF
Bandera 287, Santiago
7. **Mac Donald, Joan**
Subsecretaria de Vivienda
Ministerio de Vivienda y Urbanismo.
Av. Libertador Bdo. O'Higgins 924, Santiago
8. **Low, Sonny**
Deputy Director
RHUDD/SA-USAID
Quito, Ecuador
9. **Yaeger, William H.**
Director
RHUDD/SA-USAID
Quito, Ecuador
10. **Fritz, Paul**
USAID REPRESENTATIVE
Santiago de Chile
11. **Bovet, J.J. Claude**
Regional HP Y FA
Santiago de Chile
12. **Abelleira, Ricardo**
Citybank, N.A.
Santiago de Chile

13. **Sugranyes, Ana**

GTZ (Agencia de Cooperación Internacional Alemana)
Alameda L. B. O'Higgins 924, Santiago de Chile.

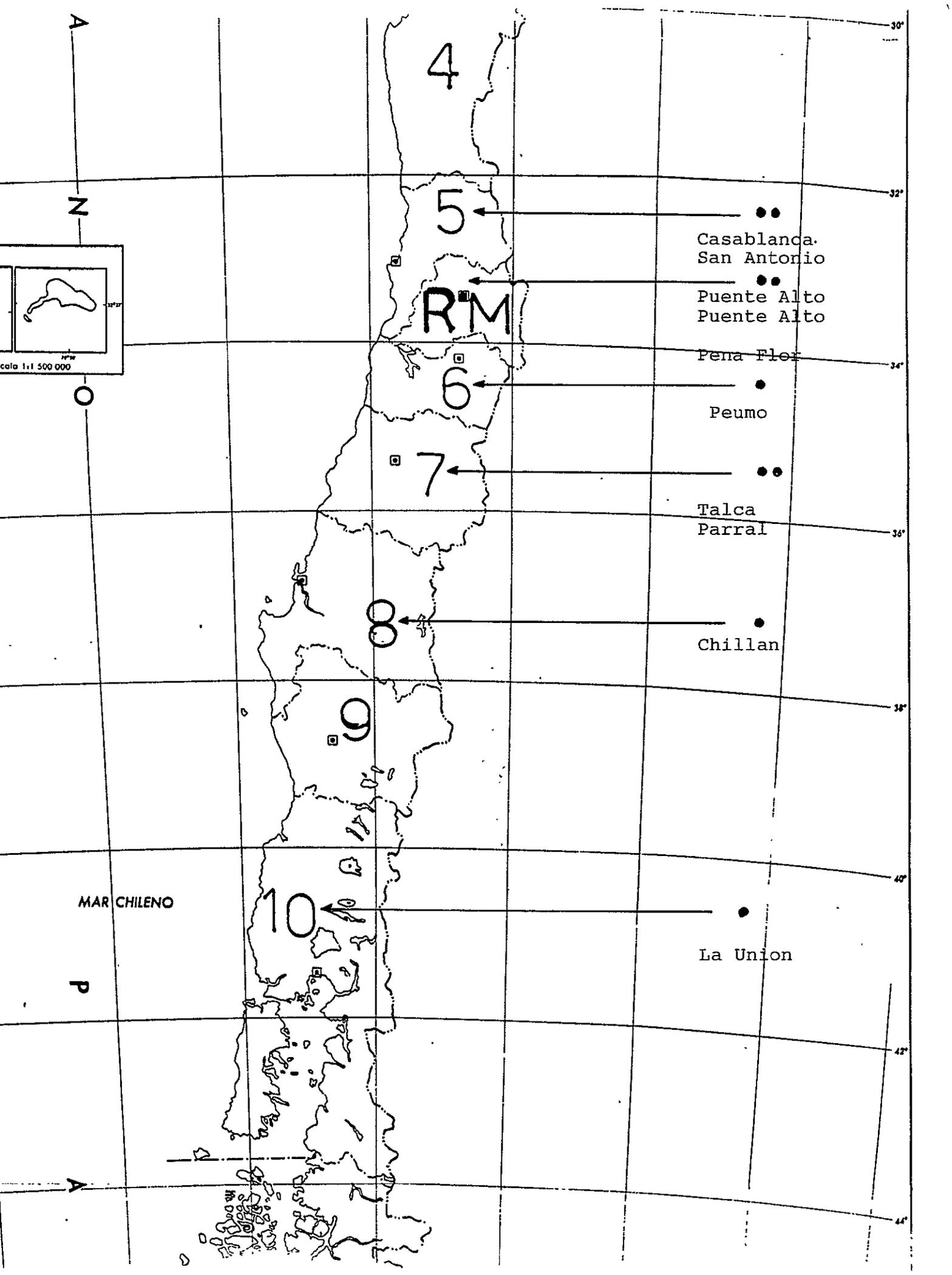
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1. CORPORACIÓN HABITACIONAL
Cámara Chilena de la Construcción
2. COVIP, S.A., Santiago de Chile
3. HABITACOOPT LTDA., Santiago de Chile
4. CONAVICOOP LTDA., Santiago de Chile
5. INVICA/PROVICOOP LTDA., Santiago de Chile
6. Ministerio de Vivienda y Urbanismo de Chile, Santiago de Chile
7. Oficina Regional de Vivienda y Desarrollo Urbano para Sur América (AID) Quito, Ecuador
8. Oficina de Representación en Chile de la Agencia de los Estados Unidos para el Desarrollo Internacional, Santiago de Chile
9. BHIF, Santiago de Chile
10. Citibank, N.A., Santiago de Chile
11. GTZ (Agencia de Cooperación Internacional Alemana) Santiago de Chile

