



**THE MANAGEMENT
OF
REVOLVING FUNDS
FOR
HOUSE IMPROVEMENT LOANS**

The United Nations Centre for Human Settlements (Habitat)

Nairobi, 1991

HS/221/91E

ISBN 92-1-131 143-8

FOREWORD

The adoption of imaginative approaches to project financing is an essential component of the enabling policies which underlie the Global Strategy for Shelter to the Year 2000. The United Nations Centre for Human Settlements (Habitat) has already produced several publications in this field, including *Community-based Finance Institutions* (HS/44/84), *Promotion of Non-conventional Approaches to Housing Finance for Low-income Groups* (HS/44/84) and *Mobilisation of Finance Resources for Lending to Low-income Groups* (HS/167/89/E). The last of these is already widely used as resource material in the formation of revolving funds.

This manual is mainly concerned with the administration of the revolving fund, and area requiring particular attention and improvement. Whilst this model cannot be copied in its entirety, the methodology and procedures provide a guide for professionals involved in administering revolving-fund programmes.

The Management of Revolving Funds for House Improvement Loans, has been produced by A. C. Lewin, in co-operation with F. Aybar de Sanabia, O. Méndez and J. Kotowski-Ziss. It is based on the experience of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), National Housing Institute (INVI), Experimental Housing Improvement and Community Mobilisation Project, Santiago, Dominican Republic and it is designed to be used either independently or in conjunction with the GTZ video, entitled, *Housing Improvement Loans*, INVI Santiago (a 31-minute production) by Deutsche Gesellschaft für Technische Zusammenarbeit.

Arcot Ramachandran
Executive Director
Under-Secretary General

TABLE OF CONTENTS

	Page
INTRODUCTION – WHAT IS IT ALL ABOUT	5
I. THE REVOLVING FUND FOR HOUSE IMPROVEMENT LOANS	6
A. Some general information – the actors	6
1. The Dominican Republic, Santiago and the squatters of Pekin -where are they?	6
2. The implementing agency -The National Housing institute (INVI)	8
3. The German Society for Technical Co-operation (GTZ) and its role	10
B. The project's concept	11
1. The project's objectives and concept	11
2. Constitution and use of the revolving fund - the contributors	12
3. Selection of project area	12
4. Loan conditions	13
II. THE ADMINISTRATION OF THE SCHEME	14
A. The project's internal organization	14
B. The planning, follow-up and monitoring of activities	18
C. Making the project known	33
D. The processing of loan applications	34
E. Legalisation of loan contracts	50
F. Disbursement of materials - construction monitoring	56
G. The administration of funds and petty cash	66
H. Purchasing building materials	67
I. The management of the stores	72
J. Loan recovery	72
III. CRITICAL EVALUATION	81
Annex	83

INTRODUCTION - WHAT IS IT ALL ABOUT?

The phenomenon of urban squatters in third-world countries has been frequently discussed, analysed and quantified in learned studies. The dismaying details need not be repeated again. It will be sufficient to recall that urban squatter settlements are an expression of and reaction to distorted social and economic development, a result of inadequate urban management and lack of access to basic urban services and facilities.

In the Dominican Republic, urban squatter settlements are estimated to comprise 60 to 70 per cent of the urban population. They are characterized by inadequate and scarce physical and social infrastructure, variable heterogeneous housing conditions, deteriorating health and environmental conditions, diminishing access to formal sector employment and rapidly decreasing real income.

Independently of the prevailing political system, housing production is determined by the market forces of supply and demand. Where a demand exists, formal and informal market forces and mechanisms will regulate the supply. However, of market distortions resulting from inadequate access to land, urban and social services as well as housing finance, to name only a few of the factors, cannot only be adjusted by supply and demand. If one considers the skewed income distribution and low purchasing power of the majority of the households in need of housing. As a result, formal-sector and institutional housing production can and does benefit mostly middle and upper-income households, who usually comprise no more than 30 per cent of urban households. The great majority of low-income families depend on informal sector supply and demand, which explains increasing densities and concentration in older slums located in town centres as well as the growth of peripheral settlements with limited access to infrastructure and urban services.

Like most other third-world countries, the Dominican Republic has attempted to find various solutions to the ever-increasing housing problem. These included "social housing", various types of low-cost housing schemes, site-and-services programmes and others. The results however were not very encouraging.

At current rates (mid-1988) construction cost of a 40 m² lowest-cost shelter, including basic services but excluding land value, amounted to \$RD40,000.⁽¹⁾ Assuming an interest rate of 12 per cent which is the official rate charged by the National Housing Institute (INVI), and a repayment period of 15 years, monthly instalments will amount to \$RD480 (\$US75.60). As the majority of squatters and other low-income households earn an income of \$RD300 to \$600 (\$US47 to \$94), it is obvious that they cannot afford such housing unless it is heavily subsidised. Similarly, serviced plots offered under the site-and-service scheme are inaccessible for the great majority of the urban households.

To some extent the upgrading and improvement of existing squatter shelter may constitute a viable and important alternative, although only a partial, solution. It is applicable only to those who either lease or possess the plot they occupy or if they may legalise such an occupancy. Often, it is possible to legalise the occupancy of publicly owned land only, whereas the acquisition or expropriation of privately owned land occupied by squatters is extremely costly and lengthy. Yet also in the case government or municipal land, legalisation and the issue of titles is not easy. The applicant may spend weeks and months to obtain signatures, present documents deal with lawyers and purchase the stamps.

Tenants are excluded from access to house improvement loans ⁽²⁾ unless arrangements to acquire the shelter from the owner can be made. This, however, is not very easy and there are few positive experiences.

House improvement loans are available for those owners who reside in their homes. In the Dominican Republic, there are no landlords who possess several hundred units and live off the poor as in some other countries. However, there are numerous poorer and often older landlord owners of three to six shelters or shacks whose only secure income is the rent they charge. Are they eligible for a home improvement credit?

⁽¹⁾ In September 1988, the rate of exchange for \$US 1.00 was \$RD 6.35 (Dominican Peso).

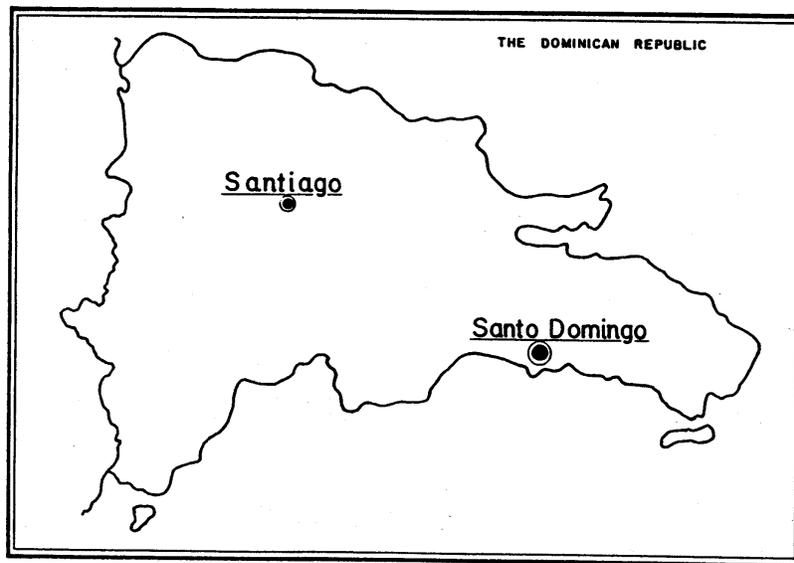
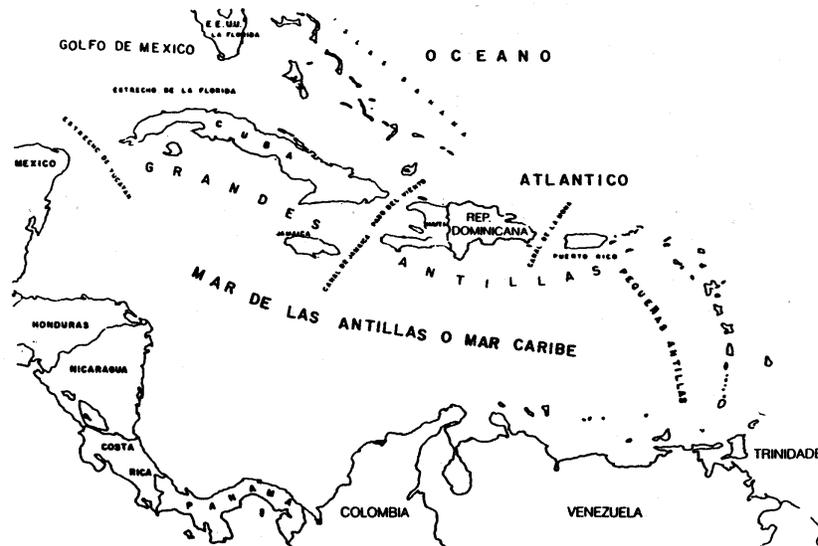
⁽²⁾ The term "Home improvement loans" usually refers to middle-class housing schemes. Therefore we prefer to use the term "House improvement loans".

The upgrading of shelter does not contribute substantially to extending the national and urban housing stock. Rather it implies repair, expansion and replacement or reconstruction of existing shelters. The impact of the scheme is more in the realm of living conditions, health and environmental sanitation. Nevertheless, the additional space constructed is most important for the second and third generations, who often cannot afford to build or rent their own homes.

Consequently, shelter improvement programmes are not a solution to urban housing problems, but rather an important means of improving living conditions in squatter settlements, particularly when they are combined with other projects such as the upgrading of physical and social infrastructure, employment generation, environmental sanitation, education and community development.

The names used throughout this report are fictitious. The events described are indicative of actual events.

UBICACION DE LA REPUBLICA DOMINICANA LOCATION OF THE DOMINICAN REPUBLIC



I. THE REVOLVING FUND FOR HOUSE IMPROVEMENT LOANS

A. *Some general information - the actors*

1. *The Dominican Republic, Santiago and the squatters of Pekin - where are they?*

The Dominican Republic is the eastern part of the island of Hispaniola in the Caribbean. It has an area of slightly more than 48,000 km². Its total population is estimated at 6.5 million and average density amounts to 125 persons/km². In addition, approximately 2 million Dominicans live in the United States of America and maintain close contacts with their relatives on the island. Their influence (not only economically) is substantial. The expectations and aspirations of most low-income households are oriented towards the "Land of Promises".

Nearly 2 million, or a third of the population, live in the ancient but also modern capital of Santo Domingo. The second largest town Santiago de los Treinta Caballeros, has a population of approximately half a million. The other 24 urban centres are considered medium and small towns with populations ranging from 5000 to 150,000 each. Considering the

relatively small size of the country and the good communication system, it is easy to travel or commute.

The rapid urbanization process commenced at the end of the 1950s. Whereas only 16.6 per cent of the population lived in urban centres in 1920, that share increased to 23.8 per cent in 1950 and 52.0 per cent in 1981. Between 1950 and 1981, the population of Santo Domingo increased from 181,550 to 1,313,170 inhabitants and that of Santiago from 56,560 to 278,680. Such an urbanization is the result of various factors such as the concentration of land-ownership (despite or as a result of land reform), the modernisation of the economy, excessive investment in urban areas in general and in the capital in particular, rural-urban income differentials, the modernisation of society and the attractiveness of the big towns.

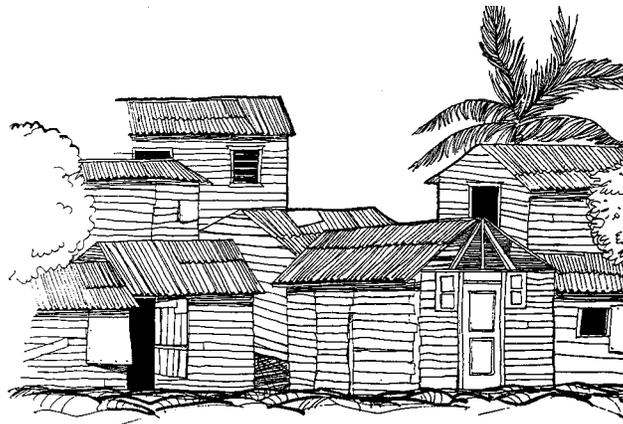
Santiago, the second largest town of the Dominican Republic, was founded in 1495, three years after the landing of Columbus in that part of the world. It is located in the wealthiest agricultural zone of the Dominican Republic, the Cibao, and benefits from a moderate though tropical climate. Santiago is a flourishing industrial, commercial and administrative centre which has competed for generations with the capital. It is estimated that nearly 70 per cent of the town's population of half a million live in squatter settlements, located in the south, the east and the centre of the town.

Pekin is located 4 km from the centre towards the south of Santiago, a zone with 128 squatter settlements and approximately 60,000 inhabitants. It is named after the Chinese capital of Beijing although it has nothing to do with it, nor is it inhabited by Chinese. Many of the squatter settlements in the Dominican Republic have been named after war and crisis zones which made the headlines at the time of their findings as, for example, Katanga, Viet Nam, etc.

Despite its urban features, Pekin still maintains some rural characteristics. Its occupation and consolidation took place during the period 1955 to 1974, when the Municipality of Santiago leased plots to families who had been resettled there from other parts of the town, due to the construction of roads and public buildings. All the land is owned by the Municipality which in some cases has issued land leases. However, many of the plots have changed hands several times and practically none of the residents pay rent, with the result that only a few of them have contacts. Due to the *de facto* though not *de jure* recognition of this *status quo*, the settlement is not bound by the formal building norms and standards of the municipal authorities.

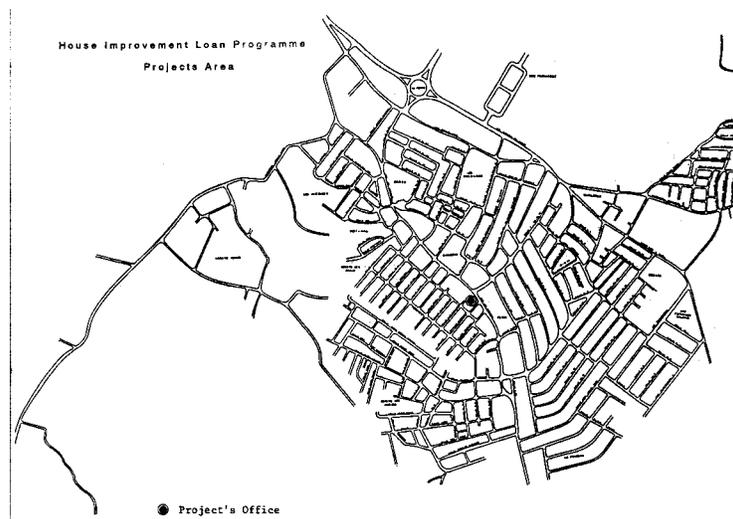
Pekin does not substantially differ from most marginalised squatter settlements in Santiago and the Dominican Republic. The roads are poor (during the rainy season inaccessible), water supply is infrequent, drainage is natural rather than man-made and electricity breaks down daily for many hours. (However, the same can be said about middle- and even higher-income residential estates.)

The population of Pekin amounted in 1981 to 24,500 or 4,089 house holds, of whom 52 per cent were women. Average density amounts to 211 persons/ha. The great majority of the adults are rural migrants from the vicinity and the entire Cibao (68 per cent).



A SECTION OF BARRIO PEKIN

The settlement is characterized by its heterogeneity as are most comparable zones. Some one third of the houses are built of blocks and may be considered adequate. The rest are traditional and sometimes beautiful timber houses which are gradually being replaced by block ones, as well as a large proportion of dilapidated shelters built of a) variety of materials.



Only some 25 per cent of the heads of household are permanently employed in the formal public and private sector. The majority are casual workers, self-employed mainly in commerce, or as construction workers, while a few are farmers. It is hardly possible to make a valid statement regarding income, taking into account the share of casual workers and the fact that the regularly employed are likely to have a second or even a third source of income. Also, income distribution is characterized by its heterogeneity and fluctuations.

Nearly one quarter of the inhabitants, mostly the older ones, are illiterate and only 45 per cent have attended, though not necessarily completed, elementary school. Most children attend public elementary school but there is a considerable shortfall. As a result of the "educational explosion" of the last two decades, there is an impressive cadre of younger educated professionals living in the settlement.

Fourteen resident organizations and clubs were counted in Pekin and the surrounding squatter settlements of the south of Santiago. There are church organizations, sports clubs, school associations, youth clubs and organizations for the development of the settlement. Despite goodwill and dedication, most of them are weak and unstable. Very often, works and activities which have been planned and even commenced cannot be completed due to the shortage of funds. Most of the community leaders are active in several organizations.

Community ties and interactions are not very strong or pronounced. Migration took place individually and extended-family networks tend to disintegrate rapidly, although some remnants of "village of origin" solidarity have survived. The process of rural to urban migration, modernisation, orientation to new urban values and towards the USA, the search for livelihood and consolidation at the individual level, have also led to the atomisation of society in the squatter settlements. The new urban culture is still in its formative stage and the emerging social networks are fragile.

Pekin is thus a typical squatter settlement. It embodies the urbanization process in the Dominican Republic as in many other third-world countries - the heterogeneity, the contradictions, the daily struggle for survival and the ingenuity of solutions found to meet urgent needs and solve persistent problems.

2. The implementing agency - the National Housing Institute (INVI)

The Agency responsible for low-cost housing in the Dominican Republic is the National Housing Institute (INVI) established in 1962. According to its constituting law, INVI should have been responsible for:

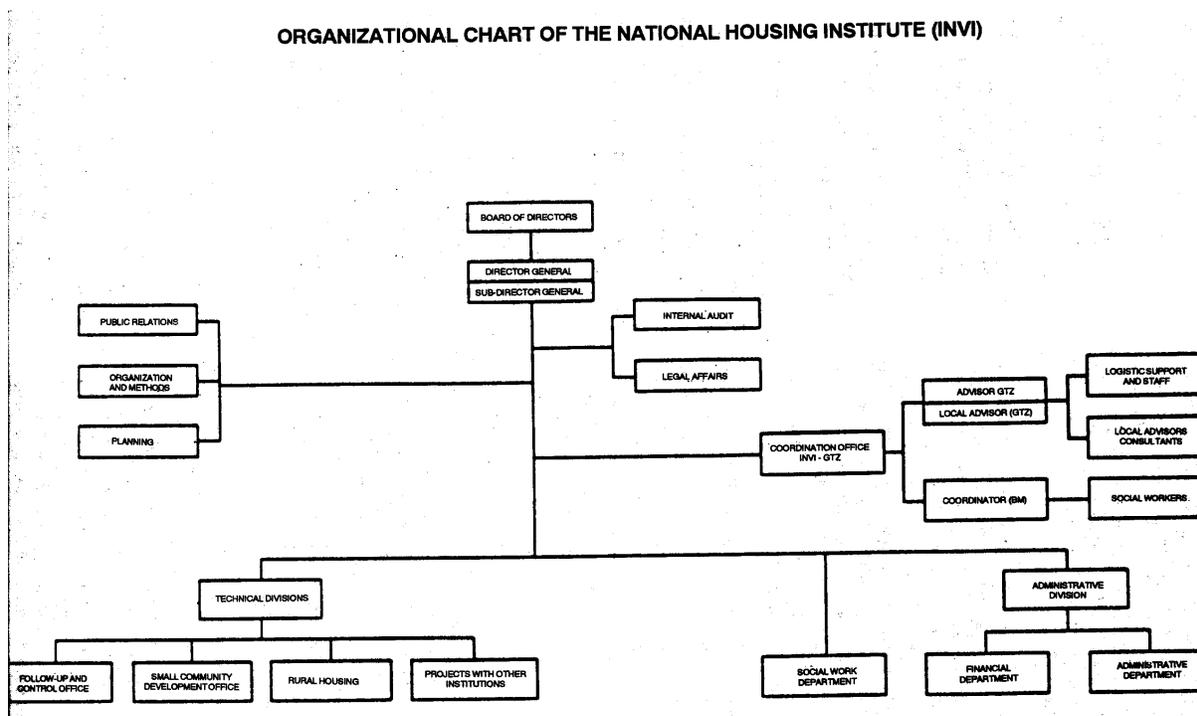
- (a) Promoting national housing policy and programmes in close co-operation with the National Planning Office (ONAPLAN);
- (b) Assuming responsibility for the implementation and administration of housing projects in the public sector;
- (c) Integrating the private sector in the production of low-cost housing;
- (d) Technically assisting and offering advice to people and organized groups interested in solving their housing problems;
- (e) Promoting the production of urban and rural housing by means of self-help and mutual aid;

- (f) Identifying the land required for the execution of the projects envisaged by the National Housing Plan and requesting its expropriation by the Executive Power;
- (g) Creating the conditions to enable low-income families access to the dwellings produced, taking into account their socio-economic requirements and conditions.

INVI's administrative structure is centralised, comprising the following hierarchical levels:

- (a) The Board of Directors, responsible for the formulation of policy, strategy, programmes and projects of the Institution. It also controls the activities and implementation of the plans.
- (b) The Director General, responsible for the execution of the policy and programmes, programming the operations and securing compliance with the Board's decisions.

ORGANIZATIONAL CHART OF THE NATIONAL HOUSING INSTITUTE (INVI)



- (c) The technical-operations level in charge of the implementation of the schemes and programmes of the institution. This level is composed of 10 departments, 19 sections and two logistic service units.

The staff of INVI consists of 440 employees of whom 21 are executives, 168 professionals and technicians, and 251 lower-level employees. As often happens, despite its statutory responsibilities and policy options, INVI's activities have concentrated in the past on the construction of approximately 10,000 walk-up apartments for middle-income households. During the period 1983 to 1985 and following the election promises of the President, INVI began with the construction of more than 30,000 dwelling units for lower-middle-and middle-income households in Santo Domingo, the capital, and in Santiago. The scheme proved to be beyond the financial and organizational capacity of the Institute and was discontinued in 1985. In addition to the heavy financial losses, INVI's prestige and image were damaged as well.

Whereas personnel and administration costs are financed out of INVI's rental income, investment and construction funds are provided out of the Government's budgetary contributions. The Institute, therefore, depends heavily on fluctuating sources of funding and the current economic-political situation. Due to the inflexibility of governmental credit policy on the one hand and accelerating inflation (particularly since 1986) on the other hand, INVI has been de-capitalising rapidly.

With the technical and financial support of the German Society for Technical Co-operation (GTZ), INVI planned and, since 1982, has implemented a pilot integrated squatter-settlement upgrading project, "El Caliche" in Santo Domingo. As a result of the experience gained, the House Improvement Loan Scheme in Santiago was designed and is being implemented. Although house and squatter-settlement upgrading do not play an important role in INVI's policy and programmes yet, it is hoped that the significance of such activities will gradually be recognized by INVI's management

and by other policy-making authorities, and that such projects will be planned and implemented in the future both by the Government and non-governmental organizations (NGOs).

3. The German Society for Technical Co-operation (GTZ) and its role

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) which means German Society for Technical Co-operation, is a public autonomous technical assistance agency owned by the German Federal Government. It is commissioned to undertake the planning and implementation of technical co-operation projects with developing countries, based on a general agreement with the Federal Government and the development policy as formulated by the Federal Ministry for Economic Co-operation.

The main tasks of GTZ are:

- (a) Planning, implementing, steering and monitoring of technical co-operation projects and programmes, together with its partners in developing countries;
- (b) Advising other organizations involved in development activities (German, foreign and private);
- (c) Recruiting, preparing and assigning experts and attending to their professional and personal affairs during their period of assignment;
- (d) Planning and procuring equipment for the projects and its shipment to the developing countries.

At the beginning of 1988, GTZ was implementing 2127 projects in more than 100 countries, either directly or through consultancies and other contributions.

German technical co-operation in the field of housing and squatter upgrading is rather recent and commenced at the beginning of the 1980s.

In accordance with the policy concept of the Federal Ministry for Economic Co-operation (BMZ), housing-supply projects supported by the German Government should contribute to reducing housing shortages and to realising the following objectives:

- (a) Direct improvement of the housing situation of low-income groups. Geared to the local conditions and demands, the projects should help to achieve a minimum of:
 - (i) Protection for the inhabitants against the hazards of the natural and social environment;
 - (ii) Space for a private and public life;
 - (iii) Physical and social infrastructure and easier access to the workplace;
- (b) Introduction of longer-term and broadly effective processes designed to improve housing conditions. The projects should make the legal, institutional, financial and personnel arrangements ensuring that the results are permanent and reach as large a portion of the population as possible. In particular, they should promote:
 - (i) The mobilisation of the self-help potential of the inhabitants and the tapping of local resources;
 - (ii) The development and strengthening of resident's organizations and of grassroot-related State and private institutions and help political decision-makers at all levels to realise the necessity and usefulness of a self-help-oriented housing supply;
- (c) Creation of employment and income. The projects are to contain an income- and employment- generating component whenever possible. Such components might, for example, be directed at:
 - (i) Strengthening the local production of construction materials and the construction industry;
 - (ii) Helping to set up craft and service enterprises which could offer construction services and do maintenance work;
 - (iii) Giving an investment incentive to small-scale businesses catering to the daily needs of the residents.

In the case of the Special Fund for the Promotion of Self-help Initiatives in Santiago and the House Improvement Loan Programme which comprises one of the Fund's components, it had been intended to limit the GTZ contribution to the financing of planned activities and to supervision of their implementation through the INVI/GTZ project office located in the capital, in conjunction with the technical assistance to El Caliche Upgrading Project. However, the experience gained during the first months has clearly indicated that, in the absence of adequate experience and considering the innovative approach of the project, the short-term training provided is not sufficient. It has been necessary, therefore, to incorporate the element of longer-term on-the-job training, continuous monitoring and follow-up, adaptation and updating of the manual as well as internal and external co-ordination. In order to accomplish these tasks, GTZ has

agreed with INVI to expand the local strategic support and to contract experienced local advisors who would assist the team. These would gradually diminish their intervention, enabling the project's own team to administer the scheme efficiently.

B. The project's concept

1. The project's objectives and concept

The House Improvement Loan Programme is only one of the components of the Special Fund for Promoting Self-help Initiatives. Its overall objective is to improve the living and housing conditions in squatter settlements by means of the subsequent dissemination of the experience gained with the pilot scheme.

The immediate goals of the project are to:

- (a) Build-up the self-management capacity of existing resident organizations by helping them to implement their priority upgrading programmes, acquiring practical experience thereby;
- (b) Strengthen the institutional capacity of INVI to plan and implement similar activities in other medium-size and small urban settlements in the future;
- (c) Contribute to the improvement of housing conditions in Santiago, by means of technical and financial assistance to the interested low-income household residents of squatter settlements;
- (d) Develop and test procedures for the disbursement of housing loans.

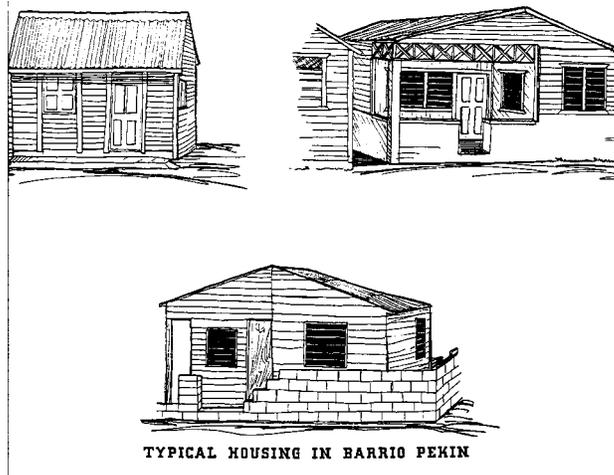
In order to accomplish these goals it has been agreed to:

- (a) Establish a special self-help fund, making the house improvement component recoverable;
- (b) Identify an adequate project area.
- (c) Nominate a special project team to administer the project and establish a field office in the project area;
- (d) Prepare a manual for the administration of the scheme in general and the House Improvement Loan Fund in particular.