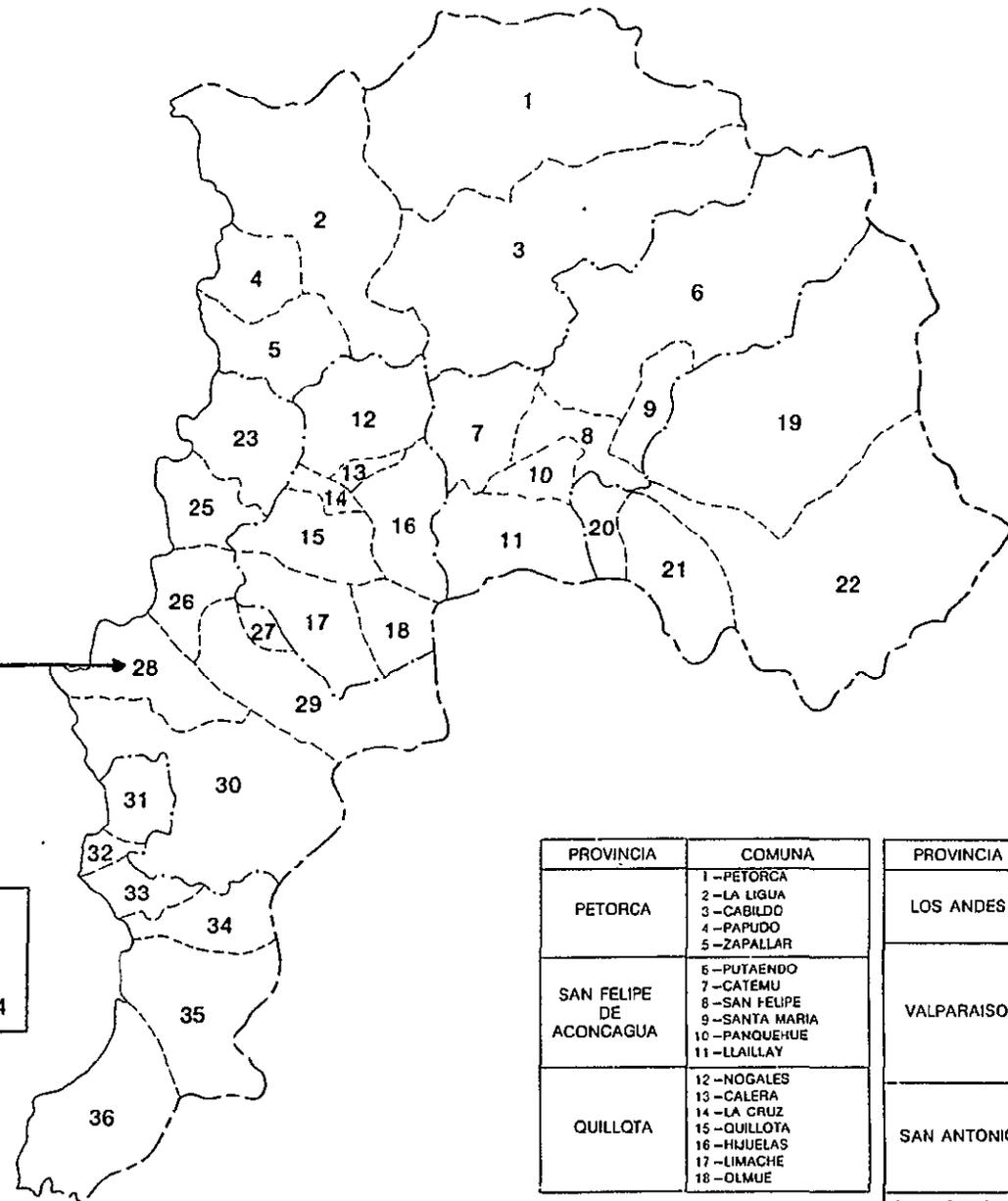
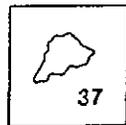
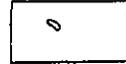
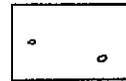
VISITED PROJECTS

1. Peñaflor, Area Metropolitana, 70 Viviendas
2. Casablanca, Valparaíso, 138 Viviendas
3. Puente Alto, Area metropolitana, 136 Viviendas