Conceptually it has been envisaged and agreed that:

- (a) House Improvement loans will be granted for the purpose of repair, improvement, extension and replacement;
- (b) The size of the credits will depend on the payment capacity of applicants. Poorer households may improve their shelter consecutively or progressively;
- (c) Access will be granted to households with a total monthly income not exceeding 3.5 times the minimum wage;⁽³⁾

⁽³⁾ In mid-1988 the minimum wage in the Dominican Republic was \$RD400 (\$US63) which meant that loans might be granted to households whose income did not exceed \$RD1400 (\$US220) per month.
- (d) Materials rather than cash loans may be made available to borrowers;
- (e) Disbursement will take place by stages, in accordance with construction development and based on the budget prepared for that purpose;
- (f) Borrowers should contribute their own or paid labour whenever able to do so. In other cases, the costs of labour should be charged to the loan;
- (g) In order to secure the loan, borrowers should either mortgage the property or sign a notarial promissory note.



Corresponding to the project goals it was decided to offer improvement loans to low-income households who do not have access to formal banking institutions. The loans are envisaged for the following purposes:

- (a) Construction of foundations for the house;
- (b) Construction and/or improvement of floor, walls, doors and windows, and sanitary facilities;
- (c) Extension and replacement of the entire shelter. (As shown by experience, most of the demand is for this type of credit.)

It was also agreed that no loans will be granted for improvements that are considered to be "luxury" such as fences, granite floors, glazed tiles (for bathroom) and costly painting. However, it is not always easy to determine whether an improvement applied for is luxurious or essential. Thus, for example, as a protection against violent hurricanes which occasionally devastate the Dominican Republic, some applicants wish to replace corrugated iron roofs by cement ones. It is also difficult to determine the maximum size of shelter eligible for improvement, as this depends on the size of the household and its monthly income. Consequently, selection and income priority are determined flexibly in accordance with several variables as well as the impressions of the project team.

2. Constitution and use of the revolving fund - the contributors

Considering the experimental character of the scheme, the entire volume of the Special Fund for the Promotion of Self-help Initiatives has been limited to DM 758,000 (\$US 421,000) excluding personnel, technical assistance and overheads. The share of the revolving fund for house improvement amounts to DM 342,000 (\$US190,000) or approximately \$RD1,130,000 which, at an average loan value of \$RD3,000 (\$US472), may enable the rehabilitation of 376 shelters during the first project phase and before any loan recovery.

Whereas GTZ supplies the funds required for the acquisition of building materials and the payment of the labour force whenever necessary, INVI is providing the personnel, office space, logistic and administrative support.

For the purpose of the project a bilateral agreement has been signed between the Dominican Republic and German Governments and an implementation agreement between the Dominican Republic Planning Minister (Technical Secretary to the President), INVI and GTZ.

Under the terms of that agreement, INVI has received an advance payment of DM 250.000 after having nominated the personnel, established the office and elaborated an implementation manual with the help of the GTZ experts, Once 50 per cent of the funds (advance) have been disbursed, INVI may send a call for disbursement accompanied by supporting documents. These include bank statements, lists of acquisitions and loans granted, contracts with suppliers, bills etc.

While INVI is directly responsible for the management of the fund, GTZ exercises its right of control and supervision through its local project office by periodic revision of accounts and an operations audit as well as by the approval of quarterly financial and progress reports.

3. Selection of project area

Initially it had been planned to commence the experimental project in the capital, Santo Domingo. However, in the summer of 1986 the Government began a large-scale construction and housing program which led to the relocation of several thousand families and to substantial controversy. It was felt therefore, that the scheme should be located elsewhere.

The selection of Santiago was based on the substantial requirements and expected demands in a large town as well as INVI's aspirations gradually to expand the programme to other medium- and small-size towns, once the project had proved its viability.

The selection of Pekin as the project's area can be attributed to the following factors:

- (a) It is located in the centre of a large zone of squatter settlements with a population of more than 60,000. The project therefore, can easily be extended once the experiment has proved itself;
- (b) Despite its central location, the size of Pekin is not excessive. This diminishes such as access, time, costs and the requirements of transport and, so, productivity problems. In a larger settlement, where applicants/borrowers cannot be reached within a reasonable time of 20 minutes at most, the number of cases processed daily by the team will decrease and the costs of administration and overheads increase.
- (c) Assuming that only 10 per cent of the resident households (4000) would apply for loans, the entire initial fund could be consumed in Pekin;
- (d) An exhaustive study of the settlement and its housing conditions had been prepared by the University of Santiago in 1984, three years before the beginning of the project; therefore, there was no need to conduct an additional costly and time-consuming survey in order to determine housing conditions demand for loans etc.
- (e) The land at Pekin is owned by the Municipality of Santiago which has leased it to the residents or their predecessors. The Municipality agreed in writing that INVI might commence the House Improvement Loan Programme.
- (f) Topographic and soil conditions in Pekin are reasonable and permit, appropriate and acceptable technological and economic solutions. Steep slopes or flooded areas might have required costly protection measures, the costs of which often exceed the value of the improvements.
- (g) The community of Pekin has shown great interest in the scheme. Church and other resident organizations are closely co-operating with the project Team.

4. Loan conditions

Accelerating inflation rates of 165 per cent on basic consumption goods and more than 200 per cent on building materials during the first six months of 1988 in the Dominican Republic required constant adjustment of project credit policy and loan conditions.

One of the project's main goals is to give access to house-improvement loans to lower-income echelons and to reach down the income ladder as far as possible. Of course, it was realised that the poorest 20 to 30 per cent can neither afford housing credits, nor are these considered a priority by them. However, the scheme attempts to offer flexible conditions, options and alternatives in relation to the payment capacity of those interested.

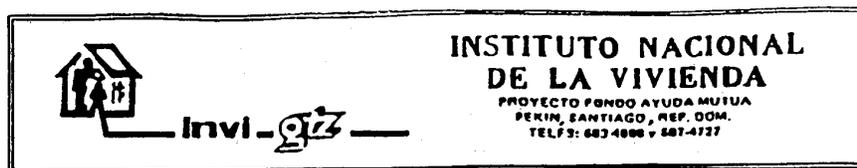
Other than the case of production and income-generation loans, housing credits, which are geared to consumption, need to be subsidised if they are to benefit the stated target group of lower-income households. The project attempts to minimize and rationalize subsidies, which apply to interest rates only, by means of offering various types of loans at different repayment periods. Shorter repayment periods in relation to the improvement required and to payment capacity diminishes the impact of inflation and thus de-capitalisation.

Loan value is determined on the one hand by the applicant's stated total monthly income and the share of income available for housing as computed by the project's accountant. On the other hand, it is based on the applicant's aspirations, the technical evaluation and the budget prepared by the technical supervisor. Applicants who cannot afford the improvements they have proposed may opt for partial repair or rehabilitation or smaller successive loans, disburseable when the previous one has been repaid.

Maximum loan value and indebtedness capacity are determined from the declared monthly household income as shown in the table below:

The precise values are based on the entire monthly household income in relation to the percentage of income available for housing. This percentage represents an average, taking into account factors, such as size of households and the costs of living.

Declared monthly income		Percentage of income for housing	Monthly payment capacity	
\$RD	\$US		\$RD	\$US
Less than 600	(-) 94.50	10-12	40-72	6.30-11.33
601-800	95-126	15	90-120	14.17-18.90
801 or more	127 (+)	20	160 or more	25.20 (+)



HOUSE IMPROVEMENT LOAN PROGRAMME - LOAN CONDITIONS

Type of Improvement	Graphic Description	Maximum Loan Value (\$RD)	Period years (up to)	Interest rate	Percentage of loans per type	Minimum income required (\$RD)	Monthly repayment (\$RD)
Minimal		500-1000 (\$US79-158)	1.5	14	10	150-300 (\$US 5-10)	31-62 (\$US24-48)
Basic		1100-30000 (\$US173-472)	2.5	14	25	218-600 (\$US 34-94.50)	43-120 (\$US7-19)
Extension		3100-5000	3.0	14	50	530-850	106-171
Reconstruction		5100-8000	6.0	14	15	515-825	105-164

II. THE ADMINISTRATION OF THE SCHEME

A. *The project's internal organization*

For the purpose of the experimental scheme, INVI established a Project Unit within its regional office in Santiago. The Unit also maintains a field office in Pekin, located in a simple three-room house leased for that purpose (monthly rent \$US 40).

The Project Director or Team Leader is directly responsible to the Director General of INVI and not to the Technical Sub-Director as in the case of most schemes. Several reasons have led to that decision:

- (a) Like many similar institutions, INVI is highly centralised and nearly every decision, including minor ones, must be approved by the Director, General. Considering the flexible and dynamic requirements of the scheme, considerable delays could be expected if an additional level of decision making had been involved;
- (b) As the scheme is financed by an external aid agency, the Director General prefers to supervise personally implementation and compliance with the bilateral agreement signed between INVI and the GTZ for that purpose;
- (c) The Project is considered politically sensitive, as it applies to squatter settlements.

Although the scheme has been conceived so as to permit optimum independence for the field team, particularly in matters of acquisitions and payments, in practice many of these functions and decisions are centralised at Head-Office level. As is often the case, the delegation of authority is considered a sign of weakness and loss of power. The Project Director, therefore, can administer petty cash but not a separate project bank account.

The Project Unit has been conceived to enable maximum flexibility in the process of loan disbursement and recovery.

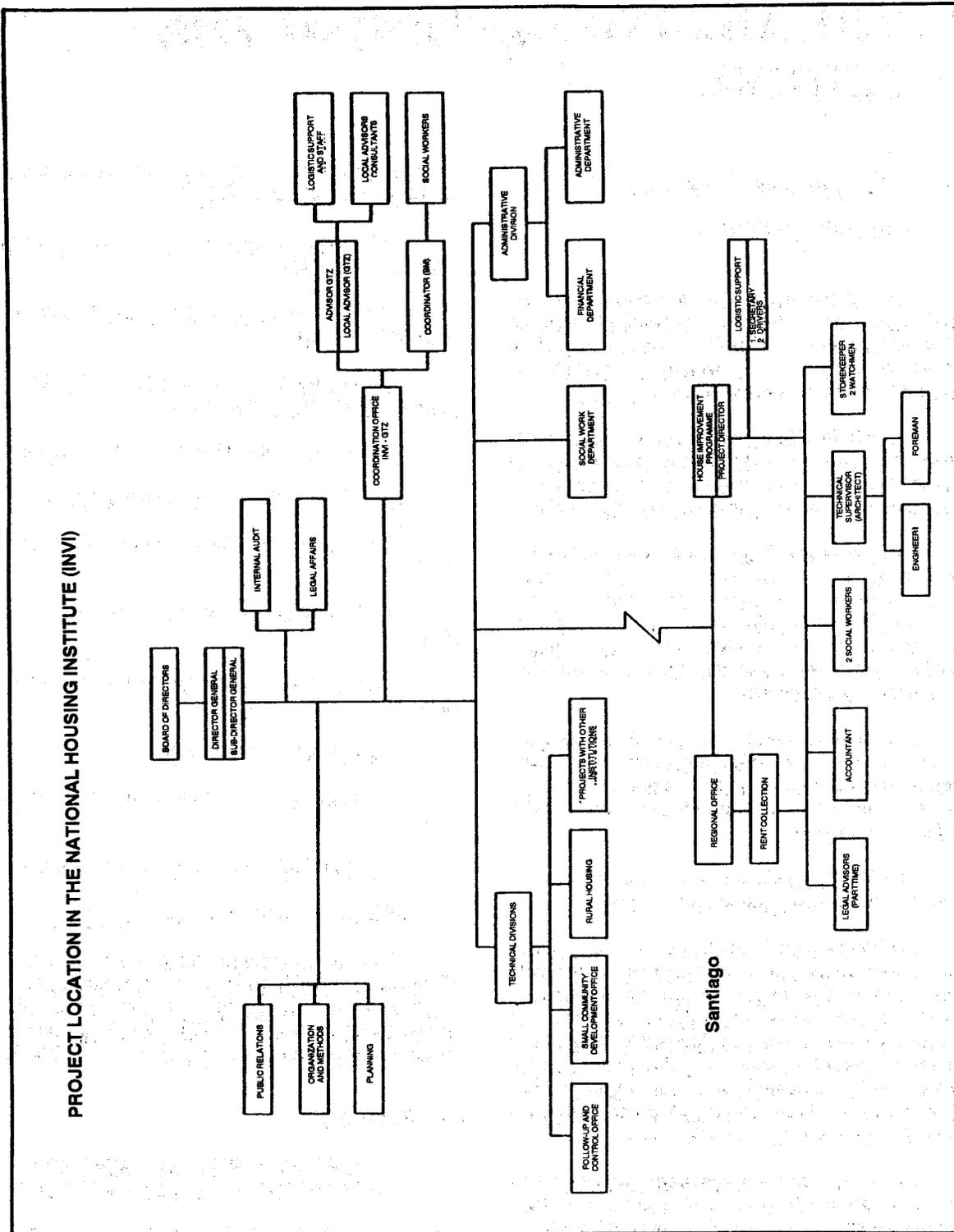
Practically all the related functions are accomplished by the team which comprises social workers, technicians, store personnel, an accountant, a lawyer and a secretary. Such an organizational structure enables a dynamic and functional project administration, centralisation and close co-ordination of activities and operations, better control and group dynamic of the team.

The functions of the Project Team may be summarized as follows:

- (a) Plan and programme the house improvement loan scheme.
- (b) Co-ordinate, supervise and control the implementation of the programme;
- (c) Make the project known to the residents;
- (d) Obtain and evaluate loan applications;
- (e) Design and budget for individual improvements.
- (f) Determine the creditworthiness of applicants;
- (g) Recommend approval or rejection of applicants.
- (h) Legalise loan contracts;
- (i) Supervise and follow up construction works;
- (j) Co-ordinate and follow up loan recovery;
- (k) Prepare monthly and quarterly reports.

To secure adequate internal co-ordination, the Team meets weekly and monthly to evaluate performance and problems as well as to plan activities and prepare working schedules. The individual functions of the team members may be summarized as follows:

- (a) Project director
 - Secure compliance with the objectives, guidelines and the manual of the project;
 - Co-ordinate and supervise the Team's activities;
 - Co-ordinate activities with INVI's Head Office, with the Municipality and other institutions related to the project;
 - Plan and programme activities in co-operation with the Team;
 - Secure the flow of building materials from local suppliers;
 - Prepare materials and other applications to INVI's Head Office;
 - Supervise the administration of petty cash;
 - Control the processing of loan applications, approval and legalisation procedures as well as construction development;
 - Approve house-improvement budgets;
 - Supervise the material store;
 - Participate in the meetings of the Loan Approval Committee;
 - Convoke and preside over the Team's weekly and monthly meetings and follow up the recommendations made;
 - Submit monthly and quarterly financial and progress reports.
- (b) Technical supervisor
 - Evaluate loan applications, determine viability of proposed improvements, propose alternatives whenever necessary, discuss and agree on proposed improvement with the applicant;
 - Prepare the basic design of proposed improvement plans and disbursement applications to INVI;
 - Prepare monthly material requirement plans and disbursement applications to INVI;
 - Obtain quotations for the materials purchased in Santiago;



- Authorise the step-by-step disbursement of materials to approved borrowers;
- Supervise construction development and
- Approve payments of labour force;
- Participate in the meetings of the Loan Approval Committee;
- Participate in the weekly and monthly Team meetings;

- Submit monthly and quarterly reports to the project director.
- (c) Assistant engineer and foreman
- Assist the technical supervisor in the evaluation, budgeting and supervision works;
 - Maintain updated unit costs of the building material used;
 - Prepare and update house improvement budgets;
 - Co-ordinate the borrowers' and builders' work schedules;
 - Co-ordinate material dispatch from store to borrowers;
 - Verify and approve the use of materials in accordance with the agreed design;
 - Approve payments to labourers;
 - Maintain a register of work under implementation;
 - Participate in weekly and monthly Team meetings.
- (d) Social workers
- Inform the residents of the settlement about the House Improvement Loan Programme;
 - Inform interested persons about the loan programmes, conditions etc.;
 - Receive and fill in applications;
 - Obtain from applicants the necessary supporting documents;
 - Confirm income and employment data with employers;
 - Confirm applicants data by means of domestic visits;
 - Prepare recommendations to the Loan Approval Committee;
 - Inform applicants about the approval or rejection of applications and co-ordinate the signing of agreements and legal documents;
 - Socially supervise construction progress;
 - Evaluate cases of arrears and prepare recommendations;
 - Submit monthly and quarterly reports to the project director.
- (e) Legal adviser (part-time)
- Assist leaseholders to obtain relevant documents;
 - Prepare promissory notes and affidavits for applicants who are not leaseholder;
 - Prepare loan agreements and obtain signatures;
 - Legalise affidavits and promissory notes with the public notary;
 - Intervene in cases of arrears and notify debtors;
 - Participate in the meetings of the Loan Approval Committee;
 - Participate in the weekly and monthly Team meetings.
- (f) Accountant

- Determine maximum loan value and payment capacity based on stated household's income;
 - Determine precise loan value and monthly payment based on house improvement budget;
 - Codify the documents, bills, receipts, purchase orders and payment orders in accordance with individual budgets and stage;
 - Control the instalment disbursement of the loan;
 - Maintain store's loan ledger controlling the corresponding debits and credits;
 - Prepare monthly financial reports;
 - Control payments to labourers;
 - Monitor loan recovery;
 - Participate in the meetings of the Loan Approval Committee;
 - Participate in the weekly and monthly Team meetings.
- (g) Storekeeper
- Receive and store materials and equipment;
 - Dispatch materials in accordance with the instructions of the technical supervisor;
 - Maintain a register of materials received in stores and dispatched;
 - Inform the project director on a weekly basis of the availability of materials in store.

Although all the team members had previous experience in their profession, practically none of them had worked in a house-improvement scheme before. Consequently, it was necessary to teach the Team the use of the manual prepared by the project advisers and train them on-the-job during a period of three months.

The training was conducted by local consultants including an institutional advisor, an accounting and systems specialist, and a sociologist. For various reasons, it became necessary to extend this consultancy for a period of approximately one year. It involved a monitoring and operations audit, technical supervision and administrative assistance.

B. The planning follow-up and monitoring of activities

1. The scope

Planning, follow-up and monitoring are essential instruments of project management, which permit and enable the improvement of project-implementation efficiency, determine cost-efficient use of resources, internal control, and the identification of concrete or potential problems as well as the introduction of corrective and preventive measures.

Monitoring is, in fact, an internal project activity designed to provide constant feedback on the project, any deficiency and problems, and possible and potential solutions. Its objectives may involve:

- (a) Verification of the use of project's resources (funds, material, personnel) in accordance with the budget and schedule;
- (b) Evaluation of the efficiency of project's implementation;
- (c) Identification of current and potential problems, bottle-necks, alternative solutions, corrective measures and instruments for their respective application;

Who receives which form?

FORM	Director General	Sub-director Admin.	Sub-director Techn.	Financial Director	Accounts (NY)	Cashier (NY)	Stores/Purchases	Project Director	Technical Supervisor/Engineer	Project Accountant	Lawyer	Notary	Social Workers	Secretary	Store Manager	Foreman	Driver	Collector	Collection Section	Turnover	Community	QTZ	Supplier		
DM																									
DM1																									
DM2																									
DM3																									
DM4																									
DM5																									
DM6																									
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O = Original (O) = Copy of inspection
 C = Copy
 X = According to requirements

(d) Supply of information-flow on the progress of the project in relation to the original planning to the concerned organizations, institutions and the community.

- (e) Gradual training and qualifying of the Project Team on-the-job.

If correctly and continuously applied, the monitoring system can and should enable and promote the Team's participation and identification with the project, secure timely identification and solution of major problems and provide adequate feed-back to all concerned. Where the Team is aware that its problems, improvement proposals and recommendations are discussed and followed up seriously, potential sources of conflicts and frustrations are likely to diminish and the Team's cohesion will be augmented, despite low wages, and long and irregular working hours.

Monitoring involves not only the planning process, but the entire project's cycle. The monitoring functions, therefore, will be identified for each of the project activities.

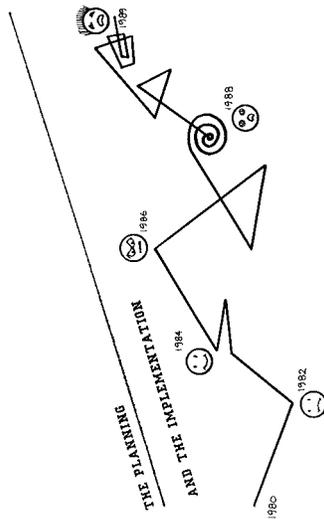
2. The planning of monthly activities (form PMI)

The elaboration of a monthly plan of activities is based on the list of approved new applications as well as on previous improvements which have not yet been completed. When elaborating the monthly plan, the Team takes into account factors such as:

- (a) Time required for the completion of the individual improvements, expected difficulties and monitoring needs (for example, if the borrower is a mason, supervision needs are less than if the borrower is a widow with no building experience);
- (b) Capacity of the Team;
- (c) Availability of materials in store;
- (d) Logistic support requirements.

The monthly plan of activities enables the project's director and team to:

- (a) Programme weekly activities;
- (b) Co-ordinate and synchronise the inputs of the individual team members;
- (c) Identify material and transport requirements by the due date;
- (d) Rationalize the use of personnel, follow-up and supervision;
- (e) Control implementation continuously.



STANDING ORDERS FOR THE PREPARATION OF THE MONTHLY PLAN

- a. The monthly plan of activities should be prepared by the 29th or 30th of each month.
- b. The project director prepares the plan in consultation with the project Team.
- c. Copies of the plan should be placed on the wall in the INVI office, field office and at the store.
- d. The monthly plan serves for the preparation of weekly working programmes for each Team member.
- e. Based on the monthly plan for the last month, the project director prepares his report.
- f. The discussion of the plan by the Team requires no more than two hours, including one hour for the evaluation of last month's activities.

The actual implementation never corresponds to the plan made at the end of the previous month. There are various reasons why delays may occur or why the improvement of a particular house could not start as planned. These include:

- (a) Borrower did not submit all the supporting documents on time;
- (b) Witnesses did not arrive to sign the affidavit;
- (c) There were no materials in the store (delay in supply);
- (d) The borrower could not obtain a mason;
- (e) Complications in the construction (rocky soil);
- (f) Illness of borrowers;
- (g) Project's Team was overburdened.

Based on the evaluation of the previous month's performance and the status of on-going improvements, the project director and team can prepare a programme for the following month's activities.

Observations on the monthly plan April 1988 (PM1 - Model)

- a. Construction works take place also on weekends. The store is opened Saturdays as well.
- b. Borrowers 065, 069, 072, 085, 086 commenced construction in February or March 1988. Borrowers 066, 067, 068 etc., have completed construction in March.
- c. The processing of applications 091, 092, 093 and 094, for example, has not been completed as yet.
- d. Borrower 069 needed one week more than planned because the mason was ill.
- e. Borrower 072 wants to change the agreed design and add a room but he cannot afford an additional loan; disbursement was discontinued and the case is with the lawyer.
- f. Borrower 107 could not legalise contract as she could not obtain copy of lease document from the Municipality; borrowers 110 and 111 cannot find workers.



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HOUSE IMPROVEMENT LOAN PROGRAM
HOUSE IMPROVEMENT LOAN PROGRAMME
WEEKLY PLANNING OF ACTIVITIES (PM 2b)

DEPT. Technical MONTH/WEEK: 11-16/4/88 NO. 15

NO.	ACTIVITY	M	T	W	T	F	S	S	COMMENTS
1	<i>Evaluation new applications:</i>								
	112, 113, 114, 116	-							<i>Evaluation 115 if submits all supporting documents</i>
	117, 120, 121	-							<i>118, 119 must present lease contract</i>
2	<i>Construction inspection:</i>								
	076, 078, 089	-							
	090, 095			-					
3	<i>Problem solution:</i>								
	053, 064, 072, 086			-					<i>with cilenio</i>
	098, 105, 107				-				<i>with Leonel; if I don't have to accompany DG</i>
4	<i>Final evaluation-approval:</i>								
	065, 069	-							
	085, 088					-			
5	<i>Disbursement approval</i>								
	079, 087, 095, 099			<u>a</u>		<u>b</u>			<i>a - 095; b - others</i>
	103, 104, 108, 109					-			
6	<i>Meeting with drivers</i>						x		
7	<i>Team meeting</i>	x							
	<i>On Thursday morning I must go to the dentist.</i>								

DATE: 11/4/88 SIGNATURE: _____
 DATE: 11/4/88 APPROVAL BY: Eduardo Martinez
 PROJECT DIRECTOR

TO:	Eng. Eduardo Martinez, Project Director, Special Fund, Self-help Initiatives
FROM:	Eng. Hugo Sanchez, Advisor to the GTZ
SUBJECT:	Distribution of responsibilities among the technical staff of the project "House Improvement Loan Program"
1.	During the last supervisory visit to the project, it has been noticed that technical evaluation of applications and super-vision of construction works are distributed I unequally among the 3 members of the technical team including the Technical Supervisor, the Assistant Engineer and the Foreman.
2.	As a result, the Technical Supervisor is permanently over-burdened, whereas the other two are under-utilized. We have detected several cases of inadequate supervision and control during the last four weeks.
3.	Consequently, we would like to propose to conduct next week a time-study to I determine rational use of time of the engineer Carlos Baez and the foreman Mario Cadenu.
4.	Most probably, it will be useful to clearly distinguish functions and distribute them as follows: <ul style="list-style-type: none"> – Technical evaluation of applications -all 3 team members; however, the forms should be confirmed by the Technical Supervisor, who should also distribute the work each day. – Construction supervision – Engineer – Material dispatch supervision -- Foreman
Hugo Sanchez Technical Advisor to the GTZ	

3. Weekly planning of activities (form PM2)

The weekly planning of activities is prepared by the Team members (departments), based on the monthly planning of activities and its weekly updating. Not all the Team members need to prepare a weekly plan. The accountant, the lawyer, the storekeeper and the secretary have a routine schedule that does not require a specific plan. However, they ought to know the schedule of the technicians and social workers in order to identify their own workload and prospective intervention (e.g., lawyer).

The weekly plan of activities is prepared by the project's Team every Monday between 8:00 and 9:00a.m. In addition to the on-going supervision and disbursement of material to borrowers, the Team continuously receives and processes new applications.

4. Monthly evaluation of project implementation (form PM3)

The monthly evaluation of project implementation and the follow-up of the Team's recommendations are the essential monitoring instruments of the project. In the course of the work and the weekly meetings, the individual Team members mention and discuss a variety of problems and issues. Many of these are minor and can be solved on the spot. There are also difficulties that are symptomatic and require more serious considerations, decisions and follow-up.

Where problems are not articulated and discussed with the object of identifying solutions or alternatives, the same issue is likely to be raised in every meeting of the Team and a feeling of frustration and discontent will ensue, negatively affecting the Team's dedication and work.

The monthly evaluation which takes place together with the monthly planning, involves elements of planning by objectives, that is to say, that the roots of the problems rather than symptoms must be identified, and the indicators and the causes determined. Based on these, the Team can prepare specific recommendations and decide whether these can be implemented based on the collective decisions, follow-up activities can be formulated (form PM4). The project director must ensure that action has been taken by those responsible.

The previous month's recommendations are discussed by the Team during the following month's planning meeting to determine whether they have been implemented.

5. Monthly requirements of building materials (form PM 5)

Monthly requirements of building materials are prepared by the project's accountant with the help of the technical supervisor, based on the budgets prepared for the approved improvement applications.

The monthly requirements of building materials are prepared on the last working day of each month, though the accountant may fill in the forms consecutively, as credits are approved by the Loan Committee. In order to allow flexibility and provide for the immediate needs at the beginning of the following month, 20 per cent more materials are requested from Purchase Section.

As in previous cases, loan or borrower numbers are not consecutive, as some applicants might have required longer processing periods.