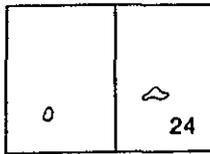
GEOGRAPHIC LOCATION OF HOUSING PROJECTS FINANCED THROUGH
513-HG-009



REGIÓN DE VALPARAISO



Casablanca
San Antonio



PROVINCIA	COMUNA	PROVINCIA	COMUNA
PETORCA	1 - PETORCA	LOS ANDES	19 - SAN ESTEBAN
	2 - LA LIGUA		20 - RINCONADA
	3 - CABILDO		21 - CALLE LARGA
	4 - PAPUDO		22 - LOS ANDES
	5 - ZAPALLAR	VALPARAISO	23 - PUCHUNCAVI
SAN FELIPE DE ACONCAGUA	6 - PUTAENDO		24 - JUAN FERNANDEZ
	7 - CATEMU		25 - QUINTERO
	8 - SAN FELIPE		26 - VIÑA DEL MAR
	9 - SANTA MARIA		27 - VILLA ALEMANA
	10 - PANQUEHUE		28 - VALPARAISO
	11 - LLAILLAY		29 - QUILPUE
QUILLOTA	12 - NOGALES	30 - CASABLANCA	
	13 - CALERA	SAN ANTONIO	31 - ALGARROBO
	14 - LA CRUZ		32 - EL QUISCO
	15 - QUILLOTA		33 - EL TABO
	16 - HUJUELAS		34 - CARTAGENA
	17 - LIMACHE		35 - SAN ANTONIO
	18 - OLMUE		36 - SANTO DOMINGO
		ISLA DE PASCUA	37 - ISLA DE PASCUA

SIMBOLOGÍA

- — — Limite Internacional
- - - - Limite Regional
- - - - Limite Provincial
- - - - Limite Comunal

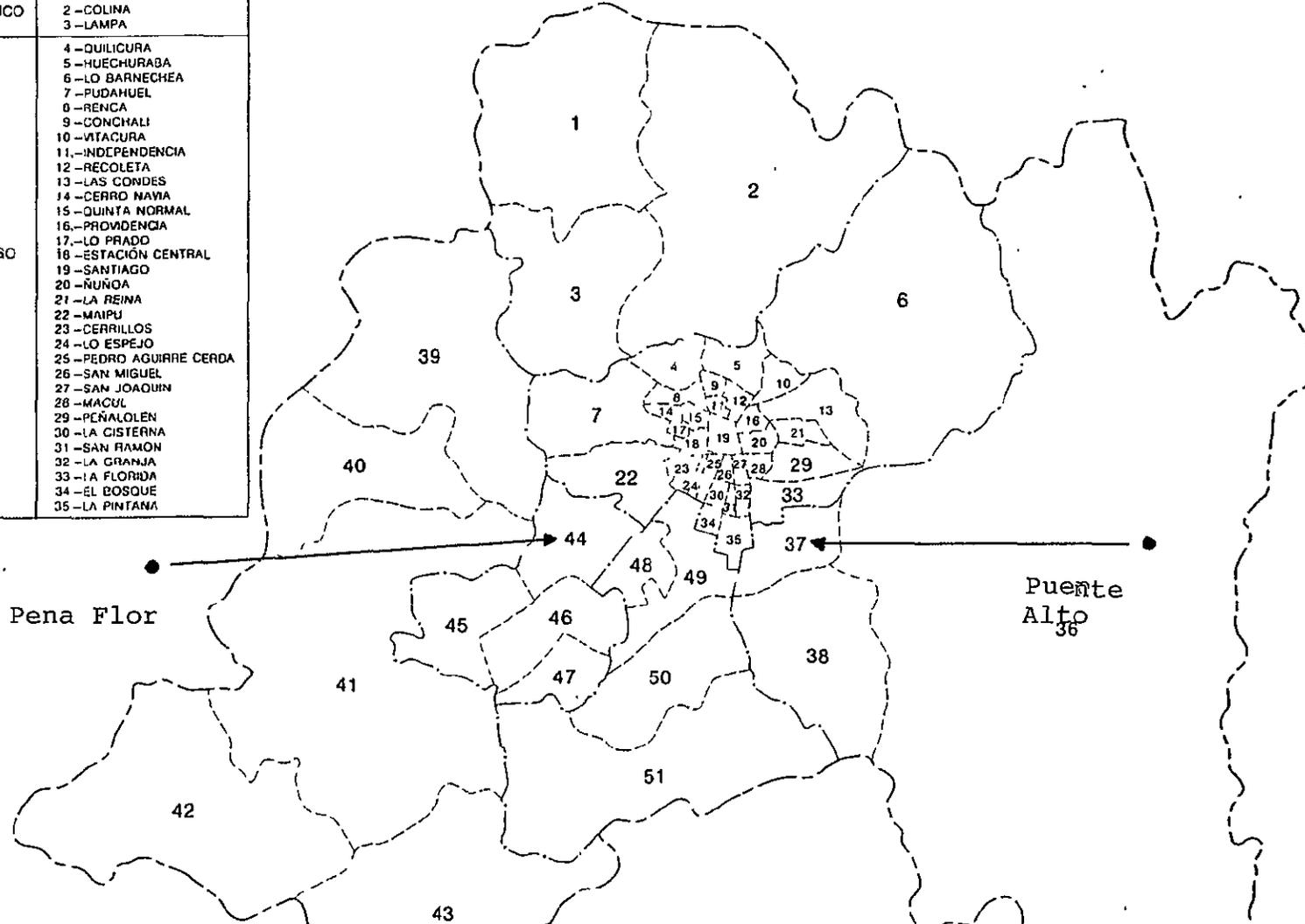
NOTA Los numeros identifican a las comunas