Observations on weekly planning of activities 11-16 April 1988 (form PM2 - Model)

- a. Meetings and activities, which require a shorter time, are marked with x.
- b. The project's director was nominated in February 1988 in substitution for the previous one, therefore, this is his eighth weekly plan (form PM 2a).
- c. The technical supervisor meets the project drivers to verify complaints that not all the materials dispatched have arrived at construction site (form PM 2b).
- d. One social worker is always in the office until 7.00 p.m. to give information to interested people, to receive and fill in application forms and to give feedback to the technical staff, the lawyer and the accountant (form PM 2c).

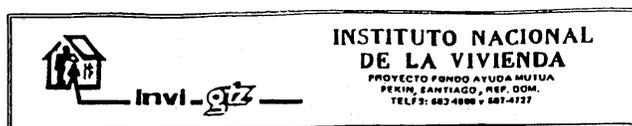
THE DIALOGUE
WEEKLY MEETING OF THE PROJECT'S TEAM



HOUSE IMPROVEMENT LOAN PROGRAMME MONTHLY EVALUATION OF PROJECT IMPLEMENTATION (PM2)

DEPT. <u>All (TEAM)</u> MONTH/YEAR <u>4/88</u>			REPORT NO. <u>2</u>
BASIC PROBLEM	INDICATOR	CAUSE	RECOMMENDATION
1. Delays in signing loan contracts	1.1 In 68% of cases 6 weeks between approval and beginning of construction	1.1 Borrowers cannot find guarantors 1.2 Difficulties in obtaining lease contract from Municipality	1.1. Revise legal requirements 1.2 Examine possibility of introducing Promissory Note to guarantee loans
2. Lower income families do not apply for loans	2.1 80% of applicants have income of more than RD\$ 600	2.1 Loan period too short 2.2 Interest too high 2.3 Inflation and diminishing real income	2.1 Examine possibility to increase repayment period 2.2 Offer smaller repetitive (consecutive) loans
3. Borrowers are not at home when materials	3.1 Drivers must return 3-4 times to const. site	3.1 Borrowers don't receive written information and forget 3.2 Irresponsibility	3.1 Inform borrowers in writing date of dispatch 3.2 Charge transport costs in case to irresponsible borrowers
4. Not all materials dispatched arrive at construction site	4.1 7 borrowers have complained about it last week	4.1 Dispatch orders are not signed properly 4.2 Lack of control at stores and site	4.1 Insist that all concerned dispatch documents 4.2 Introduce strict and periodic control
5. Delays in completing	5.1 42% of improvement in	5.1 Borrowers have diffi-	5.1 Contract foreman and

construction works	March completed 3-6 weeks later than planned	5.2 Foremen contracted by borrowers are irresponsible 5.3 Self-builders don't have enough time nor experience	builders by project 5.2 Reject builders who did not work for project before 5.3 Train interested borrowers in construction works
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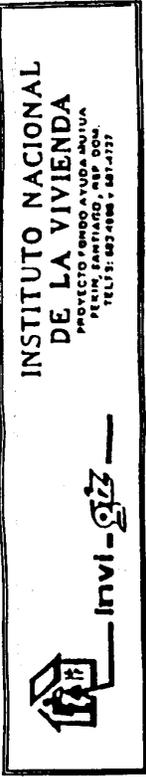


**HOUSE IMPROVEMENT LOAN PROGRAMME (PM4)
FOLLOW-UP OF TEAM RECOMMENDATION**

MONTH: 4/88 No. 9

No.	Dept.	Recommendation	Decision	Follow-up Action	Responsible	Period
1	Legal	1.1 Revise legal requirements 1.2 Examine possibility of introducing Promissory Note to guarantee loans	1.1 Legal Advisor INVI 1.2 Recommend to DG to establish Committee	1.1-2. Agreement with Legal Advisor and DG; recommendations until 10.5.88	Legal Advisor Project Director	6 W
2	Social	2.1 Examine possibility to extend repayment period 2.2 Offer smaller consecutive loan	2.1 Negative - implies higher subsidies 2.2 Positive	2.2 Revise loan conditions and modalities	Financial Manager Head Office	3 W
3	Tech.	3.1 Inform borrower's in writing date dispatch 3.2 Charge transport costs in cash to irresponsible borrowers	3.1 Positive 3.2 Negative - too risky	3.1 Social worker's should bring letter to approved applicants 3.2 If borrowers are not at home twice - loan is cancelled	Social Workers	Permanent
4	Tech.	4.1 Insist signature of dispatch documents 4.2 Introduce strict periodic control	4.1 Positive 4.2 Positive	4.1 Inform all concerned 4.2 Introduce weekly control - monthly report to Project Director	Tech. Supervisor	Permanent
5	Tech.	5.1 Contract foremen/builders by project 5.2 Reject/builder's who did not work for project before	5.1 Positive 5.2 Negative 5.3 Evaluate feasibility	5.1 Prepare list of available interested builder's 5.3 Examine possibility of cooperation with INFOTEP ⁽¹⁾	5.1 Proj. Engineer 5.3 Proj. Director	Permanent

⁽¹⁾ The governmental vocational training institute



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P. No. 1

HOUSE IMPROVEMENT LOAN PROGRAMME
MONTHLY REQUIREMENT OF BUILDING MATERIAL (PM 5)

MONTH / YEAR: 3/88

MATERIAL/LOAN No	UNIT	MONTH / YEAR: 3/88												TOTAL												
		076	077	079	080	081	086	087	088	089	100	101	106		109	110	111	112	113	114	115	116	117	SUB-TOTAL	+ 20%	
Blocks 12"	U	18	-	423	150	-	540	1001	250	-	598	-	428	428	-	450	-	768	-	70	520	-	5654	1131	6785	
Blocks 14"	U	430	220	-	150	700	-	350	-	760	210	-	610	210	-	-	-	-	-	470	123	-	4253	851	5104	
Blocks 16"	U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Steel 3/8	U	25	29	-	42	26	29.5	-	400	-	253	45	37	46	-	25	-	25	-	37	68	-	21084.5	217	1301.5	
Steel 1/4	U	-	-	4	-	1.5	0.25	-	2	-	1.5	3	-	-	5	5	-	-	6	0.5	2.5	-	31.256	6.25	37.5	
Timber	ft ²	-	446	198	90	528	-	86	405	126	635	-	266	333	-	69	24	248	132	256	19	-	528	4296	860	5156
Zinc	U	78	13	-	78	13	-	55	-	-	-	-	10	-	16	-	69	24	24	12	20	78	490	98	588	
Nails	lb.	-	7	-	29	3	-	25	5	4	-	6	-	7	9	-	7	13	25	7	6	25	178	36	214	
Cement	bag	33	30	-	49	25	28	24	111	12	193	47	111	29	20	35	-	34	29	45	47	-	811	162	973	
Sand	m ³	3.0	1.5	2.0	0.5	3.0	2.75	1.5	2.5	2.0	2.5	2.0	1.5	2.0	0.5	1.0	-	-	-	2.5	3.0	-	33	7	40	
Gravel	m ³	4.0	2.0	3.0	1.5	5.5	3.5	2.5	3.5	2.0	3.0	3.5	3.0	2.0	1.0	2.0	-	-	-	4.0	5.5	-	51.5	10	61.5	
Window	U	-	2	-	-	3	-	-	-	-	-	4	-	-	-	2	-	-	-	4	3	-	18	4	22	
Painting	lb.	-	-	-	6	-	-	-	5	-	-	6	-	-	3	4	-	-	-	2	-	-	22	4	26	
Wire	lb.	-	-	4	3	-	3	2	2.5	-	19	4	7	4	4	4	-	18	4	-	6	-	80.5	16	96.5	

SIGNATURE (PROJECT DIRECTOR):

DATE: 1.3.1988

To:	Director General	2 March 1988	
VIA:	Head, Purchase Section, Technical Sub-director, Sub-director General		
SUBJECT:	House Improvement Loan Program, Santiago Estimates of building material requirements March 1988		
Based on loan applications approved by the General Management, we submit herewith the list of monthly requirements of building materials, the totals of which are indicated below:			
	Material	Unit	Quantity
1.	Blocks 12"	U.	6,785
2.	Blocks 14"	U.	5,104
3.	Blocks 16"	U.	-
4.	Steel Ø 3/8	U.	1,301.50
5.	Steel Ø 1/4	U.	37.50
6.	Timber	ft. ²	5,156
7.	Zinc	U.	588
8.	Nails	lb.	214
9.	Cement	bag	973
10.	Sand	m ³	40
11.	Gravel	m ³	61.50
12.	Windows St.	U.	22
13.	Painting	lb.	26
14.	Wire	lb.	96.50
Eng. Eduardo Martinez, Project Director			

6. Monthly loan project list (form PM 6)

This form is filled in by the project accountant and enables those responsible to determine whether disbursements correspond to estimated budgets (which, as a rule, include 20 per cent for contingencies). It also serves to determine the value of actually disbursed loans, which usually do not correspond to initial estimates.

In this form, only credits that have been fully executed and the construction completed can be introduced. On-going improvements not yet completed are registered on form PM 7. The corresponding data are taken from the borrower's budget and loan-disbursement file.

In case of excess disbursement compared with budgeted (case 4 and 6 of Model, loans 055 and 057 respectively), credit amounts will have to be renegotiated with the borrower. The proceedings are of complicated and time-consuming and therefore it is recommended that budgeted value be maintained whenever possible. Materials not disbursed as estimated during the current month (Model – April 1988), are carried over to the following one to be used for consecutive improvement loans.

The borrower, however, is charged with the building materials actually disbursed.

7. Monthly statement of approved and executed loans (form PM 7)

The monthly statement of approved and executed loans is prepared by the project's accountant on the last working day of each month, based on the approved budget and the up-date disbursement to borrowers who have not yet completed construction.

The monthly statement enables the project director to determine disbursement effectiveness and the value of materials in stock. This can later serve as an instrument of verification to compare with the audit results or ledger cards of the accountant.

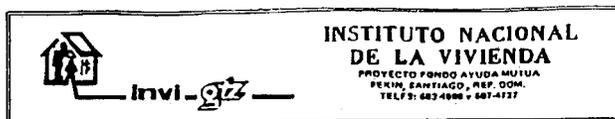
8. Evaluation of loans approved for house improvement (form PM 8)

The evaluation of loans approved is an essential monitoring instrument to determine the degree achievement of the project's objectives in terms of the target group, its access to improvement loans and the monthly repayment burden. It also summarizes the use of loans and permits evaluation of improvement types and their costs.

This form is filled in by the social worker and verified by the accountant at the beginning of each month. It is then evaluated by the project director and discussed, as far as necessary, with the Team during the planning session at the end of the month.

Observation on the Loan Evaluation April 1988 (PM 8 - Model)

- a. The employment structure of approved applicants is typical for squatter settlements and does not indicate concentration in any specific branch. The share of permanent employees (public and private sector) is 30.4 per cent or somewhat higher than the average (24.6 per cent).
- b. Average monthly income of borrowers is \$RD626 (\$US 100.15). Evaluation of income distribution shows that 34.8 per cent have an income equivalent to a minimum wage of less, 39.1 per cent, one to two times minimum wage and 26.0 per cent, two to three times minimum wage. The income distribution of borrowers indicates that in April 1988, the project has achieved its goal of reaching the lower, though not the lowest-income households in Pekin.
- c. Average loan value of \$RD3089 (\$US486.50) corresponds to the average of the previous months \$RD3000).
- d. The monthly quota of \$RD117. 10 (\$US18.44) or 18.3 per cent of income on the average indicates a heavy repayment burden for the lower-income households. Although the project should attempt to minimize the loan recovery period (average 2.67 years) in order to diminish inflation and subsidy impact, it should also avoid repayment quotas the poorer households cannot afford.
- e. The use of the loans indicates that nearly 70 per cent of the borrowers intend to extend the house, which is in line with the project's policy of expanding habitable residential space and reducing the residential densities of the squatters.
- f.
 - Loan Nos. 120 and 126: the social workers could not verify income beyond doubt.
 - Borrower 115 has withdrawn his application after approval.
 - The income determined for borrowers 123, 127, 130 and 135 is an average.



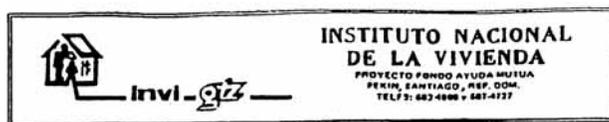
**HOUSE IMPROVEMENT LOAN PROGRAMME (PM 6)
MONTHLY LOAN- PROJECT LIST**

MONTH/YEAR 4/88

PAGE NO. 1

No.	Loan No.	Estimated Value Budgeted	Adjusted Executed Value
1	050	978	880.20
2	052	1,622	1,620.14
3	054	3,250	3,250.00
4	055	1,095	1,098.46
5	056	4,232	3,385.60
6	057	2,986	3,121.72
7	058	8,000	7,214.21
8	059	2,814	2,673.30
9	061	605	605.00
10	062	3,016	2,804.88
11	063	2,820	2,735.46
12	064	861	783.51
13	065	3,645	3,645.70
14	069	2,773	2,412.51
15	078	4,002	4,000.00
16	085	2,207	2,008.37
17	086	3,123	3,060.54

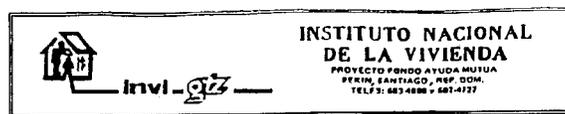
18	088		5,016	4,815.36
19	089		2,017	2,013.22
20	095		3,326	2,893.62
Total			58,388	55,021.80



**HOUSE IMPROVEMENT LOAN PROGRAMME (PM 7)
MONTHLY STATEMENT OF APPROVED AND EXECUTED LOANS**

MONTH/YEAR 4/88 PAGE 1

No.	Loan No.	Budgeted Value	Executed Value	Balance	Observations
1	053	2,860	2,574	286	
2	060	607	302	305	
3	067	1,429	1,072	357	
4	068	3,520	-	3,520	Budget should be revised
5	070	985	120	865	
6	071	4,600	430	4,170	
7	072	1,421	-	1,421	
8	073	7,850	6,210	1,640	
9	074	3,100	1,027	2,073	
10	075	1,072	911	161	
11	076	920	-	920	Borrower retired
12	077	1,433	1,075	358	
13	080	2,950	738	2,212	
14	081	1,115	-	1,115	Borrower has died
15	083	8,000	4,800	3,200	
16	087	3,020	2,567	453	
17	090	2,876	1,438	1,438	
18	098	640	320	320	
19	099	3,130	1,530	1,600	
20	103	2,848	3,125	- 277	Urgent evaluation; borrower has overdrawn materials
21	104	3,006	1,006	2,000	
22	105	418	200	218	
23	106	7,630	1,150	6,480	
24	108	2,766	922	1,844	
Total		68,196	31,517	36,679	(46.2 %)

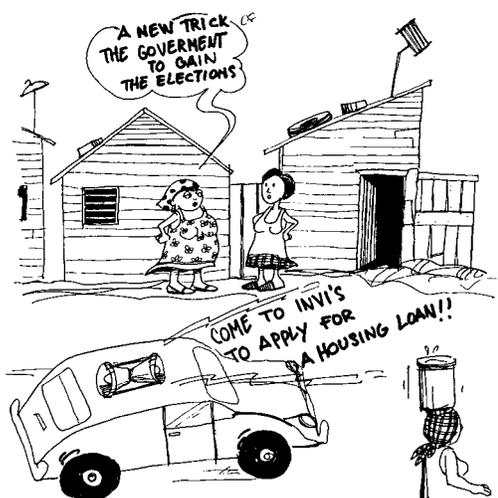


**HOUSE IMPROVEMENT LOAN PROGRAMME
EVALUATION OF LOANS APPROVED FOR HOUSE IMPROVEMENT (PM8)**

MONTH 4 Year 88

No.	Date	Loan No.	Employment Borrower	Monthly Household Income	Declared monthly income	Loan Value	Monthly Quota	Quota as % of Income	Loan Period	Use of loan
1	4.4	112	Casual	380	360	2,200	43.67	11.5	2.5	Repair roof
2	4.4	113	Foreman	1,100	1,100	7,400	202.22	18.4	4.0	Reconstruction house
3	4.4	114	Emp. - Gov.	500	600	3,100	123.06	24.6	2.5	Extension 2 rooms
4	5.4	116	Gardener	270	270	900	55.72	20.6	1.5	Repair roof, door, window
5	5.4	117	Bar owner	1,360	1,600	8,000	273.42	20.1	3.0	Reconstruction house

6	7.4	118	Emp. Gov.	400	400	2,000	79.40	19.8	2.5	Repair general
7	7.4	119	Shopkeeper	850	850	3,500	168.05	19.8	2.0	Extension 2 rooms
8	11.4	120	Housewife	180	180 ?	750	36.01	20.0	2.0	Repair roof
9	13.4	121	Emp. Priv.	550	550	2,800	111.16	20.2	2.5	Extension 1 room
10	8.4	122	Electrician	800	800	2,600	160.98	20.1	1.5	Extension 2 rooms
11	15.4	123	Casual	600	400-600	2,100	100.83	16.8	2.0	Repair and extension
12	18.4	124	Magician	1,000	1,200	4,700	225.66	22.6	2.0	Reconstruction
13	21.4	125	Emp. Gov.	400	400	2,400	82.03	20.5	3.0	Extension 2 rooms
14	18.4	126	Shopkeeper	1,400	1,400 ?	6,200	211.90	15.1	3.0	Reconstruction
15	22.4	127	Casual	450	400-500	4,200	91.60	20.3	5.5	Extension 2 nd floor
16	20.4	128	Servant	215	215	1,200	41.01	19.1	3.0	Repair
17	20.4	129	Emp. Priv.	630	630	4,200	127.06	20.2	3.5	Extension 3 rooms
18	26.4	130	Casual	900	900-1,000	4,500	216.05	24.0	2.0	Extension 2nd floor
19	13.4	131	Carpenter	340	340	800	38.41	11.3	2.0	Repair floor
20	19.4	132	Emp. Gov.	415	415	1,300	44.43	10.7	3.0	Repair general
21	26.4	133	Mechanic	750	750	3,300	131.00	17.5	2.5	Extension 2 rooms
22	26.4	134	Emp. Priv.	300	300	900	35.73	11.8	2.5	Construction foundations
23	22.4	135	Tailor	615	600-700	3,100	93.79	15.2	3.5	Extension 2 rooms
Total				-	-	71,050	2,693.23	-	-	
Average				626		3,089	117.10	18.3	2.67	



C. Making the project known

During the project's preparation stage, the Team discussed in detail how to inform the residents of Pekin about the loan scheme. Several strategies have been outlined, including:

- Information campaign through radio and television;
- Announcing vehicle with loudspeakers circulating through the streets of the settlement and informing the residents about the scheme;
- Distribute an information pamphlet to all households in the settlement;
- Information meetings with the residents of a certain street or block in one of the public buildings available (church, school, club etc.);
- Information meetings in cooperation with existing local organizations active in the settlement.

In fact, all these information channels have been tried in the first stage of the project.

Prior the opening of the project's field office, several meetings were held with the representatives of resident and church organizations, unions and clubs to inform them about the scheme and its objectives, loan conditions, accessibility etc. Most of the leaders or key people are well known or easy to identify. Others were mentioned by the people initially contacted such as clergy, local teachers, the president of the residents association, etc.

As often happens in such projects, the first meetings were attended by a great number of people who listened politely to the explanations of the team but did not believe what they heard, as they are accustomed to all sorts of promises made by politicians and public institutions. Nevertheless, they agreed to arrange information meetings with their members (churches, clubs) and with the residents, street by street, to inform them in detail about the project and answer the questions of those interested.

Experience has shown, though, that it is not advisable to hold too many such meetings. Whereas some 60 people participated in the first one, the number rapidly decreased in the following gatherings. The informal communication and information system in the squatter settlement functions efficiently and does not require external incentives.

Also, the other instruments or means of communication have a limited validity. Short announcements on the radio telling about the project and inviting interested people to visit the field office and obtain more information need to be repeated for weeks and may prove costly. In the present case, however both radio and television stations are Government-owned and the responsible people are sympathetic to the project and agreed to publicize the scheme free of charge.

The vehicle with loudspeakers which was sent around brought some interested people to the office, but the most effective means of making the project known is the project itself. That is to say that once the loans are disbursed and the houses are improved, the neighbours and other residents will visit the borrower, ask about the credit and come to the field office for further information. As the proverb has it, "There is no success like success".

D. The processing of loan applications

The processing of loan applications requires a rational system and efficient management monitoring in order to avoid excessive delays and unjustified administrative costs as a result of inadequate allocation of personnel and the loss of confidence in the project by the applicants/borrowers.

For that purpose, a flow chart and the respective forms have been prepared by the project advisers and the team had been trained prior to the project as well as on-the-job in the process of implementation. The processing of loan applications are controlled by the project's monitor (adviser).

1. Implementation control (form LA1)

The processing of loan applications is controlled by the corresponding implementation control sheet, attached to the newly opened file. Date, signature and observations are entered by the responsible Team member upon completing each activity. The control sheet, therefore, enables him/her to identify immediately the status of an application and the approved loan under implementation at any time, as well as its location.



What is the House Improvement Loan Fund?

It is a fund which enables the improvement of houses in the settlement of Pekin and the southern zone of Santiago. It permits low-income families to improve, extend and reconstruct their houses through loans offered at favourable conditions.

Who lends the money?

The fund has been contributed by the German Society for Technical Cooperation (GTZ) and is administered by the National Housing Institute (INVI).

Who may apply for a house improvement loan?

Heads of households who:

- are residents of Pekin
- have a stable family
- possess a proper house
- have a right to the plot (not necessarily a title!)
- have a stable work (not necessarily employees)
- have a payment capacity and can afford the loan

For which purpose can you borrow?

House improvement loans are granted for the purpose of:

- construct house foundations
- improve and/or construct floor
- improve and/or construct walls
- improve and/or install doors and windows
- improve and/or construct sanitary facilities
- extend or reconstruct the entire house

Loan applications shall be evaluated by the Project's Technicians in order to determine possibilities and elaborate the budget.

Loan Conditions

Credits are granted in the form of building materials and not in cash. Disbursement of materials is by party, according to construction development. In case that borrower has no experience in construction or does not have the time, the loan may include also labour costs.

The Amount of the Loan

The amount of the loan depends on the payment capacity of the borrower and the costs of improvement. Interested persons who cannot afford the entire improvement planned at once, may partially repair or extend the house. Once they have paid the loan they may apply for the following one.

Type of Loan	Loan Amount (up to)	Loan Period (up to)	Monthly Payments	Minimal monthly income necessary
1. Minimal Progressive	500-1,000	1.5 years	31-62	120-240
2. Basic-Progressive	1,100-3,000	2.5 years	44-119	220-600
3. Extension	3,100-5,000	3 years	106-171	530-755
4. Reconstruction	5,100-8,000	6 years	119-186	560-930

Loan Security

Applicants who possess a title of deeds or a lease contract with the municipality must sign a mortgage contract. Applicants who do not possess title or lease contract may sign a Notarial Promissory Note. Loan repayment begins one month after the ultimate disbursement of materials.

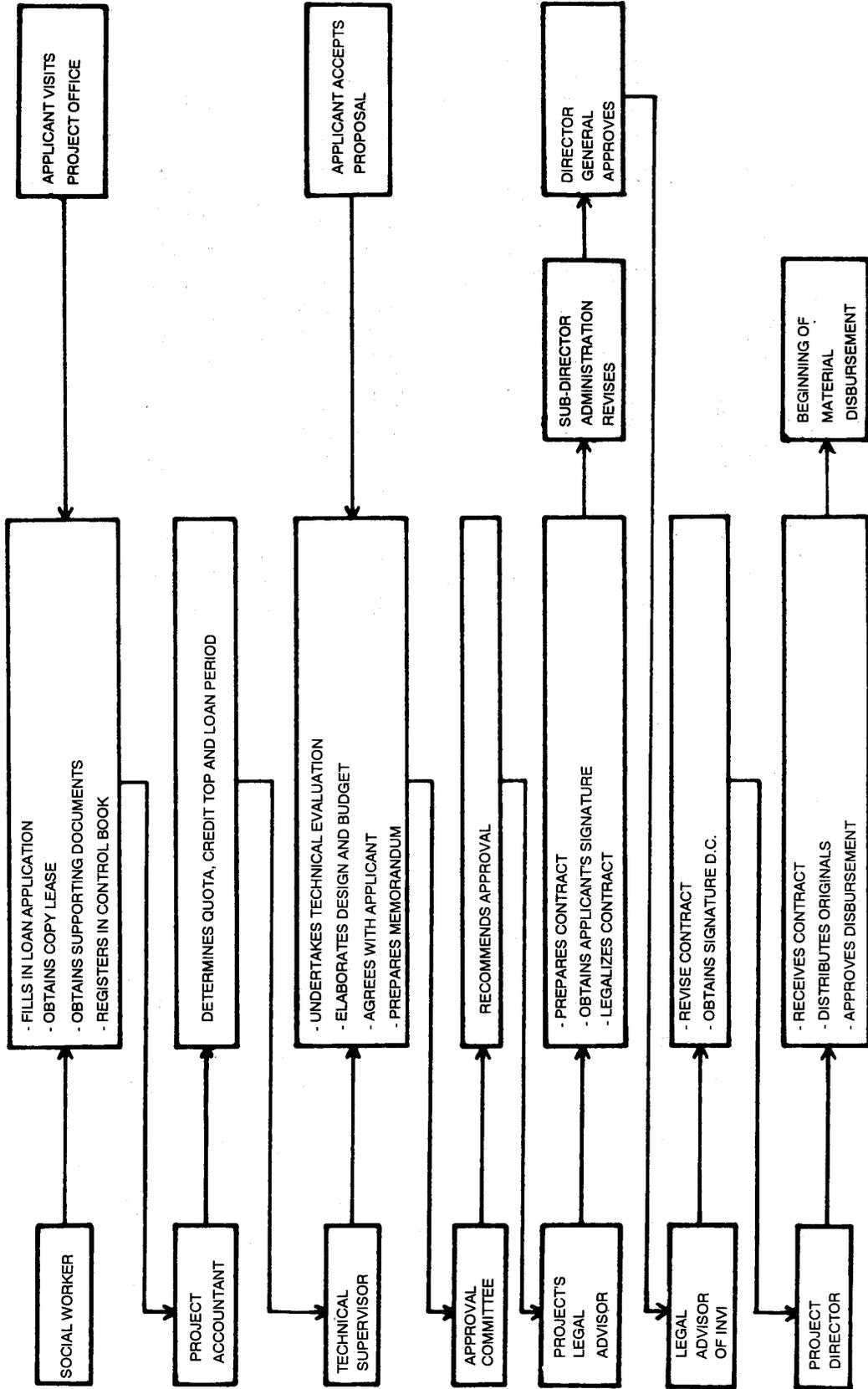
Additional information and applications

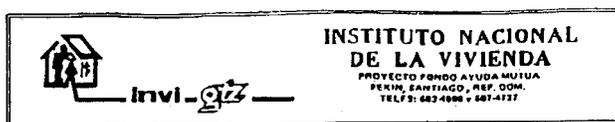
For additional information and to fill-in application forms, please visit the project office in the Avenida de los Jazmines - corner calle El Sol in the settlement Pekin, Monday to Friday - from 8.30 a.m. to 7.00 p.m.