Escala 1 : 240 000



REGION METROPOLITANA DE SANTIAGO

PROVINCIA	COMUNA
CHACABUCO	1 - TIL TIL
	2 - COLINA
	3 - LAMPA
SANTIAGO	4 - QUILICURA
	5 - HUICHURABA
	6 - LO BARNECHEA
	7 - PUDAHUEL
	8 - RENCA
	9 - CONCHALI
	10 - VITACURA
	11 - INDEPENDENCIA
	12 - RECOLETA
	13 - LAS CONDES
	14 - CERRO NAVIA
	15 - QUINTA NORMAL
	16 - PROVIDENCIA
	17 - LO PRADO
	18 - ESTACION CENTRAL
	19 - SANTIAGO
	20 - ÑUÑO A
	21 - LA REINA
	22 - MAIPU
	23 - CERRILLOS
	24 - LO ESPEJO
	25 - PEDRO AGUIRRE CERDA
	26 - SAN MIGUEL
	27 - SAN JOAQUIN
	28 - MACUL
	29 - PEÑALOLEN
	30 - LA CISTERNA
	31 - SAN RAMON
	32 - LA GRANJA
	33 - LA FLORIDA
	34 - EL BOSQUE
	35 - LA PINTANA



PROVINCIA	COMUNA
CORDILLERA	35 - SAN JOSÉ DE MAIPO
	37 - PUENTE ALTO
	38 - PIRQUE
MELIPILLA	39 - CURACAVI
	40 - MARIA PINTO
	41 - MELIPILLA
	42 - SAN PEDRO
TALAGANTE	43 - ALHUE
	44 - PEÑAFLOR
	45 - EL MONTE
	46 - TALAGANTE
	47 - ISLA DE MAIPO

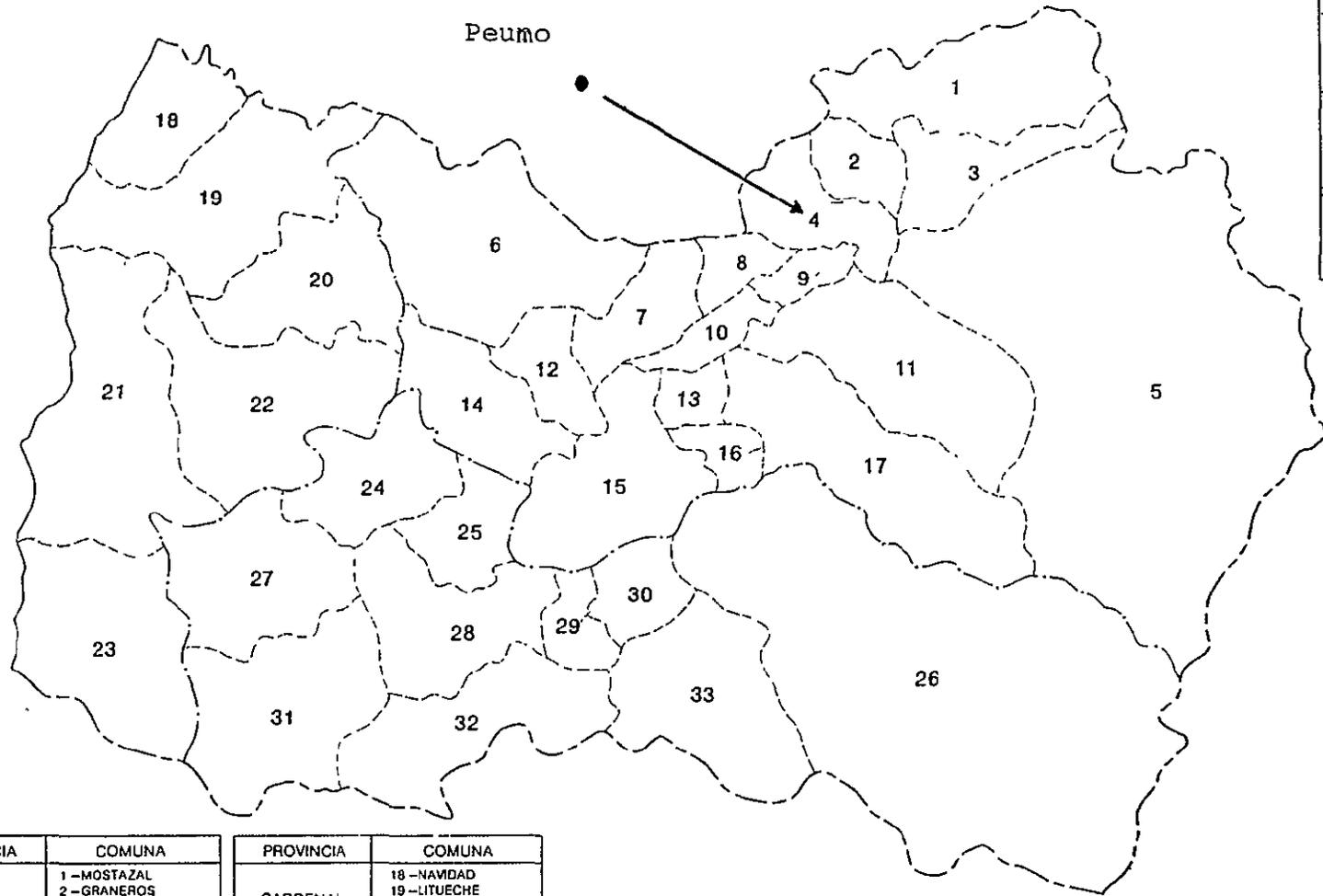
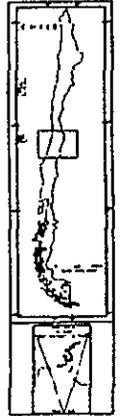
PROVINCIA	COMUNA
MAIPO	48 - CALERA DE TANGO
	49 - SAN BLANARDO
	50 - BUIN
	51 - PAINE