HOUSE IMPROVEMENT LOAN PROGRAMME

THE PROCESSING OF LOAN APPLICATIONS

MORTGAGE LOAN





HOUSE IMPROVEMENT LOAN PROGRAM - IMPLEMENTATION CONTROL (LA1)

APPLICATION No: 0167

DATE APPROVAL 26.4.88

LOAN No: 0096

No.	Activity	Dept.	Date	Signature	Observations	Days
1.	Preliminary information	Social	15.3.88			
2.	Reception application	Social	23.3.88			1
3.	Socio-economic evaluation	Social	28.3.88			6
4.	Financial evaluation	Accounts	29.3.88			7
5.	Technical evaluation	Technical	31.3.88			9
6.	Reception documents	Social	14.4.88			23
7.	Approval committee	Com.	15.4.88			24
8.	Approval DG	DG	26.4.88			
9.	Signing contract	Legal	28.4.88		Only 1 wit.; the other on 2.5	37
10.	1 st document	Stores	2.5.88			41
11.	Technical inspection	Technical	14.5.88			53
12.	Social inspection	Social	-		Gladys was ill	
13.	2 nd disbursement	Stores	16.5.88			55
14.	Technical inspection	Technical	25.5.88			64
15.	Social inspection	Social	25.5.88			64
16.	3 rd disbursement	Stores	2.6.88		Mason went to USA; a new mason contracted	72
17.	Technical inspection	Technical	14.6.88			(84)
18.	Social inspection	Social	-		No need	
19.	Termination of works	Technical	13.6.88			83
20.	Information collection	Accounts	15.6.88			
21.	Beginning recovery	Collection	14.6.88			



Applications are numbered in accordance with the order of receipt. The social worker assigns a running number to the new application and maintains an alphabetic card register, which permits the identification of applicants by name.

Once the application has been approved, a new loan number not corresponding to the application number will be assigned. This is because applicants may require shorter or longer periods to obtain supporting documents, consult with relatives and friends or obtain witnesses. It also may happen that the application needs to be reconsidered by the Team, particularly if the Approval Committee has some doubts. Loan numbers, on the other hand, must be consecutive in order to avoid errors and permit control.

The control sheet is periodically evaluated by the project's monitor, in order to identify the total time required to process the application and to complete construction as well as the intervals between individual activities. This permits a comparative evaluation and the timely identification of problems or potential problems.

Based on the experience gained, we estimate that on an average, four to six weeks are required to process the loan application. Improvement or construction work may extend from 2 to 8 weeks, depending on the volume of work. As a rule, borrowers are obliged to complete the building work within three months.

2. Filling in the application form (form LA 2)

When the interested person enters the project's field office, the social worker hands him or her, the information sheet about the scheme and the loan conditions. The interested person usually needs time to think and discuss with relatives and friends and will return to fill in the application form after two to seven days.

The application form is filled in by the social worker and not by the applicant in order to avoid mistakes and misunderstandings (after all, the applicant may understand the question in a different way). Also, the social worker may observe the applicant and so gain a clear impression of him or her.

The application form has been designed with the object of minimizing inconvenience to the applicant and obtaining only that information necessary for decision making as well as for an evaluation.

Some observations on implementation control, application
<p>No. 0167</p> <p>The major problems and delays we have confronted with the processing of loan applications:</p> <ul style="list-style-type: none"> - Applicants may require time to obtain the supporting documents, particularly the municipal land-lease contract; - The Director General or the sub-Director are not always available to approve loan contracts; - Witnesses who must sign the affidavit don't arrive on time; - The borrower cannot always find a mason-builder; - Some materials are scarce for a while; suppliers do not comply with their obligations; - Borrowers want to alter the agreed design. <p>All these smaller and bigger problems are natural. Some have solutions, some do not. They show the need for flexibility and adaptability .It is simply the human factor that does not always correspond to forms and formulae.</p>

Some observations on the loan application form
<p>a. Identification of applicant</p> <ul style="list-style-type: none"> - In many Latin American countries a person uses the family name of both parents as well as two surnames. These are freely interchangeable and the cause of permanent equivocation. Therefore, it is useful to identify an applicant also by his or her nickname. - Exact location of the house and not only the address, helps the social worker and the technician to identify the place more easily, particularly in irregularly laid-out settlements. - The wife's name and identification number are very important whenever the shelter is a common property. <p>b. General data</p> <ul style="list-style-type: none"> - In Latin America more than half the squatters and other low-income households do not marry officially because a wedding is an expensive ceremony. Rather the couples live together as man and wife. Most,

although not all, of these free unions are permanent.

- The information about number of dependents in relation to the household's income helps the social worker to evaluate payment capacity.
- The number of persons who live in the house permits the technician to determine densities and extension requirements. Very often other relatives or friends (from the same village) share the shelter with the applicant.

c. Economic data

- In the case of employees, the social worker can verify the data and employment certificate by telephone.
- Although it may be difficult to determine monthly income, particularly in the case of casual labour, the social worker usually obtains a clear impression from the conversation with the applicant which is usually friendly and relaxed. Mistakes may occur but they are not very significant. The more common problem is that of loss of source of employment and periodic inability to repay the installment.
- In the case of self-employed and casual workers, the social worker attempts to establish an average monthly income.

d. Housing

- It is important to verify whether the applicant is the owner of the house, not because he or she might be a tenant, but rather because if another person (relative or not) may have a claim to the house, problems may arise in loan recovery. For example, a borrower might have changed addresses and the present occupier-owner may refuse to accept responsibility for the repayment.
- It is also important to find out whether the owner lives in the house. There are cases where rental houses were improved and rent has been increased, with the result that the original tenants had to leave.
- Approximate value of the house and year of construction are needed in the case of legalization of loan contracts through Notarial Promissory Note and Affidavit.

e. Loan

- Value of loan required is an estimate by the applicant. Actual loan value will be determined by the technician, based on the design and the budget.
- Monthly quota suggested by an applicant indicates payment propensity only. The actual quota will be negotiated, based on improvement value.

f. Data of witnesses

- Are required in the case of legalization of loan contract through Notarial Promissory Note and Affidavit.

HOUSE IMPROVEMENT LOAN PROGRAMME		
APPLICATION FOR HOUSE IMPROVEMENT LOANS (LA 2)		
		No. 0167
		Date 2 3 0 3 8 6
I.	IDENTIFICATION OF APPLICANT	
	1.	Family Name(S): Sanchez Rosano
	2.	Name(s): Alfredo Alejandro
	3.	Nickname: Pato
	4.	Identification Card No: 125702 Series: 13
	5.	Address: La Sabita No. 52 (left from water tank 3rd house)
	6.	If married: Name of wife: Miguelina Alvarez Ciruela
	7.	Identification Card No: 710524 Series: 43
II.	GENERAL DATA	

8.	Date of Birth:	14.9.1953				
9.	Marital Status	Married	Widow(er)	Divorced	Separated	X Free un.
10.	No. of Dependents:	2				
11.	Total no. of persons who live in the house:	5				
III. ECONOMIC DATA						
12.	Do you work at present:				Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
13.	(If working) type of work:	Car mechanic (describe)				
14.	Category of employment:	Employee <input checked="" type="checkbox"/>	Independent <input type="checkbox"/>	Pensioner <input type="checkbox"/>		
15.	(If employed or pensioner) name of employer:	Aymecsa Garage				
16.	Address of employer:	Ave. Francisco Sanabia 35, Industrial Zone, Santiago				
17.	Telephone no. of employer:	685-8855				
18.	Type of salary/wages:	MONTHLY <input checked="" type="checkbox"/>	FORTNIGHT <input type="checkbox"/>	WEEKLY <input type="checkbox"/>		
19.	Monthly wage/salary:	RD\$ 400 (US\$ 63)				
20.	Do you have another remunerated work?				Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
21.	How much do you earn from that job?	RD\$ 300 (US\$ 47)				
22.	Does your wife/husband work?				Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
23.	(If yes) name and address of employer:					
24.	Total monthly income of the family:	RD\$ 700 (US\$ 110)				
IV. HOUSING						
25.	Are you the owner of the house which you wish to improve?				Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
26.	Do you live in the house which you wish to improve?				Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
27.	Approximate value of the house:	RD\$ 15,000 (US\$ 2,362)				
28.	Year of construction of the house:	1974				
V. LOAN						
29.	Value of the loan required?	RD\$ 2,000 (US\$ 315)				
30.	What type of improvement you wish to introduce with the loan (explain):	build a kitchen and another room for the children				
31.	For how long do you wish to take the loan?				Months <input type="checkbox"/>	Years [3] <input type="checkbox"/>
32.	Would you pay the quota:	Weekly <input type="checkbox"/>	Fortnight <input type="checkbox"/>	Monthly <input checked="" type="checkbox"/>		
33.	How much can you pay monthly?	RD\$50 (US\$7.87)	Date: 23.03.88	Signature of Applicant		
DATA OF WITNESSES (In case of a legal promissory note)						
1.	Name(s) and surname(s):	Manolo Alberto Jemenez				
	Identification card no:	671096	Series: 18			
2.	Name(s) and surname(s):	Eugenia Altagracia Sanchez				
	Identification card no:	314209	Series: 42			
3.	Name(s) and surname(s):	_____				
	Identification card no:	_____	Series: _____			

EXCURSUS	
The urbanization of Alfredo A. Sanchez Rosario	
Alfredo Alejandro Sanchez Rosario was born in 1953 in the village of Argujo, some 35 km from Santiago. His parents and grandparents were farmers. They owned a small farm of about 1.5 ha. where they grew green banana, coffee and vegetables. Alfredo is the fifth of eleven children, but three have died.	
He visited the village school and learned reading and writing which he does with great difficulty. He did not complete primary school because he had to contribute to the family income and find some work. In his childhood he worked	

with his uncle selling ice ... there were no refrigerators in the village at that time.

Poverty was really terrible at that time. The land was not big enough to feed the entire family. Two of his brothers migrated to the United States where they still live and send some money to his parents from time to time. One of his brothers, Antonio, bought Alfredo a colour TV at his request, but Alfredo had to pay the value in pesos.

Alfredo left the village in 1969 when he was 15. There was no work and no food for him there. The year before, the land reform had been announced by the Government. Alfredo waited patiently but nothing happened, so he decided to go to Santiago which is only 45 minutes ride by bus from his village. He had been there many times in the past, but only for short visits.

Now the problem was to find lodging, work and food.

Alfredo was lucky. His older brother, Eduardo, had lived in Santiago for six years together with his wife, her mother and his small son, in a rented two-room timber house. Eduardo worked at that time in the municipal abattoir and Alfredo hoped that his brother would help him get a job there as well.

Alfredo did not like to stay with Eduardo because his wife and her mother are witches and grumble all the time. When he ate lunch with them, these women looked at him as if he pinched the last bit of food from their mouth.

But Alfredo had no choice - he had to stay with them for awhile and sleep in the kitchen. If it did not rain he slept in the hammock under the mango tree.

Alfredo began to look for work. It was not very easy. He started selling newspapers and later smuggled cigarettes, which he did not like very much because he had to bribe the policemen daily. The income was enough for one or two meals a day (rice and beans), but nothing else.

Alfredo visited and met all his acquaintances from the village. Conrado, the third brother of the second wife of his step-uncle, introduced him to a friend of his who worked as a panel-beater in a garage. He started visiting the garage in the afternoons and watched the work. Sometimes he would help Conrado with the work or go to buy cigarettes and soda for the workers.

One day one of the workers was sick and the owner suggested that Alfredo should take his place, which he gladly did. At first he received only \$RD30 (\$US4.62) per month,^(a) but at that time life was cheap. After two months his wages were raised to \$RD45 (\$US7.00) and later to \$RD60 (\$US9.45).

Alfredo rented a small room, at first with two other bachelors from his village and later on by himself. From his salary he bought clothing and food and brought it back to his parents in the village whom he visited twice a month.

After four years of working in the garage, Alfredo decided to look for another job. He had the feeling that he could get a better position and work less hours - in the first garage he had worked 14 hours per day.

He found anew job in the garage of the Ministry of Agriculture. Actually he had to bribe the supervisor and hand him all his savings of \$RD150 (\$US23.62). The job was good because working hours were from 7:00 a.m. to 2:20 p.m., so that he could look for another job in the afternoon, which he did. He started working as a gardener for a rich foreigner from 3:30 p.m. to sunset and earned another \$RD50 per month.

Alfredo was ambitious at that time. His brothers from the United States who came for a visit told him all the wonders of the "land of promises" and promised to find him a job once he got there, though they could not help him to obtain a visa. He tried but was rejected. Alfredo started saving in order to go to New York illegally. He met a smuggler who promised to get him there with a small boat. The man was a charlatan who co-operated with the police. Alfredo paid him \$RD2,000 (\$US315), went on the boat, was caught by the police and thrown in gaol. His father had to pay \$RD350 (\$US55) to get him out.

Alfredo decided never to try it again - better poor but honest. As he is serious and hard-working, he found anew job at once in another garage. He rented another room and started saving to buy a radio.

Then he met Miguelina at a fiesta (party). She was also from his village. Actually he did not like her too much because he knew her mother and she was always complaining and fighting - but then there was the child, Pedrito, and he did not have a choice, because he is a serious man.

For a while they lived in a small rented house; well, it was a shack and not a decent place. Alfredo started looking for

a small house to buy and he found one in barrio Pekin, in La Sabita Street. La Sabita is not really a good location. It is a squatter settlement and it is too far from his work, but the price was cheap, he had to pay \$RD1250 (\$US197) only. He had saved \$RD400 and the rest he got as a loan from his father and two uncles.

The house, made of rotten timber with a roof of old corrugated iron sheets, was small and not very attractive - only 28 m², but the plot was quite large with 124 m² with ample space for improvement. Alfredo paid back his loan, found a better job in Aymecsa Garage where he has been working since 1982, and a second job in the afternoon in a plumbing workshop.

He started improving his house, constructed block walls to replace the timber ones and bought new corrugated iron sheets for roofing. Of course, not all went as he had planned. In 1983 Carmensita was born and is always ill, and he must spend a lot of money for medicine. Miguelina brought her aunt to live with them and there is not enough space, but on the whole Alfredo is content.

One day, Miguelina told him that she heard from the neighbours that INVI offers loans at favourable interest rates for house improvements. Alfredo, like most Dominicans, has a healthy sense of distrust of the Government and its agencies, but Miguelina got on his nerves, so he decided to go and check what it is all about.

^(a) At that time the real value was 30 dollars

3. Supporting documents (forms LA 3 and LA 4)

Employees, whether of public- or private-sector, must obtain an employment certificate or sign an income declaration with the project's lawyer. The employment certificate is verified by the social worker.

In accordance with the Law, INVI may oblige public- and private-sector employers to deduct housing-loan repayments from the borrower's salary and transfer it to the account of the Institute. However, the transfer between public-sector institutions may require months and is accompanied by considerable delays and sometimes irregularities. Private-sector enterprises and employers are reluctant to assume additional administrative responsibility and deduct loans from wages. Therefore, INVI agreed that borrowers will be made personally responsible for the repayment of loans.

Income declaration does not guarantee the accuracy of the data. The social worker attempts to verify the data by means of conversation and domestic and work-place visits. Ultimately, though, the borrower assumes obligations and is aware of the consequences of arrears or default.

In addition to an employment certificate or an income declaration, applicants must either submit a copy of the land-lease contract with the Municipality, or sign an affidavit together with two witnesses and a notarial promissory note with the project's lawyers.

Learning from the experience of other similar projects, an attempt has been made to minimize "paper work" and formal requirements which often discourage potential applicants. At the same time, contracts must be legalized and loans safeguarded.

4. Economic evaluation of applications (form LA 5)

Based on the loan application and prior to the socio-economic evaluation, the project's accountant prepares the economic or financial evaluation. In accordance with the stated monthly income, requested credit and computed payment capacity, the accountant determines maximum loan value, loan duration and minimum monthly quota, which guides the technicians while preparing the technical evaluation and improvement proposal.

To determine maximum loan value, the accountant computes first the share of income available for loan repayment. The value established will be identified in the computerized loan analysis sheets. Depending on the type of improvement requested, the accountant always attempts to reduce the repayment period. That is to say, if the applicant's income allows him to repay the loan within a shorter period than requested, the technician will have to discuss this and try to convince the applicant.

The economic evaluation is a guideline. Following the technical evaluation and based on the grocer budget prepared, the accountant, the technician and the social worker may reconsider the loan value and the conditions.

HOUSE IMPROVEMENT LOAN PROGRAMME EMPLOYMENT CERTIFICATE (LA 3)		
The Director, House Improvement Loan Scheme, The National Housing, Institute (I NVI)		Date: 8/04/86
Dear Sirs,		
By means of this certificate and at the request of the applicant, we would like to inform you that Mr./Mrs. (name and surname): <u>Alfredo Sanchez Rosario</u> .		
Identification Card No: <u>710524</u> Series: <u>43</u>		
is employed by (name of employer): <u>Aymecsa Garages</u>		
since (year): <u>1982</u> permanently/temporarily*		
as a <u>mechanic</u> , his/her* salary/wages amounts to RS\$ <u>400</u> monthly.		
This enterprise established in (year): <u>1962</u> .		
It is located in (address): <u>Ave. Francisco Sanabria 35, Zona Industrial</u> .		
Telephone No: <u>685-8855</u> , it expresses its consent to:		
<input type="checkbox"/> Monthly or	<input type="checkbox"/> Fortnightly	<input type="checkbox"/> not possible
deduce from the employee's salary/wages * the value of the quota which the applicant has in writing agreed to pay for the house improvement loan granted by the National Housing Institute (INVI).		
Yours sincerely,		
Name: <u>Francisco Plinio Ayban</u>		
Function: <u>Manager</u>		

HOUSE IMPROVEMENT LOAN PROGRAMME INCOME DECLARATION (LA 4)	
To:	The Director, Home Improvement Loan Scheme, National Housing Institute (INVI)
From:	(Name and address of the self-employed) <u>Ramon Eduardo Santana</u> <u>Calle El Sol 32</u> <u>Pekin, Santiago</u>
	Identification No: <u>147033</u> Series <u>32</u>
I, the undersigned, <u>Ramon Eduardo Santana</u> work as self-employed as <u>Fruit Seller in the market of los Jazmines</u> . I have worked as self-employed since <u>12</u> years. My average monthly income amounts at present to <u>RD\$ 650</u> . I declare that to my best knowledge the above information are true and valid and understand that any false statement shall comprise a valid ground to reject the loan application or abolish which ever loan contract which has been approved and signed based on this information.	
Applicant's Signature	Date: 27.4.1986

5. *The socio-economic evaluation (form LA 6)*

The socio-economic evaluation of the application verifies the data provided by the applicant. The social worker confirms employment data by means of telephone calls or visits to the employer or the work-place (for example, a market stall) of the self-employed.

She also visits the applicant's home to verify the information and get direct and personal impressions, discussing the application with the wife and other family members. As a rule, a trained and experienced social worker can, through personal scrutiny of the applicant, determine his or her credibility. The appearance of the applicant and the family, the

maintenance and cleanliness of the house and the information provided by the household enable her to gain a clear impression.

In addition to the neighbours, who always likes to talk, the grocer around the corner is also a good - source of information. Low-income families buy on credit and pay at the end of the month. The usually knows very well who are the trustworthy clients.

Some observations on the economic evaluation

Alfredo A. Sanchez Rosario applied for \$RD2000 (\$US315) and suggested a repayment of \$RD50 (\$US7.87) per month. Cilenio, the accountant, determined that based on his declared monthly income of \$RD700 (\$US110), Alfredo could repay \$RD105 (\$US16.35) per month (15 per cent of income). This entitles him to a loan of up to \$RD3000 (\$US471.44) repayable in three years.

If, however, the loan required is minor (e.g. \$RD2000, the repayment period may be reduced to 18 to 20 months.

HOUSE IMPROVEMENT LOAN PROGRAMME ECONOMIC EVALUATION (ACCOUNTING) (LA 5)

1. Maximal value of loan: RD\$ 3,000 (US\$ 472.44)
2. Loan period: 3 years
3. Minimal monthly quota: RD\$ 105 (US\$ 16.53)
4. Quota as per cent of income: 15%
5. Observations: Depending on costs of improvement, monthly payment should be negotiated with applicant. Probably he can pay up to RD\$ 130 per month.

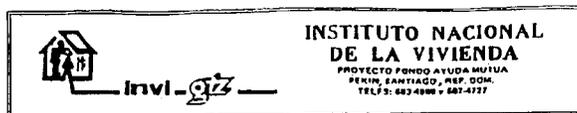
Signature (Accountant)

Date: 29.3.86

Some observations on the socio-economic evaluation

Rosa, our social worker, visited Alfredo's house while he was at work. This permitted her to converse confidentially with Miguelina, his wife. After half an hour of complaints about the Government and Municipality, inflation, the school, the children, the husband, the neighbours and the weather, Miguelina confessed that periodically she receives money from her sister in New York and has some savings, but Alfredo does not and should not know anything about it.

Based on this information and her general impressions of the house, Rosa recommends approval of the loan and suggests that Alfredo may repay \$RD105 to \$130 (\$US16.53 to \$20.47) per month.



HOUSE IMPROVEMENT LOAN PROGRAMME SOCIO-ECONOMIC EVALUATION OF HOUSING LOAN APPLICATION (LA 6)

No. 0167

Date 28 03 86

1. Name: Alfredo Alejandro
2. Surname: Sanchez Rosario (Pato)
3. Identification No: 125702 Series: 31

4. Address: La Sabita 52 Sector: Pekin

5. Marital Status: Free Union

6. No. of Dependants: 3

7. Housing Conditions: Acceptable

8. Employment Confirmation: Yes No

9. Economic Conditions: Applicant has colour TV, refrigerator. Wife receives periodically money from her sister in USA.

10. Confirmation of monthly income: Yes No RD\$ 700

11. Payment capacity: RD\$ 105-130

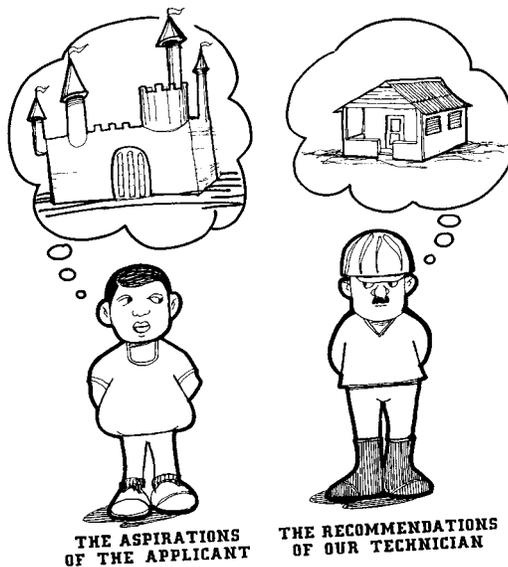
12. Verification of witness data:

1.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
2.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
3.	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

13. Personal impression: The house is well maintained; the children are clean and go to school; conditions are stable; applicant does not drink excessively; no debts at grocer's.

14. Recommendations: To give a relatively short-term loan. Applicant and wife can pay labour costs by themselves.

Signature: Social Worker



6. Technical evaluation (forms LA 7, LA 8, and LA 9)

Prior to the socio-economic evaluation, the social worker agrees with the technical supervisor the date and hour of the technical evaluation, and this information is passed on to the applicant.

Based on the loan application and the economic and socio-economic evaluations, the technician visits the applicant's house, measures the plot and house and prepares a rough sketch of the existing shelter.

Following an evaluation of the foundations, floor, walls, roof and the building materials, the technicians and the applicant discuss the requested and proposed improvement. The applicant's wishes are not always feasible. If there are no foundations, it is not possible to construct a second floor, or if the costs of extension or replacement exceed payment capacity, other solutions must be found.

The technician knows the standard costs of construction by its elements and can easily estimate rough improvement costs. If the requested improvement is not economically feasible, the technician will recommend a more modest solution or a progressive (step-by-step) improvement and repair of the house. A dialogue ensues, in the course of which an acceptable solution will be sought. The technician also possesses a computerized loan analysis and can quickly calculate the affordability of the improvement.

Once the feasible improvement has been agreed upon, the technician will draw a rough sketch of the planned construction works (form LA 8), identify the quantities and proceed with the preparation of the budget (form LA 9). The budget is prepared in accordance with a logical constructional development or implementation and the disbursement schedule. Building materials are disbursed corresponding to the construction schedule established by the budget. Once a stage or component has been completed, the technician will be called in to confirm the use of materials in agreement with the proposed design and authorize the subsequent disbursement.

Material prices are based on actual acquisition prices of components available at the store. Considering the accelerated rate of inflation, it proved costly and time-consuming to update individual budgets repeatedly. Consequently, it has been decided to apply the values of materials available at the store and the principle of "first come, first served". For the same reason, the project attempts to maintain a relatively large stock of non-perishable materials.

In order to mitigate the impact of inflation and to provide for unforeseeables, a contingency provision of 10 to 20 per cent, depending on the loan value and the volume of work, is added to the budget. Once disbursement has been completed, the precise value of the loan and of the monthly quota are determined by the accountant and made known to the borrower.

7. *Loan approval (form LA10)*

Once the evaluations have been completed and the budget prepared, the applicant's file is handed to the Approval Committee which is composed of the project director, the technical supervisor and the project's lawyer, and the project's accountant are (as a member with voice but without vote).

The Approval Committee again reviews the applicant's file and recommends whether to approve, reject or re-evaluate the application. In the last case, the social worker will be asked to clarify some details or obtain additional information.

Although the members of the Committee as well as other Team members are in close and permanent contact and often discuss the individual applications, the approval is not merely a formal act. Rather, it permits an overall consideration of each case based on the complex information available.

For the same reason it has been decided to discontinue the use of a points system which was introduced at the beginning. While the points system permitted an impartial decision, it did not allow the consideration of special and often complicated cases, particularly of the poorer households. Instead of a points system, the principle of "first come, first served" is now applied. Through the monthly evaluation of loans approved for house improvement (form PM 8), the accessibility of the Fund to lower-income households is controlled.

After the approval of an application by the Committee, the file is sent to the Head Office in Santo Domingo to be approved finally by the Director General or the Sub-Director for Administration, depending on the type of loan. That process usually requires between 7 and 10 days, unless the Director or Sub-Director are absent on a trip.

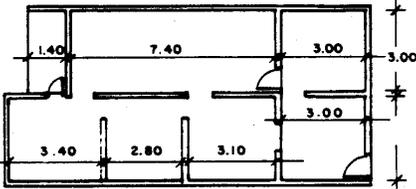
Once approved, the applicant is invited to the project's office to sign the loan contract and, if necessary, the affidavit and the process of disbursement may commence.

HOUSE IMPROVEMENT LOAN PROGRAMME
TECHNICAL EVALUATION (LA 7)

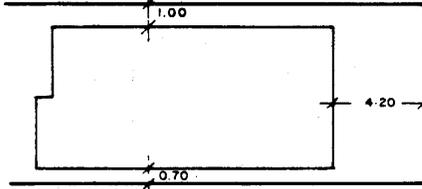
Applicant: Alfredo A. Sanchez Rosario **Application No.** 0167
Address: La Sabita 52 **Sector:** Pekin
(Left from water tank, third house to the right)

L - DIMENSIONS AND ELEVATION (Indicate scale)

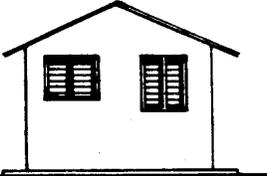
(A) - House Floor Plan (1:200)



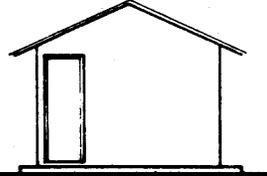
(B) - Existing Boundries (1:250)



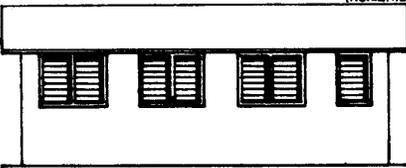
(C) - Front Elevation (VERT. 1:100) (HORIZ. 1:200)



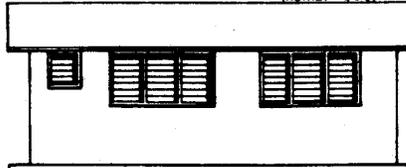
(D) - Rear Elevation (VERT. 1:100) (HORIZ. 1:200)



(E) - Right Side Elevation (VERT. 1:100) (HORIZ. 1:200)



(F) - Left Side Elevation (VERT. 1:100) (HORIZ. 1:200)



2 - MATERIALS USED FOR:

(G) - Foundation: Concrete **(H) - Walls:** Blocks **(I) - Roof:** Zinc
(J) - Floor: Cement **(K) - Doors:** Timber **(L) - Windows:** Timber
(M) - Painting: - **(N) - Sanitary:** Pit latrine

3 - (P) Construction Area 71 m² **(Q) Plot Area:** 124

Signature (Evaluator): _____ **Date:** 31.3.86
Approval (Technical Supervisor): _____ **Date:** 4.4.86



INSTITUTO NACIONAL
DE LA VIVIENDA
PROYECTO FONDO AYUDA MUTUA
PUEBLO, SANTIAGO, REP. DOM.
TEL. 9-663-4686 y 661-4737

HOUSE IMPROVEMENT LOAN PROGRAMME
BUDGET FOR A HOUSE IMPROVEMENT LOAN (IA 9)

Loan No.

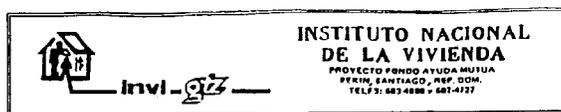
0	1	7	6
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COMPONENT <i>A. Foundations</i>	MATERIALS				LABOUR COSTS		TRANS- PORT	OTHERS
	QUAN- TITY	UNIT.	UNIT PRICE	VALUE	BORROWER	PROJECT		
1 Sand	1	m³	55.00	55.00				
2 Gravel	1.5	m³	55.00	82.50				
3 Cement	13	bag	16.68	216.84				
4 Steel Ø 3/8	16	U.	8.81	140.96				
5 Wire	2	lb.	3.75	7.50				
6 Subtotal				502.80				502.80
7 Floor								
8 Sand	0.25	m³	55.00	13.75				
9 Gravel	0.50	m³	55.00	27.50				
10 Cement	3	bag	16.68	50.05				
Sub-Total :				91.29				91.27
Walls								
1 Blocks	525	U.	2.25	1,181.25				
2 Sand	1	m³	55.00	55.00				
3 Gravel	1	m³	55.00	55.00				
4 Cement	10	bag	16.68	166.68				
5 Steel Ø 3/8	13	U.	8.81	114.53				
6 Wire	1	lb.	3.75	3.75				
7								
8								
9								
10								
Sub-Total :				1,576.21				1,576.21
Lintel								
1. Steel Ø 3/8	0.5	QQ	114.48	57.24				
2. Steel Ø 1/4	0.25	QQ	100.60	25.15				
3. Sand	0.5	m³	55.00	27.50				
4. Gravel	0.5	m³	55.00	27.50				
5. Cement	2	bag	16.68	33.36				
6.								
7.								
8.								
9.								
10								
Sub-Total :				170.75				170.75
Contingencies (20 %)								468.21
TOTAL :								2,800.00

(2,809,36)

Signature applicant: _____

Date: _____



INSTITUTO NACIONAL
DE LA VIVIENDA
PROYECTO FONDO AYUDA MUTUA
SANTIAGO, REP. DOM.
TEL: 503-4880 y 501-4127

HOUSE IMPROVEMENT LOAN PROGRAMME
APPROVAL COMMITTEE - APPROVAL OF LOAN APPLICATION (LA 10)

Application No: 00167

Date: 15 04 86

1. Surname: Sanchez Rosario
2. Name: Alfredo Alejandro
3. Identification No: 125702 Series: 31
4. Address: La Sabita 52, Pekin
5. Declared household's income: RD\$ 700 (US\$ 110)
6. Loan value: RD\$ 2,800 (US\$ 441)
7. Loan period: 2.5 years
8. Monthly quota: RD\$ 111.16 (US\$ 17.50)
9. Quota as percent of income: 15.9

DECISION OF APPROVAL COMMITTEE:

Approved

Rejected

Reevaluation

In case that miscellaneous costs do not fall, repayment period should be reduced to 1.5 years.

Project's Director

Technical Supervisor

Project's Lawyer

FINAL APPROVAL

Administrative Director: _____

Date: 26.4.86

E. Legalization of loan contracts

1. How to guarantee the loan

Like most other similar projects, the project has confronted considerable difficulties in Santiago with the legalization of loan contracts or agreements and it took some time to identify and introduce appropriate procedures.

The legalization of contracts is a precondition for the disbursement of loans, following the law and regulations concerning INVI. The contract is supposed to provide the legal basis for compelling a borrower to pay in the case of arrears or default, but in reality it does not. First, legal proceedings are costly and extremely slow. It may take as many as three to five years to obtain a sentence from the civil court. Secondly, it would have been politically impossible for INVI to evict more than two to three defaulters in a house-improvement loan scheme. To secure recovery, other instruments have to be used. Nevertheless, the loan contract is essential to legalise the transaction and this is well-known and accepted by borrowers.

When designing the scheme, the legal adviser proposed three types of optional contracts:

- (a) A mortgage contract on freehold or leasehold land; implying that borrowers shall mortgage their plots for the period of loan repayment;
- (b) A guarantor's contract (solidarity contract) by means of which two guarantors, one of whom must own an immovable property, guarantee the credit;
- (c) Conditional resale contract, whereby the borrower sells his house (or structure) to the lender (INVI) for the amount of the loan and repurchases it automatically when the credit has been paid back.

In fact, however, none of these contractual forms could really be applied. The land on which Pekin was built has belonged to the Municipality of Santiago since colonial times. During the 1950s and 1960s, the Municipality gradually leased plots to rural migrants for medium-term periods (5-10 years). Since then, and particularly during the 1970s when improvement the town was growing rapidly, plots were exchanged and illegally sold several times. Only a few of the residents or their descendants are the original leaseholders.

Moreover, hardly any of the leaseholders have paid rent on the land and they could not, therefore, obtain a lease contract. To obtain a tenancy, the interested person would have to queue for several days or weeks in various offices of the Municipality, complete the 24 steps required and spend as much as \$RD700 (\$US110), (excluding bribes). After several futile attempts the Project Team realized that other legalization instruments would have to be applied.

The other two types of loan guarantee (guarantor's and conditional resale contracts) were rejected by potential borrowers. In view of progressive atomization of the urban society in the Dominican Republic, it became more and more difficult to find people who would agree to guarantee any type of loan, even within the core family.

The concept of the conditional resale contract was understood neither by the applicants nor by the Project Team (except the lawyer) and was flatly rejected. After all, attempting to impose legal structures and restrictions on people whose living style is determined by an informal mode of communication and interaction, is equal to squaring a circle.

Finally, and following considerable discussions and deliberations, the concept of a Notarial Promissory Note and Sworn Affidavit to legalize the loan contract was introduced. The Promissory Note, which will be discussed in the following paragraphs, is utilized by commercial and discount shops (particularly for electrical articles) and is commonly known and accepted in the squatter settlements. With that type of agreement it is no longer necessary, to present a leasehold, nor to face the humiliating rejection by would-be guarantors; the process is rapid, simple and cheap.

An important step towards starting the project was the signing of an agreement with the Municipality of Santiago, permitting INVI to grant improvement loans to the house-owners (in Pekin as well as in other squatter settlements), and to prepare, design and control construction work.

2. *Legal requirements as formulated by the project's lawyer*

In order to qualify for a house- loan, the applicant must be the proprietor of the structure or the property to be improved and be in a position to offer the structure as a guarantee for the credit granted.

House-improvement loans can be offered to applicants who have a right to the property as well as to proprietors of a house built on municipal land and who comply with the following legal requirements:

- (a) To be of legal age;
- (b) To offer the property as a guarantee for the loan and be authorized to do so;
- (c) Reside in the sector where the project is being implemented;
- (d) If the applicant is the proprietor of the real estate offered as a guarantee, any title deed which is not mortgaged must be presented;
- (e) If the applicant is not the proprietor of the plot, a lease agreement with the Municipality of Santiago permitting the mortgaging of the plot should be presented;

- (f) If the applicant is the owner only of the house or structure built on the plot, he or she must present an affidavit sworn in front of two witnesses who in good faith testify that the house or structure has been constructed for more than five years;
- (g) If the applicant is married, the spouse must consent as well.

Applicants who are the proprietors of the plots or leaseholders of the Municipality must sign a mortgage contract to guarantee the loans. Owners of the house or structure only may sign a notarial promissory note.

3. Formalization of contracts

In the case of applicants with freehold or leasehold title, the project's lawyer prepares a mortgage contract which must be signed by the borrower and the General Director of INVI. The mortgage contract must then be registered with the General Director of the Property Registry as well as the Registrar of Mortgages. Since the contract is with INVI, the mortgage is exempt from considerable fees and stamp duties. Nevertheless, the process may cost as much as \$RD150 to \$200 (\$US23 to \$31.50).

Prior to signing a notarial promissory note, the applicant must swear an affidavit in front of the lawyer-notary and two witnesses. The sworn affidavit certifies the ownership of the house by the applicant who has no other document to prove it. It also helps to prevent any later claim to the improved structure by a third party.

Once the affidavit has been sworn and signed, the applicant may then sign the promissory note which, in fact, is a simple obligation to repay the loan. When notarially certified, the promissory note is a legally accepted obligation of the borrower. In case of default, the lender (INVI) does not need to seek recourse in lengthy legal proceedings but may simply obtain a court order, enabling it to sell at first the movables and then the immovables of the defaulters.

The advantage of the promissory note is the simple and rapid procedure, requiring the intervention of the project lawyer and the notary only. The applicant need not spend a great deal of time and comes only once to the office with the witnesses to sign the affidavit and the promissory note.

Although most notaries may charge \$RD100 to \$150 (\$US15.75 to \$23.62) for the certification of documents, which is obviously too costly for low-income households, the associate of the Project's lawyer agreed to charge a lump sum of \$RD35 (\$US5.50) for the legalization of each promissory note.

MORTGAGE CONTRACT (LL 1)

BETWEEN: "EL INSTITUTO NACIONAL DE LA VIVIENDA" (National Housing Institute), autonomous entity of the Dominican State, regulated by Law Number 5892 dated May 10, 1962 and its modifications, with - offices and headquarters in the city of Santo Domingo, National District, represented in this act by its General Director Engineer MIGUEL D. PIMENTEL KAREH, Dominican, of legal age, of this address, bearer of the personal identity card No. 14975, Series IRA, who acts in virtue of a Resolution of the Board of Directors dated 15.07.1985, hereinafter referred to as the "Creditor", and Mrs. ALTAGRACIA GARCIA BEATO DE CRUZ, Dominican, of legal age, civil state married, identified by the Personal Identity Card No. 77432, Series 31, duly validated, residing at House No. 13, of the street No. 6, Barrio Pekin (CONANI), married with ARTURO JAQUES DOMINGUEZ, Dominican, of legal age, identified by the Personal Identity Card No. 342096, Series 28, of the same address, who as a symbol of approval signs the foregoing document, hereinafter referred to as the "Debtor", in presence of the instrumental witnesses free of exceptions and objections, Messrs. LEYDA ORQUIDEA PICHARDO CABRERA, and ADRIANO CUEVAS SANCHEZ, Dominicans, of legal age, identified by the Personal Identity Cards Nos. 132148 Series 31 and 40638 Series 2, residing in the City of Santiago; have agreed upon the following:

LOAN CONTRACT WITH MORTGAGE SECURITY

FIRST: THE CREDITOR grants in favor of THE DEBTOR a loan for the sum of Four thousand five hundreds Dominican Pesos, (RD\$4 500), for the purposes that THE DEBTOR, who accepts, improves the house 13 of the street No.6, of the section of Pekin (CONANI) of the City of Santiago;

SECOND: THE CREDITOR delivers in hands of THE DEBTOR, the sum granted as loan, of the following manner: Solely in the form of building materials in parties determined by the Technical Supervisor of the Project Unit of INVI in Santiago; in accordance with the advance of the physical implementation of the improvement of the house.

THIRD: THE DEBTOR agrees freely and voluntarily to grant as security of the present loan a first mortgage in favor of THE CREDITOR over the following property: A HOUSE OF Timber, ROOF OF Zinc WITH FLOOR OF Pressed earth WITH Eighteen (18) SQUARE METERS OF CONSTRUCTION; located on No. 13 OF THE STREET No.6, OF THE SECTOR OF Pekin (CONANI) OF THE CITY OF Santiago, INSIDE THE PLOT No. 1037 OF BLOCK No. 6, PARCEL No. 1037 OF THE CADASTRAL DISTRICT No. TS 046 OF the Municipality of Santiago.

FOURTH: THE DEBTOR justifies his property rights over the asset granted as mortgage security by the Lease Certificate No. 19033 issued in her favor by the Registrar of Titles of the Municipality of Santiago,- on the thirteenth (13th) of the month of April of the year nineteen hundred eighty two (1982).

FIFTH: The loan has been granted for a term of five (5) years which THE DEBTOR must start paying thirty (30) days after the last disbursement in monthly installments of one hundred Dominican Pesos (RD\$100.00);

SIXTH: The loan will draw interests of Fourteen (14) percent annual.

SEVENTH: The arrear in payments of two (2) installments grants the right to THE CREDITOR of exercising the option resolving the contract without recouring to judicial action and execute the mortgage security. SIGNED AND SEALED in two original of the same effect and validity, one for each of the contracting parties, in the City of Santiago de los Treinta Caballeros, on the thirtieth (30) of the month of April of the year nineteen hundred eighty eight (1988). I, DR. Leonel Tigre Sosa, Attorney at Law, Notary Public of the number of 3012, CERTIFY AND ATTEST: that the following signatures have been affixed before me, freely and voluntarily by Messrs. Altagracia Garcia Beato de Cruz, Arturo Jaques Dominguez, Leyda Orquidea Pichardo Cabrero, Adriano Cuevas Sanchez, and Lic. Miguel D. Pimentel Kareh, who have declared under oath that these are the same they use in all the acts of their public and private lives.

In the City of Santiago, on the thirtieth (30) of the month of April of the year of nineteen hundred eighty eight (1988).

Altagracia Garcia Beato De Cruz
DEBTOR

Arturo Jaques Dominguez
HUSBAND DEBTOR

Miguel D. Pimentel Kareh
CREDITOR

Leyda O. Pichardo Cabrera
WITNESS

Adriano Cuevas Sanchez
WITNESS

THE PRESENT ACT IS EXEMPTED FROM ALL KINDS OF TAXES AND DUTIES IN ACCORDANCE WITH THE STIPULATIONS OF LAW NUMBER 6017 of 27th August 1962.

**SWORN AFFIDAVIT FOR THE PURPOSES OF DECLARING
THE EXISTENCE OF AN IMPROVEMENT SUCH AS A HOUSE
OR CONSTRUCTION IN A DETERMINED PLOT OF LAND (LL 2)**

I, DR. LEONEL TIGRE SOSA, Attorney at Law, Notary Public of the Number of 3012, civil state Divorced, identified by the Personal Identification Card No 128036, Series 31, with duly validate stamps, with law offices open at 37 Las Casas, of this City of Santiago de los Caballeros; CERTIFY AND ATTEST, that before me and in presence of the instrumental witnesses required for these purposes, free of exceptions and objections, Messrs. M.ANOLO ALBERTO JIMENEZ and EUGENIA ALTAGRACIA SANCHEZ, Dominicans, of legal age, identified by the Personal Identity Card Nos. 671096 and 314209 respectively, Series 18 and 42 respectively, with duly validated stamps, residing in this city, Mr.(s) ALFREDO ALEJANDRO SANCHEZ ROSARIO, Dominican, civil state Free Union, Personal Identity Card No 125702, Series 31, with duly validated stamps, residing at No.52, La Sabita, Barrio Pekin, Santiago, appeared before me and declared that the reason for his appearance is to acknowledge and make it publicly known that he is the sole owner of the construction made in plots property of the Dominican State, located in Plot M 31067, Barrio Pekin, of this city, because it was made with personal monies and efforts, consisting such construction of a house marked with No 52 of the Street La Sabita Barrio Pekin of this city, constructed of sand-cement blocks with cement floors and corrugate iron sheet roof, with 3 rooms and an approximate value of Fifteen Thousand Dominican Pesos (RD\$ 15,000), which was constructed in 1953, and enjoying the same in an uninterrupted and pacific manner.

This declaration was supported as true by the mentioned witnesses, who declared that such was true and their willingness of affirming them before any public or private entity. Once read the previous affidavit, the parties in approval signed with and before me, of which total faith and credibility can be given. In the City of Santiago on the twenty-eighth (28) of April of the year nineteen hundred eighty eight (1988).

Manolo Alberto Jimenez
WITNESS

Eugenia Altagracia Sanchez
WITNESS

Alfredo Alejandro Sanchez Rosario
PERSON DECLARING

Dr. Leonel Tigre Sosa, on behalf of

Lic. Miguel Ant. Garcia Cordero
NOTARY PUBLIC



PROMISSORY NOTE BEFORE NOTARY PUBLIC No 60703 (LL 3)

I, DR. LEONEL TIGRE SOSA, Attorney at Law, Notary Public of Santiago de los Caballeros, Dominican, of legal age, identified by the personal identity card No 128036, Series 31, with duly validated stamps, with law offices open at house No 37 of the street Las Casas of this city, CERTIFY AND ATTEST that before me appeared Mr. ALFREDO ALEJANDRO SANCHEZ ROSARIO, Dominican, of legal age, civil state free union, identified by the personal identity card No 125702, Series 43 with duly validated stamps, residing at House No 52 of the street La Sabita of the Barrio Pekin of this city, and said that he **DECLARES UNDER OATF, THAT HE IS DEBTOR OF THE INSTITUTO NACIONAL DE LA VIVIENDA, (INVI), for the sum of Two thousand eight hundred Dominican Pesos (RD\$ 2,800), quantity that was lent by such Institution for the purposes of improving and extending the above mentioned house and draws an annual interest rate of 12% plus 2% annually for management expenses that he is obliged to pay of the following manner: 30 quotas of RD\$111.16 each, commencing one month (1 month) after the ultimate disbursement of the loan.**

ALSO DECLARING TO ME, that as security for the payment of the loan he grants the following assets of his property: "A house marked with No 52 of the street La Sabita of Barrio Pekin, Santiago, constructed of sand-cement blocks with cement floors and corrugated iron roof, constructed in the plot M 31067 of the property of the Municipality of Santiago of which property rights are justified by means of the enclosed Sworn Affidavit, and all his present and future assets, comprising to make the payments on each date and in case he fails to pay two installments, recognizes that all the assets granted as security, become exclusive property of the "INSTITUTO - NACIONAL DE LA VIVIENDA (INVI) , which he does in a FREE and VOLUNTARY manner.

In the city of Santiago de los Caballeros, on the twenty-eighth (28) of the month of April of the year of nineteen hundred eighty eight (1988).

Alfredo A. Sanchez Rosario
DECLARING DEBTOR

Manolo Alberto Jimenez
Identity Card No. 671096 Series 18 WITNESS

Eugenia Altagracia Sanchez
Identity Card No 314209 Series 42 WITNESS

I ATTEST,

Dr. Leonel Tigre Sosa on behalf of

Lic. Miguel Ant. Garcia Cordero
Attorney at Law – Notary Public



F. Disbursement of materials - construction monitoring

1. Disbursement concept

Building materials are disbursed to approved borrowers in accordance with the budget prepared by the technical supervisor (form LA 9). The materials are provided by the INVI store as well as by local suppliers and hardware shops.

Initially, it was proposed to furnish all the materials through local suppliers, avoiding thereby the costs of the project's store and its administration. However, due to the gigantic government construction works, the ensuing shortage of key building materials and accelerating inflation, the project had to establish its own materials store and purchase those materials that could be stored such as cement, blocks, steel etc.

Materials that are difficult to store, such as sand and gravel, are patched to borrowers by private suppliers or hardware shops located in Pekin or its vicinity. For that purpose INVI, represented by the project director, has entered into a long-term agreement with the suppliers who know about the project and support it.

2. Disbursement by the project's store (DM 1)

Based on the approved budget (form LA 9), the technical supervisor fills in the authorization for the dispatch of building materials (form DM 1) and sends it to the storekeeper, who dispatches the materials with the project's vehicle to the borrower. The latter must sign the receipt for the materials in order to avoid later reclamations and complaints.

HOUSE IMPROVEMENT LOAN PROGRAMME

Some observations on store disbursement

- Alfredo Sanchez Rosario receives the first disbursement for the construction of foundation and floor.
- The value of materials is as in the original budget, because they were purchased at the beginning of April 1988 and were not affected by the increase in price.

Some observations on the purchase order and cash sale invoice

- The budget (form LA 9) was prepared on 31 March 1988. During April and before construction commenced on 2 May 1988, prices had increased substantially due to scarcity. Sand, gravel and wire prices increased by 35 per cent, 40 per cent and 30 per cent respectively. For such increases and fluctuations, contingencies of 20 per cent have been foreseen.
- After receiving the purchase order, the supplier prepares the invoice including the agreed quantities and prices and adding the transport costs. The project's accountant later enters the entire value of the invoice in the disbursement control card (forms DM 4 and DM 5).
- In the case of invoice No.4717 (Alfredo A. Sanchez Rosario), the supplier made a mistake both with the house number (56 instead of 52) and the loan number (069 instead of 096). The driver could not find the house and went back to the hardware store. Alfredo, who was waiting at home had to go to the office and then to the supplier, but he finally got the materials.
- The project accountant had to correct the loan number on the invoice later, based on the number of the purchase order and borrower's name.
- Suppliers usually do not make mistakes with quantities and prices, but if they do, either the foreman or the accountant will intervene and demand corrections.



**HOUSE IMPROVEMENT LOAN PROGRAMME
AUTHORIZATION FOR THE DISPATCH OF BUILDING MATERIALS (DM 1)**

LOAN NO: **0096**
(1st. Disbursement)

BORROWER: Alfredo A. Sanchez Rosario
DATE: 2.5.88

ADDRESS: La Sabita 52, Pekin
NO: 0214

HEREWITH WE AUTHORISE YOU TO DISPATCH THE MATERIALS REGISTERED AS FOLLOWS

No.	Description	Unit	Quantity	Location of construction	U.P	Value
1	Cement	Bag	16		16.68	266.88
2	Steel Ø 3/8	U.	16		8.81	140.96
3						
4						
5						
6						
7						
8						407.84
AUTHORIZED BY: (Technical Inspector)					DATE:	
RECEIVED BY: (Borrower or Representative)					DATE:	

3. Disbursement through suppliers (forms DM 2 and DM 3)

Contract suppliers receive from the technical supervisor a purchase order delivered by project's driver. The purchase order identifies the order and loan number the borrower the materials to be supplied and their cost. As the latter may increase and periodically vary, the accountant maintains an up-to-date list of material prices which he verifies with the various suppliers by telephone twice a week.

The project has contracts with various suppliers, both because one supplier may not have all the materials required at a given time and also in order to be able to compare prices. All the hardware stores are located in Pekin or its immediate surroundings; this helps to minimize transport costs. Suppliers send their copies of purchase orders and bills to the project's office fortnightly. Payments are issued by checks by INVI's Head Office.

4. Disbursement monitoring and control

At the house-improvement project's level, monitoring and control take place at three levels: technical supervision, social work and accounting.

The basic monitoring instrument is the disbursement control. Materials are disbursed in two to four stages (depending on the volume and complexity of the work) in accordance with construction progress. The borrower receives an advance for the first stage of construction. Usually this amounts to 20 to 30 per cent of the value of the loan. Once materials have been used and the stage completed, the borrower or construction his mason will call in the project's technicians to inspect the work done and approve the next disbursement, and so on until construction has been completed.

Technical control is based on the design agreed upon, the budget and the materials required. The technicians know the standard material requirements per square metre of construction and can easily determine their appropriate use. For the technical inspection and follow-up work, the technicians use the control of house improvement loan card (form DM 4).

Borrowers only rarely attempt to deceive the project Team or misuse the materials. A careful screening of applicants and periodic supervision practically exclude such a danger. After all, most borrowers are stable and sensible people who are the anxious to improve their housing conditions. Many of them have intended to do it for years but were unable to construct or complete their shelter due to limited access to funds.

The common problems relating to the supervision of construction are those of deviation from the agreed design and poor quality of work by masons/builders. In the first case, borrowers sometimes change their mind in the course of the work and extend the floor area or add another room or component. In such cases, the project technicians and social workers will talk to the borrower to determine financial loan capacity .If the borrower is capable of securing the additional funds needed and, at the same time, of paying back the credit, no further action will be necessary. If, however, the Team is of the opinion that the borrower cannot afford the additional burden, attempts will be made to persuade him or her to comply with the original design. Only rarely will the project's lawyers be asked to intervene and revoke the contract.

Whenever possible, borrowers are expected to contract with and pay the mason and construction workers or to do the building work themselves. As most borrowers try to economize, they do not always contract qualified masons with the result that the quality is sometimes poor. The project's Team has had to discontinue the disbursement, demand corrections or even the demolition of walls in some cases. Following the experience gained, a list of masons known to the project was established and these are recommended to interested people.

In some similar projects in other countries, borrowers were not anxious to complete once they had received the final disbursement in order to postpone the beginning of repayment. In order to avoid such a danger and source of conflict, the borrowers in Santiago are obliged to commence repaying the loan one month after receiving the last disbursement, whether they have completed the building work or not.

An ongoing disbursement control is exercised by the project's accountant. The accountant receives the originals or copies of invoices and bills are kept in the borrower's personal file.



**HOUSE IMPROVEMENT LOAN PROGRAMME
PURCHASE ORDER (DM 2)**

Messer:
Hardware Stores, La Chunchita

NO. 0396
Date: 020588

Kindly dispatch the materials detailed as follows to be used in Loan 0096 Mr. Alfredo A. Sanchez Rosario in accordance with your offer no. _____ of date phone quotation of 28.5.88. Date of Supply 3.5.88 (morning). Location La Sabita 52, Pekin. Payment Condition invoice

Head of Purchase Section

Head Admin. Division

Approved by

Quantity	Unit	Article	Price	
			Unit	Total
1.25	m ³	Sand	74.25	92.81
2.00	m ³	Gravel	77.00	154.00
2.00	lb.	Wire	4.87	9.74
		Total		256.55
Date:	Supplier:	Receiver:		

HARDWARE STORES IN LA CHUNCHITA BEST IN TOWN - CHEAPEST PRICES

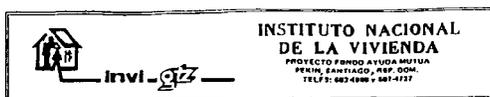
CONSTRUCTION MATERIALS - TIMBER - BLOCKS - CEMENT - ZINC - STEEL - PAINTING -
ELECTRIC FITTINGS AND ALL YOU NEED

Av. LOS JAZMINES No.73 (PEKIN) TEL. 582-5040
SANTIAGO DE LOS CABALLEROS - DOMINICAN REPUBLIC

No. 4717 DATE: 3 May 1988
MR./MRS: Alfredo A. Sanchez Rosario (// 0069) – INVI/GTZ No.0396
ADDRESS: La Sabita No.56 (Pekin)

CASH SALE (DM 3)

Quantity	Description	Unit Price	Total
1.25	Sand	74.25	92.81
2.00	Gravel	77.00	154.00
2.00	Wire	4.87	9.74
			256.55
	Transport		19.70
			276.25
Confirmation Dispatch	Confirmation Driver	Confirmation Recipient	



**HOUSE IMPROVEMENT LOAN PROGRAMME
CONTROL OF HOUSE IMPROVEMENT IMPLEMENTATION (DM 4)**

Borrower: Alfredo A. Sanchez Rosario
Address: La Sabita 52, Pekin
Total loan approved: RD\$2,800

Loan No. 0096

Component	Material				Labour Cost	Others	Revised costs	Date	Signature
	Quantity	Unit	Unit Price	Total					
A. Foundations									
1. Sand	1	m ³	55.00	55.00					
2. Gravel	1.5	m ³	55.00	82.50					
3. Cement	13	Bag	16.68	216.84					
4. Steels Ø 3/8	16	U.	8.81	140.96					
5. Wire	2	lb.	3.75	7.50					
Sub-Total				502.80					
B. Floor									
1. Sand	0.25	m ³	55.00	13.75					
2. Gravel	0.50	m ³	55.00	27.50					
3. Cement	3	bag	16.68	50.05	(150)		684.07	29.4	
				91.29					

C. Walls									
1. Blocks	525	U.	2.25	1,181.25					
2. Sand	1	m ³	55.00	55.00					
3. Gravel	1	m ³	55.00	55.00					
4. Cement	10	Bag	166.68	166.68					
5. Steel Ø 3/8	13	U.	114.53	114.53					
6. Wire	1	lb.	3.75	3.75					
Sub-Total			1,576.21	1,576.21	(500)		1,816.21	13.5	
D. Lintel									
1. Steel Ø 3/8	0.5	QQ	114.48	57.24					
2. Steel Ø 1/4	0.25	QQ	100.60	25.15					
3. Sand	0.5	m ³	55.00	27.50					
4. Gravel	0.5	m ³	55.00	27.50					
5. Cement	2	Bag	16.68	33.36					
Sub-Total				170.75	(100)		199.72	31.5	
Contingencies (20%)				468.21					
TOTAL				2,809.36	(750)		2,700.00	9.6	
Comments:									
Signature: Technical Supervisor					Date:				

**HOUSE IMPROVEMENT LOAN PROGRAMME
DISBURSEMENT CONTROL (ACCOUNTS) DM 5**

BORROWER: Alfredo A. Sanchez Rosario

LOAN No. 0096

DATE BEGINNINC: 2.5.88

DATE TERMINATION: 13.6.88

Maximal loan value: \$RD 2,800

Date	Description	Ref.	Value of		Balance
			Material	Labour	
2.5.88	Dispatch (stores)	0214	407.84		407.84
3.5.88	Supplier "La Chuchina"	4717	276.25		684.09
16.5.88	Dispatch (stores)	0306	1,181.25		1,865.34
16.5.88	Supplier "Don Armando"	T 303	344.96		2,210.30
18.5.88	Supplier "Carbonero"	8150	290.00		2,500.30
2.6.88	Supplier "La Chuchina"	5616	83.95		2,584.25
4.6.88	Dispatch (stores)	0411	115.75		2,700.00 ⁽¹⁾
⁽¹⁾ Maximum loan value approved was \$RD2,800 including 20 per cent contingencies. However, not the entire amount was required and actual material value amount to \$RD2,700.					