SIMBOLOGÍA
 - - - Límite Internacional
 - - - Límite Regional
 - - - Límite Provincial
 - - - Límite Comunal
NOTA Los números identifican a las comunas

Escala 1 900 000



REGIÓN DEL LIBERTADOR GENERAL BERNARDO O'HIGGINS



PROVINCIA	COMUNA
CACHAPOAL	1 - MOSTAZAL
	2 - GRANEROS
	3 - CODEGUA
	4 - RANCAGUA
	5 - MACHALI
	6 - LAS CABRAS
	7 - COLTAUCO
	8 - DOÑIHUE
	9 - OLIVAR
	10 - COINCO
	11 - REQUINOA
	12 - PEUMO
	13 - QUINTA DE TILCOCO
	14 - PICHIDEGUA
	15 - SAN VICENTE
	16 - MALLOA
	17 - RENGÓ

PROVINCIA	COMUNA
CARDENAL CARO	18 - NAVDAD
	19 - LITUECHE
	20 - LA ESTRELLA
	21 - PICHILEMU
	22 - MARCHIHUE
	23 - PAREDDONES
COLCHAGUA	24 - PERALILLO
	25 - PALMILLA
	26 - SAN FERNANDO
	27 - PUMANQUE
	28 - SANTA CRUZ
	29 - NANCAGUA
	30 - PLACILLA
	31 - LOLOL
	32 - CHEPICA
	33 - CHIMBARONGO

SIMBOLOGÍA

- — — Límite Internacional
- — — Límite Regional
- — — Límite Provincial
- — — Límite Comunal