**HOUSE IMPROVEMENT LOAN PROGRAMME
DISBURSEMENT CONTROL (ACCOUNTS) DM 6**

Borrower: Eugenia Carmen Dolores

LOAN No: 0026

DATE BEGINNING: 8.2.88

DATE TERMINATION: 16.4.88

Maximal loan value: \$RD 6,000

Date	Description	Ref.	Value of		Balance
			Material	Labour	
8.2.88	Dispatch (stores)	0071	606.14		606.14
11.2.88	Supplier "El Chismoso"	8196	234.06		840.20
26.2.88	Payment labour	0013		340	1,180.20
26.2.88	Supplier "Carbonero"	D-1013	863.12		2,043.32
29.2.88	Dispatch (stores)	0092	899.52		2,942.84
14.3.88	Dispatch (stores)	0173	127.81		3,070.65
14.3.88	Payment labour	0031		770	3,840.65
16.3.88	Supplier "La Chunchita"	20410	301.16		4,141.81
5.4.88	Supplier "El Chismoso"	3321	442.00		4,583.81

6.4.88	Dispatch (stores)	0056	727.19		5,311.00
18.4.88	Payment labour	0132			5,921.00

The corresponding values are introduced in the disbursement control card (forms DM 5 and DM6) in the order of their arrival. The control card is also attached to the borrower's personal file, permitting both the accountant and the technicians to identify immediately the actual values of disbursements.

Construction labour (mason or foreman) is contracted by the project verbally, based on price agreement per construction stage. There are, of course, standard values well known to both builders and the project technicians.

Once the work or stage agreed on has been completed, the builder calls the supervisor for approval. The latter, using the control of house improvement loan card (form DM 4) will approve the work and instruct the custodian (secretary) to pay the agreed amount out of petty cash. The builder (foreman or mason) signs a corresponding receipt (form DM 7).

5. Weekly follow-up of construction work (forms DM 8 and DM 9)

An essential instrument of construction monitoring by the project's team is the weekly follow-up of construction work which is prepared by the technicians (form DM 8) as well as the social workers (form DM 9).

The information and results are discussed by the Team during the weekly planning meetings, scrutinizing both global problems applying to the entire project and individual ones which may require special consideration or intervention by other Team members (lawyer, accountant).

As it is difficult to remember the specific problems that may confront some borrowers, the follow-up forms enable the documentation of these, their evaluation and the coordination of follow-up activities.

Some observation on disbursement control by the accountant	
-	The reference number is determined either by the project's storekeeper or by the supplier and is identified on the corresponding dispatch document in the borrower's file.
-	The total value disbursed is the basis for the calculation of the monthly installments.
-	The value of materials disbursed by the project's store always corresponds to the improvement's budget.
-	The value of materials dispatched by the supplier depends on fluctuating market prices. The accountant verifies invoices by means of comparison with the telephone quotations made by the suppliers.
-	In the case of Alfredo A. Sanchez Rosario, labour costs are paid by the borrower.
-	In the case of Eugenia Carmen Dolores, some materials were not available in the project's store for a while and had to be bought from suppliers. Thus, for example, cement sold at a controlled price of \$RD16.68 per 50 kg bag, was bought for \$RD29 at market rate.

LABOUR PAYMENT RECEIPT (DM 7)

Santiago, 26.2.88
RECEIPT No. 0013 LOAN No: 0026

We have paid Mr. ESTEEAN MARCELINO PICHARDO the amount of \$RD340 (Three hundred and forty Pesos) for the construction of foundations and floor for the house of Mrs. EUGENIA CARMEN DOLORES, Merino Street, Pekin Santiago.

PAID BY
EDUARDO MARTINEZ

RECEIVED BY
ESTEBAN M. PICHARDO

CONFIRMED BY
EUGENIA CARMEN DOI,ORES



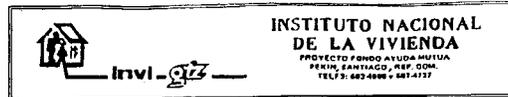
**INSTITUTO NACIONAL
DE LA VIVIENDA**
PROYECTO FONDO AYUDA MUTUA
PERU, SANTIAGO, REP. DOM.
TEL: 5-662-4866 y 567-4737

HOUSE IMPROVEMENT LOAN PROGRAMME (DM 8)

WEEKLY FOLLOW-UP OF CONSTRUCTION WORKS (TECHNICAL DEPT)

Week: 13.6.88 - 18.6.88

Date of visit	Loan No.	Use of materials received	Observations/recommendations
13.6	061 067 089 091	completed disburse. 2 completed disburse. 3 no progress - problem with mason completed disburse. 1	approve disburse. 3 final inspection - next week look for another mason approve disburse. 2
14.6	094 096 099	lost 2 bags cement (stolen) completed disburse. does not find labourers	will buyout of his pocket confirm to Cilenio Mario - ask Rolando is available
17.6	087 072 069 102	nobody at home - no working completed disburse. 2 did not comply with design; did not start - wants to change design;	Gladys should check approve disburse. 3 visit bor. with Leonel Tigre reject - cannot pay
18.6	098 054 066 089 082	completed disburse. 1 did not start - materials there completed construction completed disburse. 2 completed disburse. 2	approve disburse. 2 Leonel - cancel loan? Cilenio - final calculation new mason o.k. approve disburse. 3
DATE: 20.6.88		SIGNATURE:	



**INSTITUTO NACIONAL
DE LA VIVIENDA**
PROYECTO FONDO AYUDA MUTUA
PERU, SANTIAGO, REP. DOM.
TEL: 5-662-4866 y 567-4737

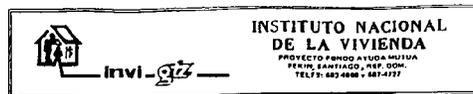
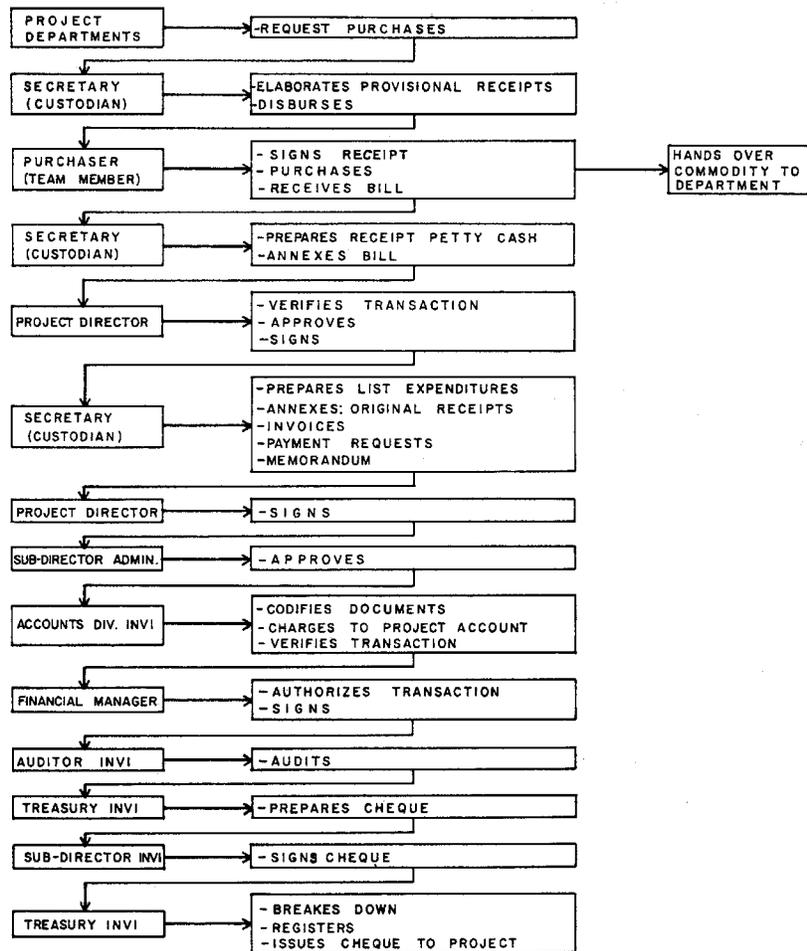
HOUSE IMPROVEMENT LOAN PROGRAMME (DM 9)

WEEKLY FOLLOW-UP OF CONSTRUCTION WORKS- SOCIAL DEPT.

Week: 13.6.88 - 18.6.88

Date visit	Loan No.	Construction Status	Borrower's Comments	Observations
13.6	072 096 101	Disburse. 2 Completed Commencing	Materials arrived late and mason could not work Borrower came to office Wife complains too much but no reason	Again problems with the drivers No problems
14.6	094 086 091	Disburse. 2 Disburse. 1 Disburse. 1	Mason stole 2 b. cement; Cannot continue because rain Not all materials arrived	(don't believe it) Discuss with team next Monday; Mario should control better
15.6	089 083	Still Disburse. 1 Disburse. 2	The mason sent by project is lazy No problems	We should not contract that mason again; third time problems with him
17.6	093 066	Disburse. 1 Completed const.	Wants to change the design - needs 800 more (she can afford it) Timber is too expensive. We could get it cheaper	Discuss with Carlos
18.6			The car did not arrive to pick me up - this time I will make a real scandal on the Monday meeting; Frida (the Technical Supervisor) believes that the car belongs to her!	
DATE:		SIGNATURE:		

**HOUSE IMPROVEMENT LOAN PROGRAMME
PROCEEDINGS OF PETTY CASH ADMINISTRATION**



**HOUSE IMPROVEMENT LOAN PROGRAMME
PURCHASE SECTION
PROVISIONAL RECIEIPT OF PETY CASH (PC 1)**

We have paid to: Eng. Eduardo Martinez, Project Director

The amount of: (Fifty Pesos) **RD\$ 50.00**

For: the purchase of stationary

Date: 8.8.88

Paid by: **Received by:** Jasinto_Reynoso

NOTE: This provisional receipt shall be destroyed when final accounts are settled and supporting documents presented within a space of time of no more than 24 hours.



**HOUSE IMPROVEMENT LOAN PROGRAMME
PAYMENT REQUEST (PC 4)**

No: 0047
Date: 24.8.88

To be paid to: Carmen Lueje, Secretary, House Improvement Loan Program, Santiago.
For the value of: RD\$ 2,508.42 (Two thousands five hundred and eight).
For: Reimbursement Petty Cash, House Improv. Prog. Santiago
 Requested reimbursement RD\$ 2,508.42
 Funds in petty cash – RD\$ 2,491.58
 Previous cheque - No.081
 Receipt Nos. 409 - 416

Chargeable to: House Improvement Loan Program, Santiago
Paid by the funds of: INVI/GTZ

Project Director: Eng. E. Martinez
Head of Dept:
Head of Division (Finance): Augusto Blanco Pollo
Technical Sub-Director: Salvador Jorge Rosado
Admin. Sub-Director: Carlos Pimentel Confuso
Director General: Miguel Pimentel

DISTRIBUTION OF ACCOUNTS

Debits	Value	Credits	Value
Received by:		Identification No:	
Paid by Cheque No:			

Santiago, 24.8.88

To: Dr. Augusto Blanco Pollo, Financial Manager
 National Housing Institute (INVI), Santo Domingo

Via: Mr. Roberto L. Mendez, Sub-director Administration
 Reference: Request for the reimbursement of Petty Cash Fund

Annex: (a) Request No.0047 for the value of \$RD2508.42
 (b) List of expenditures
 (c) Receipts Nos. 409 –416

We submit a request for the reimbursement of the Petty Cash Fund of the project House Improvement Loan Program, Santiago, for the amount of \$RD2508.42 (two thousand five hundred eight Pesos and forty-two Centavos), to be charged to the Account House Improvement Loan Program, Santiago.

Eng. E. Martinez, Project Director

G. The administration of funds and petty cash

As a rule, all payments related to the project are made by INVI's Head Office (Treasury) by cheques. These include the acquisition of building materials purchased for the project store by the Institute as well as all payments to local suppliers in Santiago.

In order to be able to respond rapidly to project requirements, the following regulations have been issued by the Director General of INVI:

- (a) Cheques of \$RD5000 (\$US 787) or less are signed by the Sub-director for Administration in accordance with the following procedures:
 - (i) The Project Unit requests the payment or disbursement by means of a memorandum specifying the amount, the use of the fund or payment and the receiver, annexing original bills, invoices or other supporting documents;
 - (ii) The request is made to the financial manager of INVI who authorizes the payment. It is then approved by the internal auditor of the Institute.

The cheque is prepared by the treasury, signed by the Sub-director for Administration and registered by the Accounts Division;

- (b) Cheques of a value of more than \$RD5000 (\$US 787) are signed by the Director General in accordance with the above procedures.

In order to permit a flexible administration and timely response to daily needs, a petty cash fund of \$RD5000 (\$US 787) has been established. This fund is used to cover the costs of:

- (a) Minor acquisitions of building materials and tools;
- (b) Stationery and office equipment;
- (c) Labour paid by the project;
- (d) Duty stamps and legalization of contracts;
- (e) Transporting of materials in urgent cases;
- (f) Minor personnel costs.

While responsibility for the funds lies with the Project Director, the petty cash is administered by the project's secretary who functions as a custodian.

Standing regulations for the management of petty cash	
(a)	The custodian of the petty cash fund is responsible for its administration and registration and may neither transfer this responsibility to a third person, nor use the fund for any other purpose than is stipulated.
(b)	Payment made out of the petty cash fund may not exceed the value of \$RD500 (\$US78.70).
(c)	The project director must approve all payments made by petty cash.
(d)	The project director requests the reimbursement of the fund when 50 per cent of its stipulated value (\$RD 2500) has been used.
(e)	Prior to cash disbursements, the custodian of the fund should: <ul style="list-style-type: none">- Prepare a provisional receipt for the amount disbursed (form PC 1).- Obtain the signature of the Team member responsible for the acquisition or payment.
(f)	Once payment has been made, accounts must be settled within 24 hours and bills handed over to the custodian (form PC 2).
(g)	When 50 per cent of the petty cash funds have been spent, the custodian shall: <ul style="list-style-type: none">- Enumerate the receipts consecutively and attache the supporting documents;- Fill-in the "list of expenditures of petty cash" (form PC 3) with the same numerical sequence of the receipts;- Hand over the receipts to the project accountant in order to codify these in accordance with the approved budget;- Prepare the payment request (form PC 4) and memorandum, indicating the account to which it should be

- | |
|---|
| charged;
- Annex the list of expenditures and supporting documents;
- Obtain the approval of the project director and send the request to INVI's Head Office. |
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H. Purchasing building materials

Building materials to be used by the project are either purchased by INVI's Head Office and stored in the project's store (cement, blocks, steel, zinc etc.) or purchased directly by the project from local suppliers in Santiago.

In the first case, the system of acquisition corresponds to INVI's standard procedures that will be explained in the following paragraphs. In the second case, the project's accountant obtains the quotations by telephone or in writing from the suppliers and, depending on the value of the purchase, the materials are ordered by the technical supervisor or the project director.

INVI's internal regulations establish the following guidelines for the acquisition of goods and services:

- (a) Purchases with a value of \$RD101 to \$1000 (\$US16 to \$160) require three telephone quotations and the prices must be registered;
- (b) From \$RD1001 to \$25,000 (\$US160 to \$3937) three written quotations must be obtained;
- (c) Acquisitions with a value of more than \$RD25,000 must be tendered out in accordance with the Law.

As a matter of fact, these regulations do not apply for the majority of building materials used by the project, including cement, steel and timber, the prices of which are controlled by the Government. However, due to occasional scarcity, some materials must be bought from time-to-time at market rates.

Based on the estimated requirement for building materials, the project director prepares a purchase request for each of the items required by the project to be purchased by the Head Office (form BM1). The request is submitted to the Sub-director for Administration who, after approving the request, orders the Head of Purchase Section to request from suppliers (form BM 2).

Materials acquired by the project in Santiago are subject to the same procedures. However, most materials locally purchased are valued at less than \$RD1000 for the purchase of which telephone quotations are sufficient.

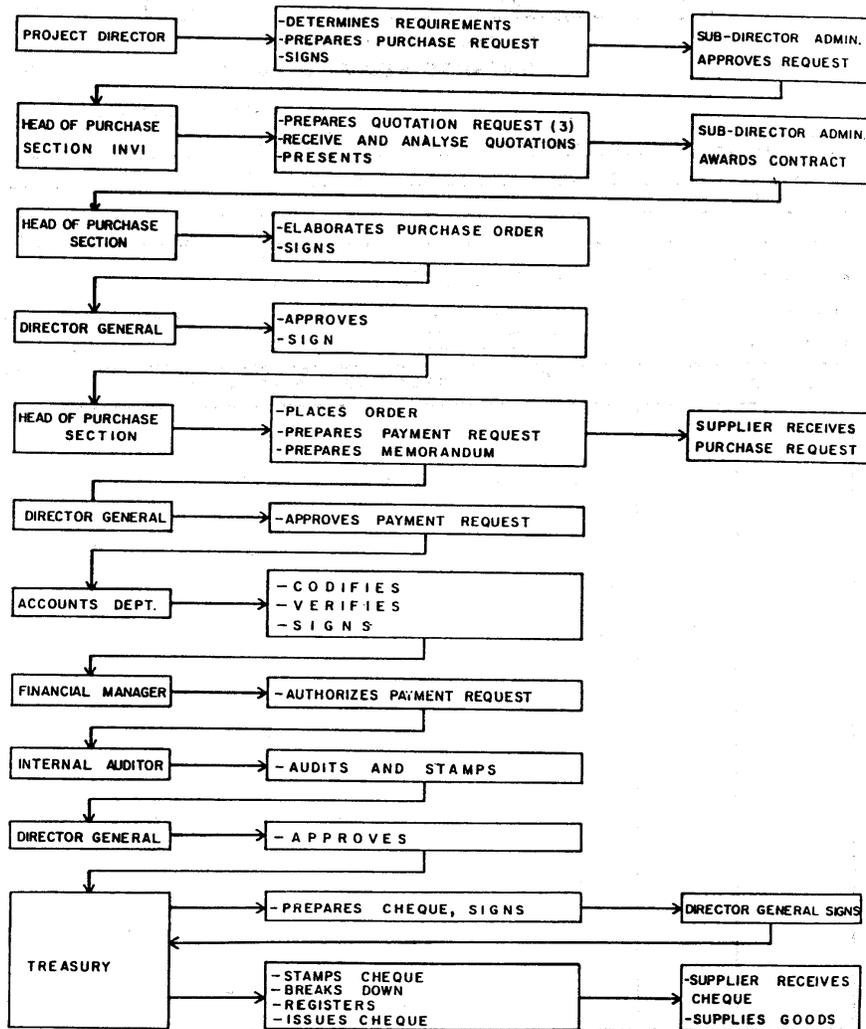
Following the receipt of the quotations, the Head of the Purchase Section or the project's accountant (for local purchases) proceeds with the analysis of quotations (forms BM 3 and BM 4) and with the elaboration of the purchase order (form BM 5). In case the cheapest quotation is not accepted, an explanation in writing must be given.

Items purchased by the Head Office, usually are dispatched by the supplier to INVI's General Store in Santo Domingo and then by the Institute truck to the project's store in Santiago. Local suppliers dispatch items to the project's store directly.

Once the items have been received, the project's director prepares a payment request and a corresponding memorandum (form BM 6).

Some observations on the payment request
While preparing the payment request and memorandum, the secretary made a mistake with the total amount. Instead of \$RD 10,721.40 she wrote \$RD 10,725.40. The project director did not notice the mistake either, but the internal auditor did and refused to approve the payment. By the time the mistake was corrected, the Director General was away and a delay of more than four weeks occurred.
The supplier who had to pay his bills to the factory within three weeks complained and said that he will not give INVI any credit in the future.

HOUSE IMPROVEMENT LOAN PROGRAMME PURCHASE PROCEEDINGS



HOUSE IMPROVEMENT PROGRAMME PURCHASE REQUEST (BM 1)

Date: 7.3.88	No: 3994	
Requesting Unit:	House Improvement Loan Program, Santiago	
To be used for:	House improvement under the project (Store)	
Requested by:	Eng. E. Martinez, Project Director	
Authorized by:		
Approved by:	Sub-director Administration	
Requested Quantity	Unit	Description of Articles
60	QQS.	Steel of 1/2"
20	QQS.	Steel of 3/4"
Observations:		



**HOUSE IMPROVEMENT LOAN PROGRAMME (BM2 A)
QUOTATION REQUEST NO. 0707**

Name: Hardware F. Ocoa
Date: 9 March 1988

**WE REQUEST ANOTATION NET PRICES IN THE ORIGINAL OF THIS REQUEST FOR
THE FOLLOWING ARTICLES TO BE HANDED TO THE PURCHASE SECTION**

Quantity	Unit	Description of Articles	Unit Price	Total
60	QQS.	Steel of 1/2"	154.70	9,282
20	QQS.	Steel of 3/4"	153.60	3,072
				12,354
Head Purchase Section:		Date of Supply: 25.3.88	Supplier's Signature and Stamp: Date:	



**HOUSE IMPROVEMENT LOAN PROGRAMME (BM2 B)
QUOTATION REQUEST NO.**

Name: Hardware La Fuente
Date: 9 March 1988

**WE REQUEST ANOTATION NET PRICES IN THE ORIGINAL OF THIS REQUEST FOR
THE FOLLOWING ARTICLES TO BE HANDED TO THE PURCHASE SECTION**

Quantity	Unit	Description of Articles	Unit Price	Total
60	QQS.	Steel of 1/2"	160.00	9,600.00
20	QQS.	Steel of 3/4"	180.00	3,600.00
				13,200.00
Head Purchase Section:		Date of Supply: 25.3.88	Supplier's Signature and Stamp: Date:	



**HOUSE IMPROVEMENT LOAN PROGRAMME (BM2 C)
QUOTATION REQUEST NO. 0709**

Name: Hardware Stores Don Pepe
Date: 9 March 1988

**WE REQUEST ANOTATION NET PRICES IN THE ORIGINAL OF THIS REQUEST FOR
THE FOLLOWING ARTICLES TO BE HANDED TO THE PURCHASE SECTION**

Quantity	Unit	Description of Articles	Unit Price	Total
60	QQS.	Steel of 1/2"	122.64	7,358.40
20	QQS.	Steel of 3/4"	168.15	3,363.00
				10,721.40

Head Purchase Section:	Date of Supply: 25.3.88	Supplier's Signature and Stamp: Date:
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**HOUSE IMPROVEMENT LOAN PROGRAMME
ANALYSIS OF QUOTATIONS OBTAINED BY PHONE (BM 3)**

No:												
Date:												
Quoted Quantity	Unit	Description Articles	Quotation 1		Quotation 2		Quotation 3		Quotation 4		Quotation 5	
			Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
29	sheet	Zinc	41.40	828	43.15	863	47.20	944				
Totals												
Suppliers						Observations						
1. El Chismoso												
2. La Chunchita						More reliable than the others						
3. Carbonero												
4.												
5.												



**HOUSE IMPROVEMENT LOAN PROGRAMME
PURCHASE ORDER (BM 5)**

No:	2439			
Date:	18.03.88			
Messer:	Hardware Store Don Pepe, San Cristobal St. 188			
Kindly dispatch the materials detailed as follows to be used in accordance with your Offer No. of date	House Improvement Loan Program, Santiago 0709 9 March 1988			
Date of Supply: 25.3.88 Location: Store INVI Payment Condition Invoice				
Head Purchase Section:	Eng. E. Martinez			
Head Admin. Division:	Reynaldo Calderon			
Approved by:				
Quantity	Unit	Article	Price	
			Unit	Total
60	QQS.	Steel of 1/2"	122.64	7,358.40
20	QQS.	Steel of 3/4"	168.15	3,363.00
				10,721.40
Date:	Supplier:	Receiver:		

Santiago, 27.3.1988

No: 00127
To: Director General, National Housing Institute (INVI), Santo Domingo
Via: Sub-director Administration
Ref: Payment request

(a) Payment Request No. 0043 for the amount of \$RD10,725.40
 (b) Purchase order No. 2439
 (c) Quotation analysis No. 1811 and quotations Nos. 0707, 0708 and 0709
 (d) Purchase request No. 3994

We kindly request the payment for the purchase of steel of 1/2" and 3/4" to be used for house improvement under the Project House Improvement Loan Program, Santiago.

The amount to be paid is \$RD 10,725.40 (Ten thousand seven hundred twenty-five Pesos and forty Centavos) to the Hardware Stores Don Pepe Ltd., and charged to the project's account.

Eng. E. Martinez, Project Director



**HOUSE IMPROVEMENT LOAN PROGRAMME
 PAYMENT REQUEST (BM 6)**

No: 0043
Date: 27.3.1988

To be paid to: Hardware Stores Don Pepe
For the value of: RD\$ 10,721.40 (Ten thousand seven hundred twenty-one Pesos and forty Centavos)
For: The purchase of steel to be used for the improvement of houses under the House Improvement Loan Program in Santiago.
Chargeable to: House Improvement Loan Program, Santiago
Paid by the funds of: INVI/GTZ

Project Director: Eng. E. Martinez
Head of Department:
Head of Division:
Technical Sub-director: Eng. Salvador Jorge
Admin. Sub-director: Roberto Mendez
Director General: Eng. M. Pimentel Kareh

DISTRIBUTION OF ACCOUNTS

Debits	Value	Credits	Value
0001-01	7,358.40	1-0000-03	10,721.40
0001-01.1	3,363.00		
Received by:		Identification No:	
Paid by Cheque no: 013947			

I. The management of the stores

The dispatch, receipt and administration of building materials is an extremely sensitive issue. Considering the danger of loss and theft, a strict and permanent control is required at all levels. This also implies an unavoidable administrative or, in fact, bureaucratic input and burden.

Following the acquisition of building materials and their storage in INVI's stores in Santo Domingo, the project director requests the dispatch of supplies to the project store in Santiago (form MS 1). Local suppliers and others who send the purchased items to the project's store directly use their own dispatch and shipment documents.

The request must be approved by the head of the purchasing section in accordance with the purchase request and documents, who then instructs the INVI store to supply and dispatch the materials.

The storekeeper allocates the materials, prepares the shipment order (form MS 2) and sends the items weekly or in accordance with demand and requirements to the project's store in Santiago. The shipment order, signed by the storekeepers at INVI's Head Office and Santiago as well as by the driver, helps to insure that the materials sent will, in fact, arrive at their destination.

The shipment order also serves to identify the origin of the materials sent by purchase order (BM 5) and supplier, and to verify the shipment of the materials actually requested. Therefore, for each purchase order an individual shipment order must be prepared.

When the materials have been received at the project store, the storekeeper prepares a "report on receipt in store" (form MS 3) permitting the verification of materials received either from INVI's general store or from suppliers in accordance with their sequence of arrival.

For each item, the storekeeper maintains a control card (Material stock and dispatch control"- (form MS 4)), enabling him to identify the materials by the date of entrance and exit in accordance with the purchase and dispatch order. It also permits the verification of availability of materials and the ordering of additional ones whenever necessary.

In addition to the storekeeper, the project's accountant also maintains a control of the materials in store and their value by item or article, based on the copies of purchase, receipt and dispatch documents he receives, using the material store stock ledger (form MS 5) for that purpose. The ledger permits not only the verification of stock and dispatches by the store, but also the actual values of materials supplied to the borrowers. This might be particularly important if the cost of a certain material has increased during the disbursement period.

The disbursement of materials to borrowers is authorized by the technical supervisor who authorizes the storekeeper to dispatch the item in accordance with the budget and disbursement schedule. In order to maintain a daily control of disbursement, the project's accountant registers all dispatch authorizations in a daily control sheet. (form MS 6)

J. *Loan recovery*

1. *Recovery policy*

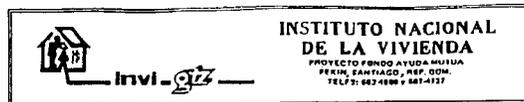
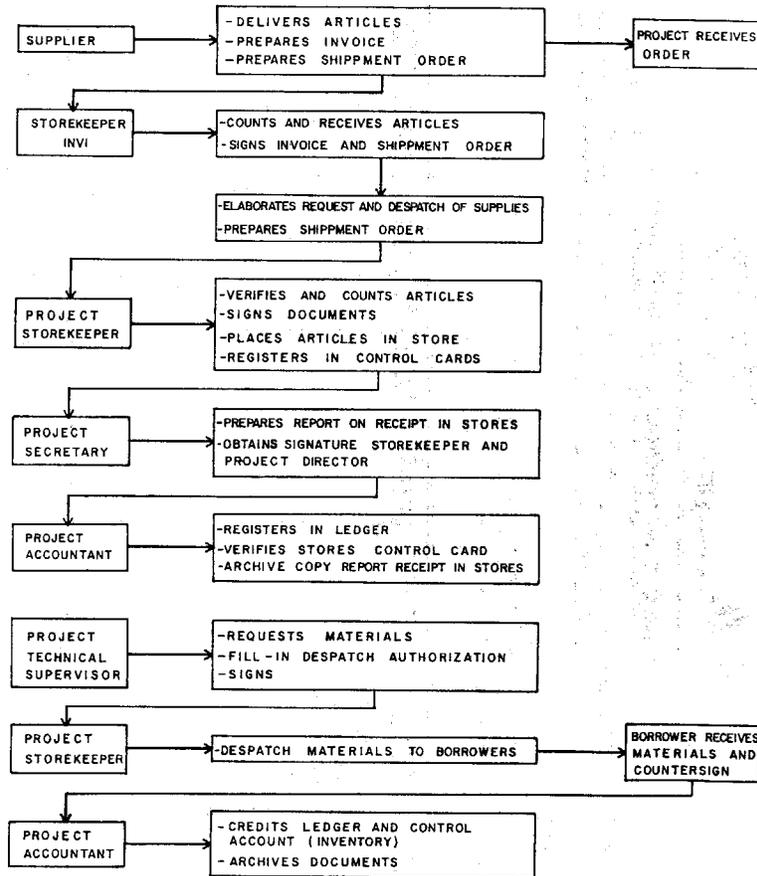
The funds allocated for the House Improvement Loan Programme in Santiago are revolving ones. This implies that the loans recovered are paid into the special project's account and the money is used to lend again to other borrowers. Responsibility for recovery lies with the Loan Recovery Section of the regional office of INVI in Santiago which is responsible for various housing projects, in close co-operation and co-ordination with the project's accountant.

Loan recovery begins one month after the ultimate disbursement of materials in accordance with the budget and schedule. The recovery of loans granted to public- and private-sector employees should take place by means of deductions from salary or wages authorized by the borrower. However, most private employers refuse to assume the responsibility for the additional administrative burden, whereas public-sector agencies are not punctual or reliable with their payments.

Therefore, most borrowers pay directly to the INVI 's collector. Having learned from the experience of similar projects in other countries, the Team members do not expect the borrower to come to the office and pay.

Most borrowers pay their quota monthly. Only in a few cases of some casual labourers is repayment weekly or fortnightly. Although in theory it would be better to collect weekly in such cases, these additional visits to the borrower's home are a heavy burden to the collector. It has been found that the serious borrowers will pay even though they are casual labourers and depend on daily income.

HOUSE IMPROVEMENT LOAN PROGRAMME PROCEEDINGS FOR STORES



HOUSE IMPROVEMENT LOAN PROGRAMME (MS 1) REQUEST AND DESPATCH OF SUPPLIES

Dispatch No: 1633
Place and date: Santiago, 3.4.88
Requesting unit: House Imp., Santiago
Requested by: Eng. E. Martinez, Project Director
Authorised by: Head Purchase Section

Instructions:

1. Applicant should fill in this form.
2. Requests for dispatch should be closed by one or various lines below the ultimate item.
3. Request should be signed by the authorized director of the project.
4. The authorized storekeeper should sign the dispatch.
5. If not all materials are available at store, storekeeper should inform purchase section.

Code	Description of Articles	Quantity		Unit	Price	Value	Observations
		Requested	Dispatched				
00301-1	Steel of 1/2"	60	60	QQS	112.64	7,358.40	
00301-3	Steel of 3/4"	20	10	QQS	168.15	1,681.50	10 on 14.3.88
00104-0	Portland cement (titan)	250	250	Bags	13.50	3,375.00	
00421-2	Zinc (c. 29)	214	214	sheet	41.40	8,859.60	
						21,274.50	
Dispatched by:				Received by:			



INSTITUTO NACIONAL DE LA VIVIENDA

Pedro Henriquez Ureña • Esq. Leopoldo Navarro • Antiguo Local Banco Central
Santo Domingo, República Dominicana

SHIPMENT ORDER (MS 2)

No:	02109
Date:	4.4.88
Requesting Unit:	House Improvement, Santiago
To be used in:	Pekin - Santiago, various houses
Supplier:	Don Pepe
Order no:	2439
Purchase Request No:	3994
Invoice No:	

Quantity	Description	Price	
		Unit	Total
60	Steel of 1/2"	122.64	7,358.40
10	Steel of 3/4"	268.15	1,681.50
			9,039.90

Shipped by:	Received by:
Observations:	10 QQS Steel 3/4" will be supplied on 14.3.88



HOUSE IMPROVEMENT LOAN PROGRAMME REPORT ON RECEIPT IN STORES (MS 3)

Date:	5.4.88	Reception No:	0343
Supplier:	Various	Purchase Order No:	0106
Supplied by:	Stores INVI	Received by:	Margarito Jaquez
Vehicle No:	263-926	Driver:	Marcos Estrella
License No:	B 731211	Ref:	
Date:		Location:	Store, Santiago

Description of Articles	Code	Unit	Quantity	Price Unit	Value
Steel of 1/2"	00301-1	QQS	60	122.64	7,358.40
Steel of 3/4"	00301-3	QQS	10	168.15	1,681.50
Portland cement (Titan)	00104-0	bags	250	13.50	3,375.00
Zinc (c. 29)	00421-2	sheets	214	41.40	8,859.60
					21,274.50

Observations:	According to control No. 23928 and receipt No. 25299
Received by Storekeeper:	



**HOUSE IMPROVEMENT LOAN PROGRAMME
MATERIAL STOCK AND DESPATCH CONTROL (MS 4)**

Article: Zinc (c. 29)				No: 007	
Description: Sheets					
Date	In		Out		Balance
	Purchase Order No.	Quantity	Dispatch Order No.	Quantity	Quantity
5.4.88	0343	214			214
7.4.88			0036	40	174
11.4.88	0365	200			374
12.4.88			0039	60	314
14.4.88			0042	150	164



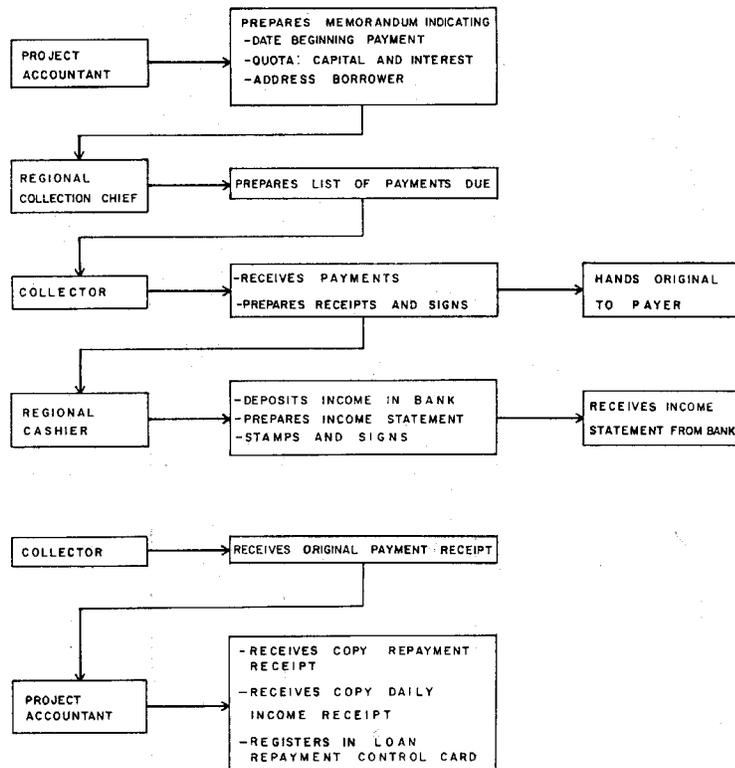
**HOUSE IMPROVEMENT LOAN PROGRAMME
MATERIAL STORE STOCK LEDGER (ACCOUNTS) (MS 5)**

Article: Zinc (c. 29)		Ref:			Section:				
Unit: Sheets		Control Ac: Inventory			No: 007				
Date	Voucher No.	Article			Price Costs		Values		
		In	Out	Balance	Unit	Price	Debit	Credit	Balance
5.4.88	0343	214		214	41.40	8,859.60	8,859.60		8,859.60
7.4.88	0036		40	174	41.40	1,656.00		1,656.00	7,203.60
11.4.88	0365	200		200	50.00	10,000.00	10,000.00		17,203.60
12.4.88	0039		60	114	41.40			2,484.00	4,719.60
				200	50.00				10,000.00
14.4.88	0042		114		41.40	4,719.60			
			36	164	50.00	1,800.00		6,519.60	8,200.00

DAILY CONTROL OF MATERIAL DISPATCHES (ACCOUNTS) (MS6)

May 1988					Page No.1	
Date	Loan No.	Dispatch order	Material	Costs	Total value	
2.5.	0096	0214	Cement	266.88	407.84	
			Steel Ø 3/8	140.96		
2.5.	0082	7041	Sand	92.81	256.55	
			Gravel	154.00		
			Wire	9.74		
2.5.	0094	0216	Zinc	165.63	1,279.26	
			Blocks	594		
			Cement	405.17		
			Steel Ø 1/2	114.48		
3.5.	0071	0217	Cement	163.75	383.07	
			Steel Ø 1/2	207.08		
			Nails	12.24		
3.5.	0098	0218	Timber	56.88	767.59	
			Zinc	214.70		
			Blocks	196.01		
			Cement	300.00		

**HOUSE IMPROVEMENT LOAN PROGRAMME
PROCEEDINGS LOAN RECOVERY**



2. Administration of loan recovery

After the final disbursement of building materials, the project's accountant opens a loan repayment control card (form LR 3) and informs the head of INVI's collection section in Santiago by memorandum. The project's accountant also prepares a list of the borrowers, the date and quota of payment as well as their addresses and hands it monthly to INVI's collector. Prior to the first repayment, the collector visits the field office in order to identify the address precisely with one of the social workers or technicians.

In accordance with the repayment list, the collector visits the borrower's house on the specified dates. The collector issues re-payment receipts (form LR 1), the original of which is given to the borrower; one copy is annexed to the daily list of recoveries, one copy is submitted to the project's accountant and one copy goes to the collection section. The INVI collector daily remits the cash collected to the project's accountant who:

- (a) Counts the amount received and compares it with the total due;
- (b) Examines whether all repayments were made and records arrears;
- (c) Prepares a payment receipt (form LR 2) for the collector, a copy of which is maintained in the recovery file and another is sent to the collection section;
- (d) Prepares a deposit statement for the bank and sends the driver to deposit the cash;
- (e) Maintains a copy of the deposit statement in the loan recovery file and sends the original to the collection section of INVI;
- (f) Enters the amounts repaid in the Loan Repayment Control Card of each borrower (form LR 3).

The project's accountant prepares monthly reports on the status of recovery, indicating debit and credit. This report is submitted to the Director General and GTZ, together with the project's progress report.

3. *Arrears and defaults*

Although the project may use several legal and other instruments in order to insure repayment it has been found that the best approach is carefully to screen and select applicants. As in most other countries, the poor are better payers than the middle class. However, they are also more vulnerable and sometimes may be unable to repay the loan for shorter or longer periods.

It is, therefore, essential to maintain close contact and dialogue with the borrower during the repayment period. A good collector knows his "clients", is sympathetic and understanding of their problems and is considered a friend rather than the arm of enforcement of the institution and the Law.

The reasons for arrears or defaults are seldom a reluctance to pay. Very often it is the loss of job, illness of the borrower or a household member (with the resulting high costs of medicines and treatment), or other emergencies including recurrent annual needs, such as the purchase of school uniforms and books for the children every September.

Under some projects, insurance funds have been established and every borrower must pay an amount additional to the loan repayment into that fund. Considering that the project's goal is to reach as low as possible on the income scale, it has been decided to avoid any additional burdens. Instead, a close monitoring system has been introduced.

In case of arrears of more than 30 days, the project's Team will be consulted and asked to intervene. The collector will inform the social worker and/or the accountant about the reason given by the borrower and ask their opinion. Usually, the social worker will visit the borrower in arrears to evaluate the case and learn the reasons for the non-payment. If the latter are found to be justified, the borrower will be invited to the office to renegotiate and reschedule the loan (form LR 5).

Very often the borrower will assume an obligation to resume repayment within one to three months. During that period, the collector will continue to visit the borrower to inquire about his or her situation and inform the Team about his impressions. During that period, it is important that the borrower does not have the feeling that his or her case and arrears have been forgotten.

In the case of rescheduling a loan, the monthly quota is determined on the remaining debt and the period of repayment, taking into account the income and affordability.

Only in a few cases, the project's lawyer will be asked to intervene. If the social workers are of the opinion that the borrower is purposely attempting avoid repaying the loan, the lawyer will be asked to visit the borrower and discuss the matter. If the results of this visit are negative, the lawyer informs the borrower in writing that INVI intends to take legal action and seize the mortgage or enforce the promissory note. The weight of the legal language and the lawyer's presence usually persuade even the most ardent defaulters.

As an instrument of monitoring and in order to be able to control arrears and identify adequate policy measurers, the project's Team discusses on a monthly basis the evaluation of arrears in loan recovery (form LA 4). The financial aspects (loan to number and value, monthly quota and arrears) are filled in by the accountant. The actions are discussed and decided by the Team. The results are monitored by the Project Director in consultation with the head of the collection section of INVI.

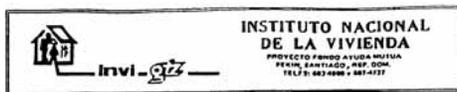
Observations on the loan repayment of Alfredo Alejandro Sanchez Rosario

- Alfredo requested a loan of \$RD2200. In the technical evaluation the loan value was estimated at \$RD2800 including 20 per cent contingencies.
- Actual construction costs amounted to \$RD2700. In accordance with the maximum payment capacity established by the social workers {\$RD130 per month}, it was decided that Alfredo would repay \$RD129.63 monthly for a period of two years. The total repayment including interest would amount to \$RD3111.12. Alfredo had to pay within one and a half years, the monthly quota would amount to \$RD167.17 which he could not afford {minimum income required \$RD838.85 per month}.
- After agreeing with Alfredo, the promissory note had to be corrected.
- Although Alfredo was to begin paying the loan on 14 July 1988, as he received final disbursement on 14 July 1988, he preferred to begin repayment on 28 June 1988 because he received his salary on that day.



**HOUSE IMPROVEMENT LOAN PROGRAMME
REPAYMENT RECEIPT (LR 1)**

Year	
Receipt No:	00328
Loan No:	0096
Received from:	Alfredo A. Sanchez Rosario
Address:	La Sabita 52. Pekin
The total of RD\$:	129.63
For:	House Improvement Loan
Quota No:	3
Signature Collector:	
	Date: 15.8.88



**HOUSE IMPROVEMENT LOAN PROGRAMME
PAYMENT RECEIPT (LR2)**

No: 271
Day: 14 **Month:** June **Year:** 1988

We have received from: Emilio Barera, Collector
The amount of: One thousand eighteen and two **pesos RD\$:** 1,018.02
For concept of:
Credited to account no: 10337, reserve bank
Cheque No: -- **Value RD\$:** -
Cash: RD\$ 1,018.02
Total: RD\$ 1,018.02

Authorised signature:



**HOUSE IMPROVEMENT LOAN PROGRAMME
LOAN REPAYMENT CONTROL CARD (LR 3)**

Borrower: Alfredo A. Sanchez Rosario
Address: La Sabita 52 **Sector:** Pekin
Loan No: 0096 **Date:** 28.4.88 **No. of Quotas:** 24
Loan value: RD\$ 2,700.00 **Period:** 2 years
Repayment: RD\$ 3,111.12 **Quota:** RD\$ 129.63

Commencement of recovery: Date: 14.6.88
Termination: Date: 14.5.90

Payment							
	Date	Receipt No.	Quota	Capital	Interest	Arrears	Balance
1988	28.6.	0158	1	129.63			2,981.49
	28.7.	0237	2	129.63			2,851.86
	29.8.	0328	3	129.63			2,722.23
	28.9.	0513	4	129.63			2,592.60
	30.10.	0821	5	129.63			2,462.97
	28.11.	1014	6	129.63			2,333.34
	-	-	(7)	-		129.63	
1989	28.1.	1451	7/8	259.26			2,074.08
	27.2.	1913	9	129.63			1,944.45
	28.3.	2421	10	129.63			1,814.82
	28.4.	2718	11	129.63			1,685.19
	29.5.	2997	12	129.63			1,555.56
	28.7.	3221	13	129.63			1,425.93
	28.8.	3614	14	129.63			1,296.30
	30.9.	4013	15	129.63			1,166.67
	28.9.	4496	16	129.63			1,037.04
	29.10.	5002	17	129.63			907.41
	29.11.	5513	18	129.63			777.78
	29.12.	5937	19	129.63			648.15
balance carried over							648.15



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**HOUSE IMPROVEMENT LOAN PROGRAMME (LR 4)
EVALUATION OF ARREARS IN LOAN RECOVERY**

Month: Nov.			Year: 1988			Action	Results
No.	Loan No.	Loan Value	Monthly Quota	Arrears			
				Month	Total Value		
1.	0014	900	55.72	4	222.88	Reschedule loan	Agreement on 1.12.88
2.	0031	2,600	160.98	3	482.94	Visit social worker	Did not find borrower at home
3.	0033	1,100	68.11	5	340.55	Reschedule loan	Agreement 6.12.88
4.	0085	2,700	129.63	3	388.89	Visit social worker	Will come to office to negotiate
5.	0097	5,300	123.32	4	493.28	Reschedule loan	Agreement in January
6.	0113	800	38.41	9	345.69	Visit lawyer	Letter sent on 13.12.88
7.	0142	4,400	142.91	5	714.55	Reschedule loan	Agreement in January
8.	0151	3,600	172.85	7	1,209.95	Legal action	Letter sent on 2.12.88
9.	0197	3,000	102.53	3	307.59	Reschedule loan	Agreement 7.12.88
10.	0213	2,800	173.36	4	693.44	Visit lawyer	5.12.88 - no results
11.	0249	3,700	126.46	3	379.38	Visit social worker	Will come to office to reschedule
Total		30,900	1,294.28	50	5,579.14		



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**HOUSE IMPROVEMENT LOAN PROGRAMME
EVALUATION OF LOAN RECOVERY ARREARS (LR 5)**

Date of visit:	14.11.88		
Loan No:	0097	Address:	Pellerano 8, Pekin
Loan value:	5,300	Quota:	RD\$ 123.32 Total no. of Quotas: 60
No. of quotas in arrears:	4	Amount arrears:	RD\$ 493.28
Declared payment capacity: RD\$ 140			
Reason for arrears: Mr. Paulino lost his job 5 months ago, he was promised another job in the Aymecsa Garage, but the owner went to Miami and will come only next week. At the moment his wife works in the market but money not enough because they have 7 children.			
Borrower's suggestions: To start repaying again RD\$ 160 as soon as employed. Also, his sister sent him from New York US\$ 150 and he will bring tomorrow RD\$ 250 to the office.			
Observations/Recommendations of Social Workers: Emilio (the collector), should go to the bank with Mr. Paulino to change the cheque, to make sure that he pays the RD\$ 250.			
Date:	3.11.88	Signature:	
Observations legal advisor: Agree! No action needed at the moment. Gladys should verify with Aymecsa if he will be employed there.			
Date:	7.11.88	Signature:	



Decision Project Director: Agree

Date: 17.11.88

Signature:

Follow-up:

Date	Action	Responsible	Recommendation
13.11.88	Mr. Paulino paid the RD\$ 250 as promised	E. Cabrera	
15.11.88	Employment with Aymecsa confirmed, will start there on 1.12.88	Gladys	Invite Mr. Paulino to office to reschedule loan on 3.12.88
4.12.88	Reschedule loan agreement With Paulino Will pay		Will pay RD\$ 160 p.m. from 1.1.89 to 1.10.89 and then continue to pay RD\$ 123.32 for the rest period.

III. CRITICAL EVALUATION

After completing the manual and reaching the stage of critical evaluation the Team was haunted by doubts whether what it is doing is justified and useful. After all, the Revolving Housing Fund in Santiago is a particular case or model and is neither comparable nor replicable in the same form, not even in the Dominican Republic.

Nevertheless, although the model cannot be copied indiscriminately the methodology and procedures could guide and benefit professionals and others who either administer similar programmes or plan to do so. For that reason, an attempt has been made not only to describe the project and its concept as is often the case, but rather to portray the methodology and procedures with concrete examples, clearly identifying the problems and constraints involved.

A principal or conceptual question which might be asked is one regarding the usefulness and benefits of a house-improvement programme.

In many third-world cities the major problem is that of urban growth or influx, overcrowding, scarcity and the high cost of suitable land and building materials and of accessibility by the majority of lower-income households.

House-improvement, oriented towards the individual shelter owner who occupies a plot whether legally or not, cannot, therefore, solve or even mitigate the acute problem of access to urban housing. For this, other preventive policies and programmes are required such as site-and-services or site-without-services, worker's homes and self-help housing through co-operatives or otherwise.

House-improvement is a corrective and complementary instrument that enables the squatter house-owner to improve and extend both shelter and the immediate environment and obtain additional space, be it for residential or commercial-productive use. At the individual level, the improvement can be conceived subjectively and objectively as a concrete and useful one.

Various studies indicate that house improvement programmes may contribute by augmenting the existing housing stock in a given squatter settlement by as much as 15 to 25 per cent. Considering that squatters often comprise 40 to 70 per cent of the total urban households, the improvement programme may contribute not only to environmental quality but also to additional habitable space constructed.

The improvement of existing housing cannot and does not benefit the entire squatter population unless it is heavily subsidized. Rather it should permit even the lower-income households access to modest credits, in accordance with payment capacity, to improve their shelter gradually and step-by-step.

An innovative element of the proposed approach is the progressive improvement of existing housing, relating the loan offer to the payment capacity of the applicants and borrowers. To that extent an attempt has been made to relate the improvement process to informal house building and in fact to accelerate it.

Conceptually, the project attempts to enable the individual improvement and extension of existing housing through self-help in its wider sense. That is to say, the self-help does not necessarily imply a manual contribution but rather the responsibility for the administration of construction, contracting and supervising the foreman and workers, the reception and storing of building materials and the application for building materials.

Self-help is often a myth rather than a reality. Unless the borrower is an experienced builder, he or she will not be able to assume responsibility for the construction. Also, the participation of non-skilled household members under the supervision of the foreman is often rejected or frowned upon by the experienced mason who prefers to employ his own unskilled labour.

For the majority of borrowers, the opportunity or "shadow" costs of self-help construction are simply too high. Most loan applicants are permanently employed, have more than one source of income and work long hours. The few leisure hours, particularly on the weekend., are essential for recuperation. Even if the loan applicant is willing to contribute his own labour, the burden is often intolerable and, because construction may require several months, prove a nuisance to the family. The mobilization of other labour, particularly by unemployed members of the household, usually does not work either because the latter, even if unemployed, are occupied with the search for work which is just as time-consuming.

Also, mutual aid for house-improvement was not considered feasible in the present case. First, and as has already been mentioned, the atomization of urban society in the Dominican Republic is advanced to a degree that neighbourhood mutual aid is not likely to happen. Moreover, as improvement loans are applied for and disbursed individually, and considering that borrowers live in different locations in the settlement and improve their homes at different times, logistically and otherwise it would have been extremely difficult to organize mutual aid groups to improve the housing.

House-improvement loans for squatter settlements imply, in fact, the formalization and the acceleration of an existing informal system and even a way of life. To what extent are governmental institutions such as INVI capable of responding flexibly to the needs of the squatters and their mode of life or survival?

There are two closely related aspects to that issue which need to be considered. Formal institutions, whether public or private, must maintain certain procedures that may be termed "bureaucratic" in order to guarantee their functioning. To that extent there is an implicit contradiction between institutional requirements and the non-formal communications and life-style of the squatters that cannot be easily bridged.

As in most third-world countries, public-sector wages in the Dominican Republic (and therefore also motivation) are extremely low. Considering rapidly diminishing real income as a result of inflation, most employees depend on second and even third jobs and are not inclined to sacrifice their afternoons, evenings or weekends. Although working together with the target group and participation in planning, management and monitoring may contribute to and enhance motivation, continuous dedication of the project's Team can seldom be maintained.

Consequently, it has often been held that non-governmental, private, non-profit or religious organizations are in a better position and more likely to sponsor programmes such as house improvements, or any other type of self-help. This is usually true in the case of smaller schemes, many of which are designed and implemented by a charismatic leader. However, as soon as a larger and more complex scheme is developed, the same "bureaucratic" problems are likely to occur. Many excellent voluntary organizations have faced the problems of "sclerosis" once they have expanded their scope of operations and administer considerable funds.