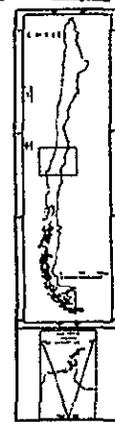
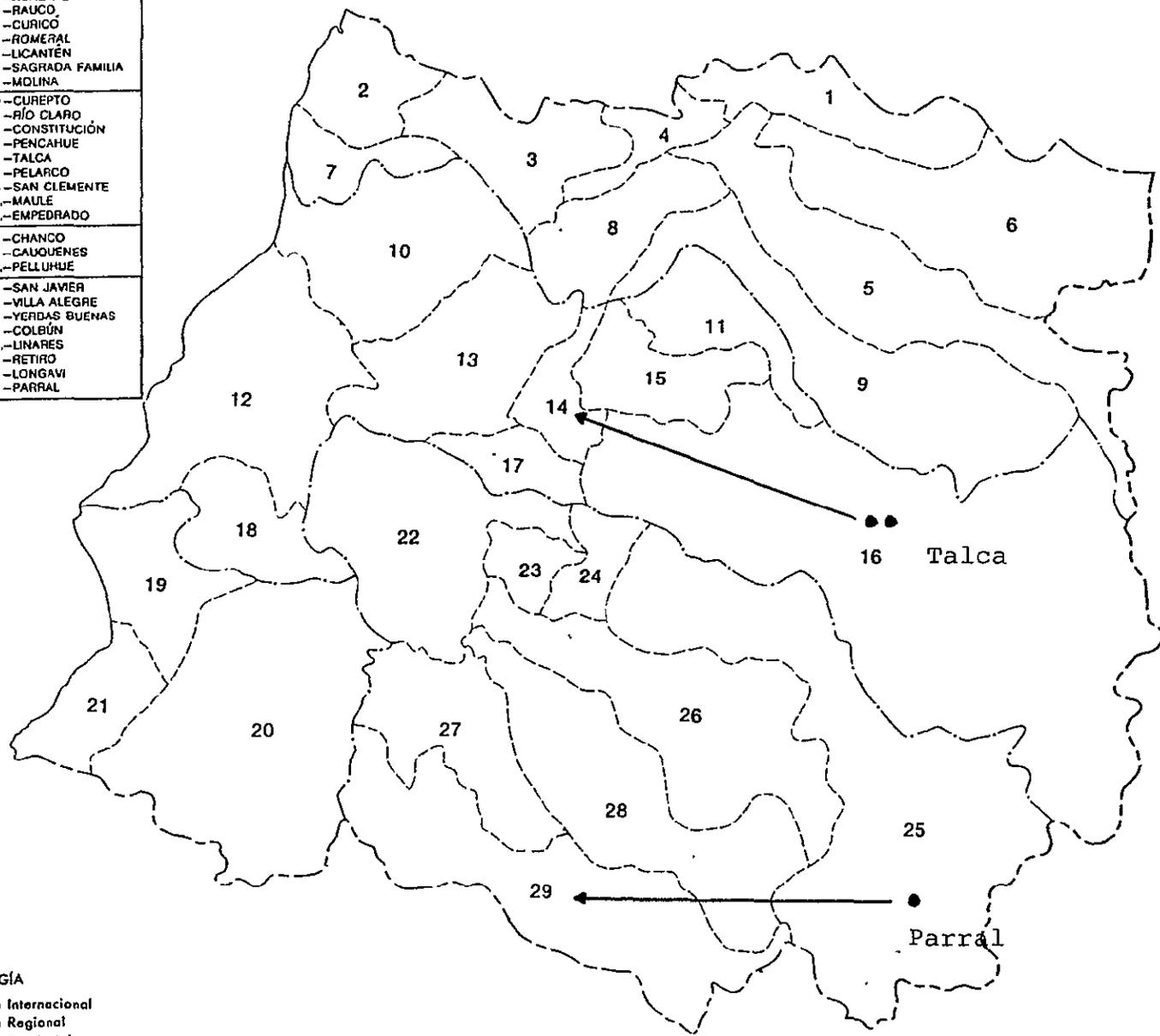
NOTA Los números identifican a las comunas



Escala 1:975 000

REGION DEL MAULE

PROVINCIA	COMUNA
CURICÓ	1-TENO
	2-VICHUQUÉN
	3-HUALAÑE
	4-RAUCO
	5-CURICÓ
	6-ROMERAL
	7-LICANTÉN
	8-SAGRADA FAMILIA
	9-MOLINA
TALCA	10-CUREPTO
	11-RÍO CLARO
	12-CONSTITUCIÓN
	13-PENCAHUE
	14-TALCA
	15-PELARCO
	16-SAN CLEMENTE
	17-MAULE
	18-EMPEDRADO
CAUQUENES	19-CHANCO
	20-CAUQUENES
	21-PELLUHUE
LINARES	22-SAN JAVIER
	23-VILLA ALEGRE
	24-YERDAS BUENAS
	25-COLBÚN
	26-LINARES
	27-RETIRO
	28-LONGAVI
	29-PARRAL



SIMBOLOGÍA

- — Límite Internacional
- - - Límite Regional
- - - Límite Provincial
- · · Límite Comunal

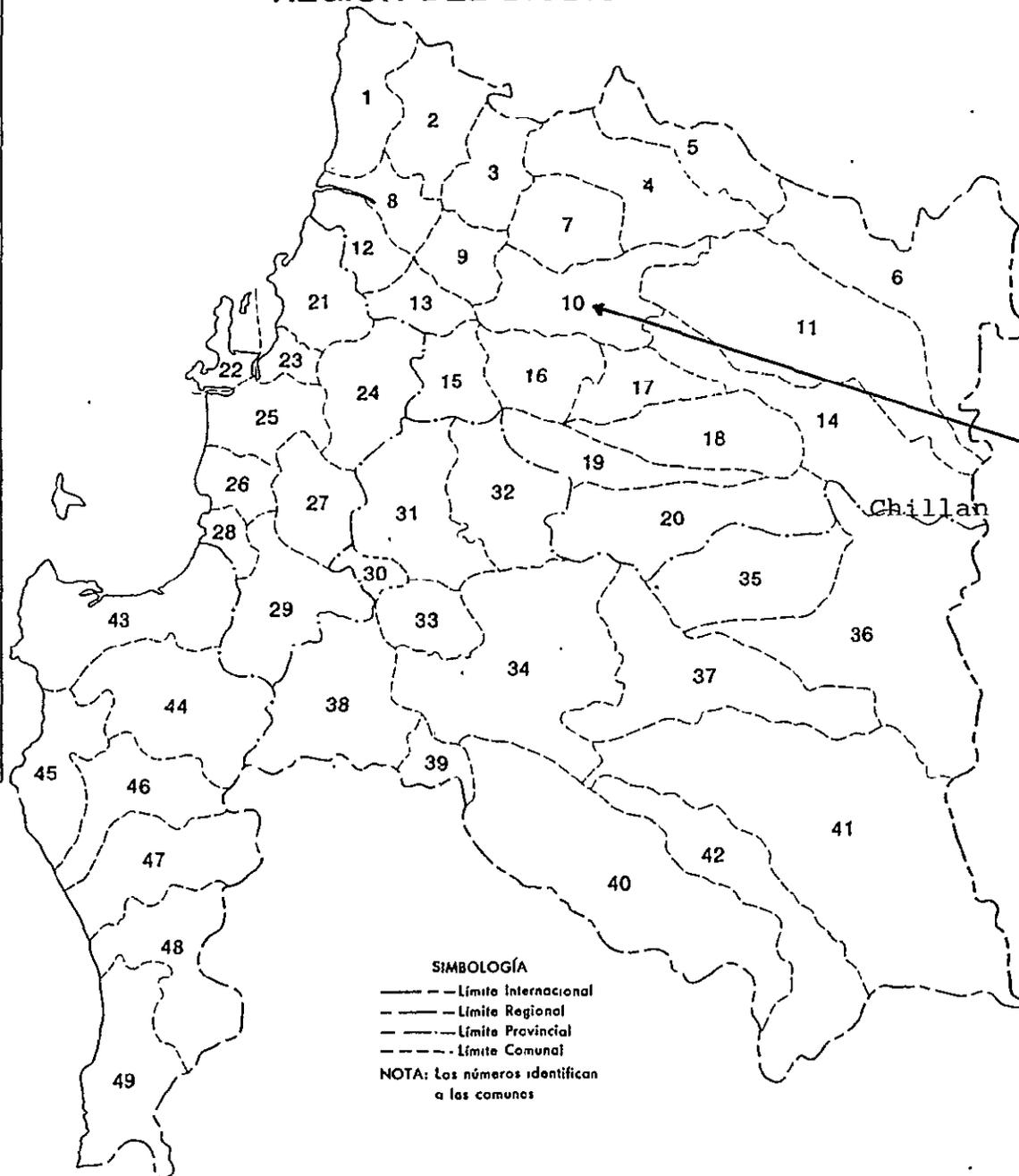
NOTA Los números identifican a las comunas

Escala 1 1.200 000



REGION DEL BIOBIO

PROVINCIA	COMUNA
ÑUBLE	1 - COBQUECURA
	2 - QUIRHUE
	3 - NINHUE
	4 - SAN CARLOS
	5 - ÑIQUEN
	6 - SAN FABIAN
	7 - SAN NICOLÁS
	8 - TREGUACO
	9 - PORTEZUELO
	10 - CHILLAN
	11 - COIHUECO
	12 - COLEMU
	13 - RANQUÍL
	14 - PINTO
	15 - OULLÓN
	16 - BULNES
	17 - SAN IGNACIO
	18 - EL CARMEN
	19 - PEMUCO
	20 - YUNGAY
CONCEPCIÓN	21 - TOME
	22 - TALCAHUANO
	23 - PENCO
	24 - FLORIDA
	25 - CONCEPCIÓN
	26 - CORONEL
	27 - HUALQUI
	28 - LOTA
	29 - SANTA JUANA
BIOBÍO	30 - SAN ROSENDO
	31 - YUMBEL
	32 - CABRERO
	33 - LAJA
	34 - LOS ANGELES
	35 - TUCAPEL
	36 - ANTUCO
	37 - OUILLECO
	38 - NACIMIENTO
	39 - NEGRETE
	40 - MULCHÉN
	41 - SANTA BARBARA
	42 - OUILACO
	ARAUCO
44 - CURANILAHUE	
45 - LEBU	
46 - LOS ALAMOS	
47 - CAÑETE	
48 - CONTULMO	
49 - TIRUA	



SIMBOLOGÍA

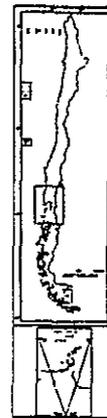
- — — Límite Internacional
- - - Límite Regional
- - - Límite Provincial
- - - Límite Comunal

NOTA: Los números identifican a las comunas

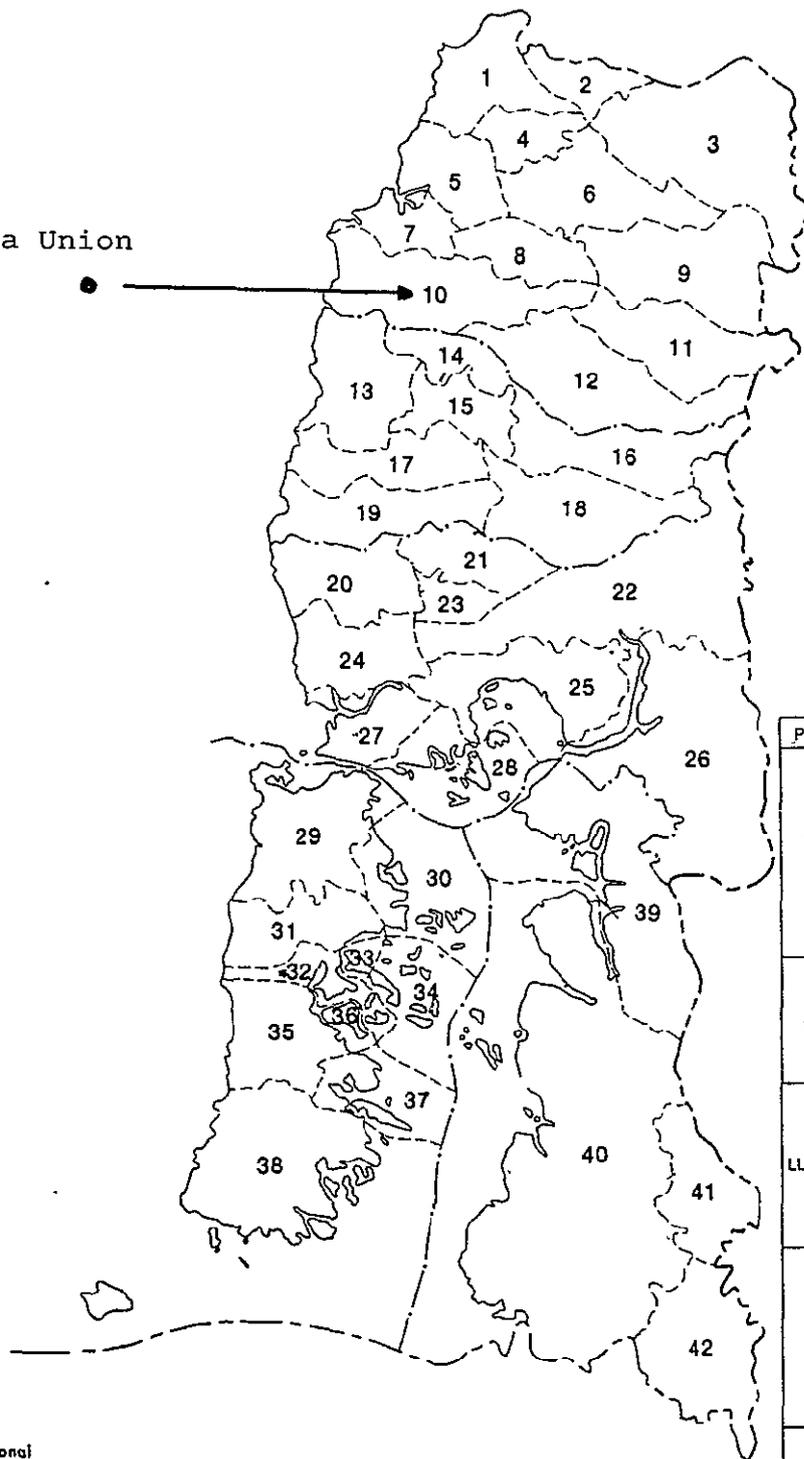
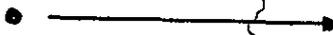
Escala 1:1 550.000



REGIÓN DE LOS LAGOS



La Union



PROVINCIA	COMUNA
VALDIVIA	1 - MARIQUINA
	2 - LANCO
	3 - PANGUIPULLI
	4 - MAFIL
	5 - VALDIVIA
	6 - LOS LAGOS
	7 - CORRAL
	8 - PAILLACO
	9 - FUTRONO
	10 - LA UNIÓN
	11 - LAGO RANCO
	12 - RIO BUENO
OSORNO	13 - SAN JUAN DE LA COSTA
	14 - SAN PABLO
	15 - OSORNO
	16 - ENTRE LAGOS
	17 - RIO NEGRO
	18 - PUERTO OCTAY
	19 - PURRANQUE
LLANQUIHUE	20 - FRESIA
	21 - FRUTILLAR
	22 - PUERTO VARAS
	23 - LLANQUIHUE
	24 - LOS MUERMOS
	25 - PUERTO MONTT
	26 - COCHAMÓ
	27 - MAULLÍN
28 - CALBUCO	
CHILOÉ	29 - ANCUD
	30 - QUEMCHI
	31 - DALCAHUE
	32 - CASTRO
	33 - CURACO DE VELEZ
	34 - QUINCHAD
	35 - CRONCHI
	36 - PUQUELDÓN
	37 - QUEILÉN
	38 - QUELLÓN
PALENA	39 - HUALAIHUE
	40 - CHAITÉN
	41 - FUTALEUFÚ
	42 - PALENA

SIMBOLOGÍA

- Límite Internacional
- - - Límite Regional
- - - Límite Provincial
- - - Límite Comunal

NOTA: Los números identifican a las comunas

Escala 1:2 700 000