If the operations of such private organizations remain limited even though impressive their impact at urban and national levels will not be very significant.

To that extent it is important to recognize that not all problems and contradictions have solutions. This implies that the house-improvement and similar schemes must be designed and implemented taking into account institutional constraints.

Another major issue that needs to be discussed in more detail is the economic feasibility and cost-benefits of house-improvement programmes. House-improvement credits are consumption- rather than production-oriented. Whereas production credits can and should be granted based on economic (cost-recovery) considerations, housing loans require subsidies, particularly if lower-income households are the target group. This is probably true not only for third-world countries but also for industrialized ones. Experience suggests that an interest-rate subsidy is likely to be the most effective and socially the most justified form of subsidy.

The objective of house-improvement loans should be to minimize and rationalize the application of subsidies rather than to eliminate them. For that reason, loan conditions should be adjusted to the payment capacity of the borrowers and the recovery period minimized, also with the objective of diminishing the impact of inflation.

Many similar house-improvement schemes have confronted excessive administration costs or overheads that negatively affect their benefits. Under the House Improvement Loan Scheme in Santiago, an attempt has been made to rationalize the use of personnel and minimize overheads in relation to the number and value of loans granted.

Based on the sometimes negative experience of various similar projects, it is suggested that operation costs and overheads should not exceed 10 per cent of loan disbursements and considering an average value of \$RD3000 (\$US472) per loan, it was suggested that the project's Team in Santiago should process no less than 24 credits per month.

Average operation costs of the project comprise:		
	Category	\$RD
1.	Personnel	6,231.50
2.	Vehicles	467.30
3.	Stationery, telephone etc.	413.20
4.	Bank charges	9.00
Total		7,119.00 (\$US1,121.00)

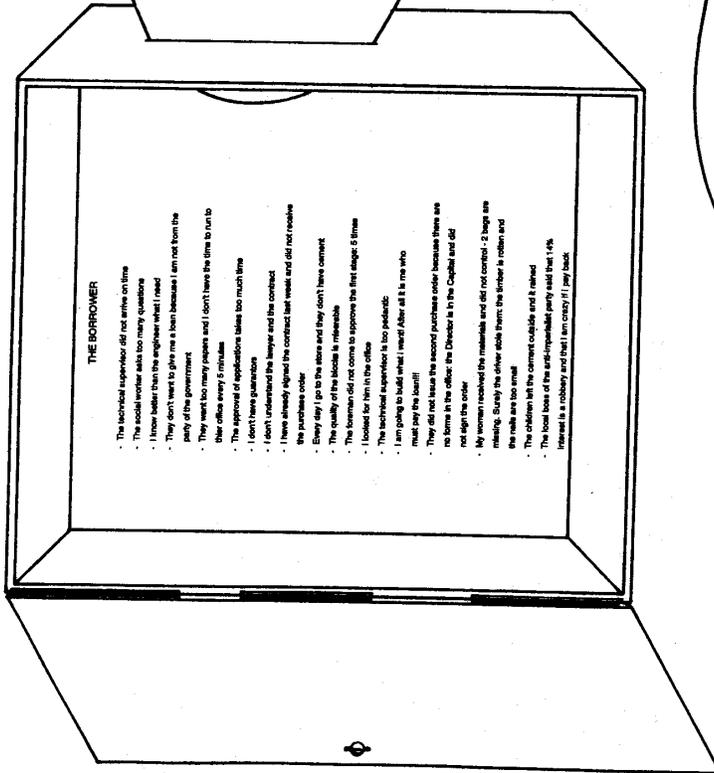
The number of loans actually processed does not exceed 15 per month, implying that operation costs and overheads constitute 13.7 per cent. In order to improve productivity and thus disbursements, incentives could have been offered to the Team members. However, the concept of incentives contradicts the policy and standard procedures of INVI and may lead to complaints and the opposition of other project staff and of the Institute employees. This issue has not yet been solved.

Although economic incentives are not necessarily the only means of motivating the project's personnel, they are often essential considering that the administration of house improvement programmes requires personal dedication, compassion and sacrifice on behalf of those who participate in it.

ANNEX

Analysis of loan amount and conditions (Pesos 500 to 1000)												
Loan amount \$RD	1 year			1.5 years			2 years			2.5 years		
	Quote		Minimum monthly family income	Quote		Minimum monthly family income	Quote		Minimum monthly family income	Quote		Minimum monthly family income
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
500	12	44.89	224.47	18	30.96	154.79	24	24.01	120.03	30	19.85	99.25
600	12	53.87	269.36	18	37.15	185.75	24	28.81	144.04	30	23.82	119.10
700	12	62.85	314.25	18	43.34	216.70	24	33.61	168.05	30	27.79	138.94
750	12	67.34	336.70	18	46.44	232.18	24	36.01	180.05	30	29.77	148.87
800	12	71.83	359.15	18	49.53	247.66	24	38.41	192.05	30	31.76	158.79
900	12	80.81	404.04	18	55.72	278.62	24	43.21	216.06	30	35.73	178.64
1000	12	89.79	448.94	18	61.92	309.58	24	48.01	240.06	30	39.70	198.49

THE PANDORA BOX OR WHO DOES NOT LIKE TO COMPLAIN



THE BORROWER

- The technical supervisor did not arrive on time
- The social worker asks too many questions
- I know better than the engineer what I need
- They don't want to give me a loan because I am not from the party of the government
- They want too many papers and I don't have the time to turn to their office every 5 minutes
- The approval of applications takes too much time
- I don't have guarantees
- I have already signed the contract but weeks and did not receive the purchase order
- They say I go to the store and they don't have comment
- The quality of the blocks is miserable
- The foreman did not come to approve the first stage 5 times
- I looked for him in the office
- The technical supervisor is too pedantic
- I am going to build what I want! After all it is me who must pay the loan!!!
- They did not issue the second purchase order because there are no forms in the office; the Director is in the Capital and did not sign the order
- My woman received the materials and did not control - 2 bags are missing. Surely the other side from the invoice is stolen and the walls are too small
- The children left the comment outside and I received
- The local boss of the anti-trustable party said that 1,4% interest is a robbery and that I am crazy if I pay back

THE TECHNICAL SUPERVISOR

- The car broke down again; Head Office did not pay the last bill and I cannot send it to the garage
- Where are the evaluation forms?
- Who has away the life of Mr. Rowan from my desk?
- Yesterday I was still there!
- The applicant Mr. Mendoza, was not at home as agreed and I could not complete the evaluation
- Mr. Jones wants to build a second floor, but his house does not have foundations
- How can I approve a budget if the prices increase daily?
- The accountant made when a mistake with the tax
- do not understand anything
- There are too many expenses the week; my assistant and the foreman are busy
- The Head Office wants too many reports

THE SUPPLIER

- It is impossible to get comment and finish
- HMW needs 3 months to sign the bill, I can't pay the money until 3 weeks
- Carlos (the Project Director) leaves the tasks for me only
- People make mistakes in the
- The foreman makes an error
- The documents are complete but missing
- The order is in holding and I must make a phone call every 3 weeks for the report
- The project accountant didn't make a mistake with the bill

SOCIAL WORKER

- The engineer does not understand the problems of the people of this family
- It is impossible to determine and verify the monthly income
- Too many meetings of the team
- The lawyer and the accountant speak really about me
- I cannot work on Saturdays for such a low salary
- Head Office is only interested in recuperation
- It is dangerous to enter the bank at night
- There is no bar after 7 o'clock p.m.
- We did not have enough training
- Applicants don't bring an employment confirmation
- The whole always has too much
- Head Office did not send again the new forms

THE ACCOUNTANT

- The technical supervisor never fills in his forms correctly; half of the data are missing
- There is not ventilation in the office and the heat is terrible
- Every two minutes someone enters my office to ask a stupid question; I cannot work like that!
- The calculator is old and makes mistakes
- Every day new regulations and orders from Head Office
- They did not send us the forms
- Since 3 weeks they did not reimburse for the party cash
- I am not going to work extra hours for that salary
- Electricity went off 3 times yesterday and not finish the monthly financial report

Analysis of loan amount and conditions (Pesos 1000 to 3000)												
Loan amount \$RD	1.50 years			2 years			2.50 years			3 years		
	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
1000	18	61.92	309.58	24	48.01	240.06	30	39.49	198.49	36	34.18	170.89
1100	18	68.11	340.53	24	52.81	264.07	30	43.67	218.34	36	37.60	187.98
1200	18	74.30	371.49	24	57.62	288.08	30	47.64	238.19	36	41.01	205.07
1300	18	80.49	402.45	24	62.42	312.08	30	51.61	258.04	36	44.43	222.15
1400	18	86.68	433.41	24	67.22	336.09	30	55.58	277.89	36	47.85	239.24
1500	18	92.87	464.36	24	72.02	360.10	30	59.55	297.74	36	51.27	256.33
1600	18	99.06	495.32	24	76.82	384.10	30	63.52	317.59	36	54.68	273.42
1700	18	105.26	526.28	24	81.62	408.11	30	67.49	337.44	36	58.10	290.51
1800	18	111.45	557.24	24	86.42	432.12	30	71.46	357.29	36	61.52	307.60
1900	18	117.64	588.19	24	91.22	456.12	30	75.43	377.13	36	64.94	324.69
2000	18	123.83	619.15	24	96.03	480.13	30	79.40	396.98	36	68.36	341.78
2100	18	130.02	650.11	24	100.83	504.14	30	83.37	416.83	36	71.77	358.87
2200	18	136.21	681.07	24	105.63	528.14	30	87.34	436.68	36	75.19	375.95
2300	18	142.40	712.02	24	110.43	552.15	30	91.31	456.53	36	78.61	393.04
2400	18	148.60	742.98	24	115.23	576.15	30	95.28	476.38	36	82.03	410.13
2500	18	154.79	773.94	24	120.03	600.16	30	99.25	496.23	36	85.44	427.22
2600	18	160.98	804.90	24	124.83	624.17	30	103.22	516.08	36	88.86	444.31
2700	18	167.17	835.85	24	129.63	648.17	30	107.19	535.93	36	92.28	461.40
2800	18	173.36	866.81	24	134.44	672.18	30	111.16	555.78	36	95.70	478.49
2900	18	179.55	897.77	24	139.24	696.19	30	115.13	575.63	36	99.12	495.58
3000	18	185.75	928.73	24	144.04	720.19	30	119.10	595.48	36	102.53	512.66

Analysis of loan amount and conditions (Pesos 3000 to 5000)												
Loan amount \$RD	2 years			2.50 years			3 years			3.50 years		
	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
3000	24	144.04	720.19	30	119.19	595.48	36	102.53	512.66	42	90.76	453.80
3100	24	148.84	744.20	30	123.06	615.32	36	105.95	529.75	42	93.79	468.93
3200	24	153.64	768.21	30	127.03	635.17	36	109.37	546.84	42	96.81	484.05
3300	24	158.44	792.21	30	131.00	655.02	36	112.79	563.93	42	99.84	499.18
3400	24	163.24	816.22	30	134.97	674.87	36	116.20	581.02	42	102.86	514.31
3500	24	168.05	840.23	30	138.94	694.72	36	119.62	598.11	42	105.89	529.43
3600	24	172.85	864.23	30	142.91	714.57	36	123.04	615.20	42	108.91	544.56
3700	24	177.65	888.24	30	146.88	734.42	36	126.46	632.29	42	111.94	559.69
3800	24	182.45	912.24	30	150.85	754.27	36	129.87	649.37	42	114.96	574.81
3900	24	187.25	936.25	30	154.82	774.12	36	133.29	666.46	42	117.99	589.94
4000	24	192.05	960.26	30	158.79	793.97	36	136.71	683.55	42	121.01	605.06
4100	24	196.85	984.26	30	162.76	813.82	36	140.13	700.64	42	124.04	620.19
4200	24	201.65	1008.27	30	166.73	833.67	36	143.55	717.73	42	127.06	635.32
4300	24	206.46	1032.28	30	170.70	853.51	36	146.96	734.82	42	130.09	650.44
4400	24	211.26	1056.28	30	174.67	873.36	36	150.38	751.91	42	133.11	665.57
4500	24	216.06	1080.29	30	178.64	893.21	36	153.80	769.00	42	136.14	680.70
4600	24	220.86	1104.30	30	182.61	913.06	36	157.22	786.09	42	139.16	695.82
4700	24	225.66	1128.30	30	186.58	932.91	36	160.63	803.17	42	142.19	710.95
4800	24	230.46	1152.31	30	190.55	952.76	36	164.05	820.26	42	145.22	726.08
4900	24	235.26	1176.32	30	194.52	972.61	36	167.47	837.35	42	148.24	741.20
5000	24	240.06	1200.32	30	198.49	992.46	36	170.89	854.44	42	151.27	756.33

Analysis of loan amount and conditions (Pesos 1000 to 3000)												
Loan amount \$RD	1.50 years			2 years			2.50 years			3 years		
	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
1000	18	61.92	309.58	24	48.01	240.06	30	39.49	198.49	36	34.18	170.89
1100	18	68.11	340.53	24	52.81	264.07	30	43.67	218.34	36	37.60	187.98
1200	18	74.30	371.49	24	57.62	288.08	30	47.64	238.19	36	41.01	205.07
1300	18	80.49	402.45	24	62.42	312.08	30	51.61	258.04	36	44.43	222.15
1400	18	86.68	433.41	24	67.22	336.09	30	55.58	277.89	36	47.85	239.24
1500	18	92.87	464.36	24	72.02	360.10	30	59.55	297.74	36	51.27	256.33
1600	18	99.06	495.32	24	76.82	384.10	30	63.52	317.59	36	54.68	273.42
1700	18	105.26	526.28	24	81.62	408.11	30	67.49	337.44	36	58.10	290.51
1800	18	111.45	557.24	24	86.42	432.12	30	71.46	357.29	36	61.52	307.60
1900	18	117.64	588.19	24	91.22	456.12	30	75.43	377.13	36	64.94	324.69
2000	18	123.83	619.15	24	96.03	480.13	30	79.40	396.98	36	68.36	341.78
2100	18	130.02	650.11	24	100.83	504.14	30	83.37	416.83	36	71.77	358.87
2200	18	136.21	681.07	24	105.63	528.14	30	87.34	436.68	36	75.19	375.95
2300	18	142.40	712.02	24	110.43	552.15	30	91.31	456.53	36	78.61	393.04
2400	18	148.60	742.98	24	115.23	576.15	30	95.28	476.38	36	82.03	410.13
2500	18	154.79	773.94	24	120.03	600.16	30	99.25	496.23	36	85.44	427.22
2600	18	160.98	804.90	24	124.83	624.17	30	103.22	516.08	36	88.86	444.31
2700	18	167.17	835.85	24	129.63	648.17	30	107.19	535.93	36	92.28	461.40
2800	18	173.36	866.81	24	134.44	672.18	30	111.16	555.78	36	95.70	478.49
2900	18	179.55	897.77	24	139.24	696.19	30	115.13	575.63	36	99.12	495.58
3000	18	185.75	928.73	24	144.04	720.19	30	119.10	595.48	36	102.53	512.66

Analysis of loan amount and conditions (Pesos 3000 to 5000)												
Loan amount \$RD	4 years			4.50 years			5 years			5.50 years		
	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income	Quote		Min. monthly family income
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
3000	48	81.98	409.90	54	75.19	375.97	60	69.80	349.02	66	65.43	327.15
3100	48	84.71	423.56	54	77.70	388.50	60	72.13	360.66	66	67.61	338.06
3200	48	87.44	437.22	54	80.21	401.03	60	74.46	372.29	66	69.79	348.96
3300	48	90.18	450.89	54	82.71	413.57	60	76.79	383.93	66	71.97	359.87
3400	48	92.91	464.55	54	85.22	426.10	60	79.11	395.56	66	74.15	370.77
3500	48	95.64	478.21	54	87.73	438.63	60	81.44	407.19	66	76.34	381.68
3600	48	98.38	491.88	54	90.23	451.16	60	83.77	418.83	66	78.52	392.58
3700	48	101.11	505.54	54	92.74	463.70	60	86.09	430.46	66	80.70	403.49
3800	48	103.84	519.20	54	95.25	476.23	60	88.42	442.10	66	82.88	414.39
3900	48	106.57	532.87	54	97.75	488.76	60	90.75	453.73	66	85.06	425.30
4000	48	109.31	546.53	54	100.26	501.29	60	93.07	465.37	66	87.24	436.20
4100	48	112.04	560.19	54	102.77	513.83	60	95.40	477.00	66	89.42	447.11
4200	48	114.77	573.86	54	105.27	526.36	60	97.73	488.63	66	91.60	458.01
4300	48	117.50	587.52	54	107.78	538.89	60	100.05	500.27	66	93.78	468.92
4400	48	120.24	601.18	54	110.28	551.42	60	102.38	511.90	66	95.96	479.82
4500	48	122.97	614.85	54	112.79	563.96	60	104.71	523.54	66	98.15	490.73
4600	48	125.70	628.51	54	115.30	576.49	60	107.03	535.17	66	100.33	501.63
4700	48	128.43	642.17	54	117.80	589.02	60	109.36	546.80	66	102.51	512.54
4800	48	131.17	655.84	54	120.31	601.55	60	111.69	558.44	66	104.69	523.44
4900	48	133.90	669.50	54	122.82	614.08	60	114.01	570.07	66	106.87	534.35
5000	48	136.63	683.16	54	125.32	626.62	60	116.34	581.71	66	109.05	545.25

Analysis of loan amount and conditions (Pesos 5000 to 8000)												
Loan amount \$RD	3 years			4 years			5 years			6 years		
	Quote		Min. monthly family income									
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
5000	36	170.89	854.44	48	136.63	683.16	60	116.34	581.71	72	103.03	515.14
5100	36	174.31	871.53	48	139.37	696.83	60	118.67	593.34	72	105.09	525.45
5200	36	177.72	888.62	48	142.10	710.49	60	120.99	604.97	72	107.15	535.75
5300	36	181.14	905.71	48	144.83	724.15	60	123.32	616.61	72	109.21	546.05
5400	36	184.56	922.80	48	147.56	737.81	60	125.65	628.24	72	111.27	556.35
5500	36	187.98	939.88	48	150.30	751.48	60	127.98	639.88	72	113.33	566.66
5600	36	191.39	956.97	48	153.03	765.14	60	130.30	651.51	72	115.39	576.96
5700	36	194.81	974.06	48	155.76	778.80	60	132.63	663.15	72	117.45	587.26
5800	36	198.23	991.15	48	158.49	792.47	60	134.96	674.78	72	119.51	597.57
5900	36	201.65	1008.24	48	161.23	806.13	60	137.28	686.41	72	121.57	607.87
6000	36	205.07	1025.33	48	163.96	819.79	60	139.61	698.05	72	123.63	618.17
6100	36	208.48	1042.42	48	166.69	833.46	60	141.94	709.68	72	125.70	628.48
6200	36	211.90	1059.51	48	169.42	847.12	60	144.26	721.32	72	127.76	638.78
6300	36	215.32	1076.60	48	172.16	860.78	60	146.59	732.95	72	129.82	649.08
6400	36	218.74	1093.68	48	174.89	874.45	60	148.92	744.58	72	131.88	659.38
6500	36	222.15	1110.77	48	177.62	888.11	60	151.24	756.22	72	133.94	669.69
6600	36	225.57	1127.86	48	180.35	901.77	60	153.57	767.85	72	136.00	679.99
6700	36	228.99	1144.95	48	183.09	915.44	60	155.90	779.49	72	138.06	690.29
6800	36	232.41	1162.04	48	185.82	929.10	60	158.22	791.12	72	140.12	700.60
6900	36	235.83	1179.13	48	188.55	942.76	60	160.55	802.75	72	142.18	710.90
7000	36	239.24	1196.22	48	191.29	956.43	60	162.88	814.39	72	144.24	721.20
7100	36	242.66	1213.31	48	194.02	970.09	60	165.20	826.02	72	146.30	731.50
7200	36	246.08	1230.39	48	196.75	983.75	60	167.53	837.66	72	148.36	741.81

Analysis of loan amount and conditions (Pesos 5000 to 8000)												
Loan amount \$RD	3 years			4 years			5 years			6 years		
	Quote		Min. monthly family income									
	No.	Value \$RD		No.	Value \$RD		No.	Value \$RD		No.	Value \$RD	
7300	36	249.50	1247.48	48	199.48	997.42	60	169.86	849.29	72	150.42	752.11
7400	36	252.91	1264.57	48	202.22	1011.08	60	172.19	860.93	72	152.48	762.41
7500	36	256.33	1281.66	48	204.95	1024.74	60	174.51	872.56	72	154.54	772.72
7600	36	259.75	1298.75	48	207.68	1038.41	60	176.84	884.19	72	156.60	783.02
7700	36	263.17	1315.84	48	210.41	1052.07	60	179.17	895.83	72	158.66	793.32
7800	36	266.59	1332.93	48	213.15	1065.73	60	181.49	907.46	72	160.72	803.62
7900	36	270.00	1350.02	48	215.88	1079.40	60	183.82	919.10	72	162.79	813.93
8000	36	273.42	1367.11	48	218.61	1093.06	60	186.15	930.73	72	164.85	824.23

Analysis of amount and conditions (Pesos 5000 to 8000)															
Loan Amt.	3 years			4 years			5 years			6 years			7 years		
	Quote		Min. month family income												
	No	Value \$RD		No	Value \$RD		No	Value \$RD		No	Value \$RD		No	Value \$RD	
5000	36	170.89	854.44	48	136.63	683.16	60	116.34	581.71	72	103.03	515.14	84	93.70	468.50
5100	36	174.31	871.53	48	139.37	696.83	60	118.67	593.34	72	105.09	525.45	84	95.57	477.87
5200	36	177.72	888.62	48	142.10	710.49	60	120.99	604.97	72	107.15	535.75	84	97.45	487.24
5300	36	181.14	905.71	48	144.83	724.15	60	123.32	616.61	72	109.21	546.05	84	99.32	436.61
5400	36	184.56	922.80	48	147.56	737.81	60	125.65	628.24	72	111.27	556.35	84	101.20	505.98
5500	36	187.98	939.88	48	150.30	751.48	60	127.98	639.88	72	113.33	566.66	84	103.07	515.35
5600	36	191.39	956.97	48	153.03	765.14	60	130.30	651.51	72	115.39	576.96	84	104.94	524.72
5700	36	194.81	974.06	48	155.76	778.80	60	132.63	663.15	72	117.45	587.26	84	106.82	534.09
5800	36	198.23	991.15	48	158.49	792.47	60	134.96	674.78	72	119.51	597.57	84	108.69	543.16
5900	36	201.65	1008.24	48	161.23	806.13	60	137.28	686.41	72	121.57	607.87	84	110.57	552.83
6000	36	205.07	1025.33	48	163.96	819.79	60	139.61	698.05	72	123.63	618.17	84	112.44	562.20
6100	36	208.48	1042.42	48	166.69	833.46	60	141.94	709.68	72	125.70	628.48	84	114.31	571.57
6200	36	211.90	1059.51	48	169.42	847.12	60	144.26	721.32	72	127.76	638.78	84	116.19	580.94
6300	36	215.32	1076.60	48	172.16	860.78	60	146.59	732.95	72	129.82	649.08	84	118.06	590.31
6400	36	218.74	1093.68	48	174.89	874.45	60	148.92	744.58	72	131.88	659.38	84	119.94	599.68

6500	36	222.15	1110.77	48	177.62	888.11	60	151.24	756.22	72	133.94	669.69	84	121.81	609.05
6600	36	225.57	1127.86	48	180.35	901.77	60	153.57	767.85	72	136.00	679.99	84	123.68	618.42
6700	36	228.99	1144.95	48	183.09	915.44	60	155.90	779.49	72	138.06	690.29	84	125.56	627.79
6800	36	232.41	1162.04	48	185.82	929.10	60	158.22	791.12	72	140.12	700.60	84	127.43	637.16
6900	36	235.83	1179.13	48	188.55	942.76	60	160.55	802.75	72	142.18	710.90	84	129.31	646.53
7000	36	239.24	1196.22	48	191.29	956.43	60	162.88	814.39	72	144.24	721.20	84	131.18	655.90
7100	36	242.66	1213.31	48	194.02	970.09	60	165.20	826.02	72	146.30	731.50	84	133.05	665.27
7200	36	246.08	1230.39	48	196.75	983.75	60	167.53	837.66	72	148.36	741.81	84	134.93	674.64
7300	36	249.50	1247.48	48	199.48	997.42	60	169.86	849.29	72	150.42	752.11	84	136.80	684.01
7400	36	252.91	1264.57	48	202.22	1011.08	60	172.19	860.93	72	152.48	762.41	84	138.68	693.38
7500	36	256.33	1281.66	48	204.95	1024.74	60	174.51	872.56	72	154.54	772.72	84	140.55	702.75
7600	36	259.75	1298.75	48	207.68	1038.41	60	176.84	884.19	72	156.60	783.02	84	142.42	712.12
7700	36	263.17	1315.84	48	210.41	1052.07	60	179.17	895.83	72	158.66	793.32	84	144.30	721.49
7800	36	266.59	1332.93	48	213.15	1065.73	60	181.49	907.46	72	160.72	803.62	84	146.17	730.86
7900	36	270.00	1350.02	48	215.88	1079.40	60	183.82	919.10	72	162.79	813.93	84	148.05	740.23
8000	36	273.42	1367.11	48	218.61	1093.06	60	186.15	930.73	72	164.85	824.23	84	149.92	749.60

Analysis of the number of loans by category with an initial capital of \$RD1 million				
Category (\$RD)	Percentage	Loan value	Number of loans	Total loans (\$RD)
500-1000	10	750.00	28.17	21,126.76
1000-3000	25	2000.00	70.42	140,845.07
3000-5000	50	4000.00	140.85	563,380.28
5000-8000	15	6500.00	42.25	274,647.89
Total			281.69	1,000,000.00

Cash Flow (\$RD)			
	1988	1989	1990
Availability	-	16,699.30	226,831.84
Income	370,199.30	796,632.54	433,392.42
Revolving Fund	353,500.00	586,500.00	58,000.00
Capital	10,934.38	144,737.29	278,331.15
Interest	5,764.92	65,395.25	97,061.27
Expenditures	353,500.00	586,500.00	58,000.00
Revolving Fund	353,500.00	586,500.00	58,000.00
Balance	16,699.30	226,831.84	602,224.26

Use of the funds by loan category and available balance by year and month						
CATEGORY						
Year and month	I	II	III	IV	Total loans	Total available 1,000,000.00
1988	10,500.00	56,000.00	196,000.00	91,000.00	353,500.00	
June	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	949,500.00
July	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	899,000.00
August	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	848,500.00
September	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	798,000.00
October	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	747,500.00
November	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	697,000.00
December	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	646,500.00
1989	10,500.00	84,000.00	336,000.00	156,000.00	586,500.00	
January	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	596,000.00
February	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	545,500.00
March	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	495,000.00
April	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	444,500.00
May	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	394,000.00
June	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	343,500.00
July	1,500.00	8,000.00	28,000.00	13,000.00	50,500.00	293,000.00
August		8,000.00	28,000.00	13,000.00	49,000.00	244,000.00
September		8,000.00	28,000.00	13,000.00	49,000.00	195,000.00
October		8,000.00	28,000.00	13,000.00	49,000.00	146,000.00

November		4,000.00	28,000.00	13,000.00	45,000.00	101,000.00
December			28,000.00	13,000.00	41,000.00	60,000.00
1990			32,000.00	26,000.00	58,000.00	
January			32,000.00	13,000.00	45,000.00	15,000.00
February				13,000.00	13,000.00	2,000.00
Total	21,000.00	140,000.00	564,000.00	273,000.00	998,000.00	-

Recovery of the revolving fund by year by type (\$RD)									
Type of loan	Loan value	Recovery							
		1988	1989	1990	1991	1992	1993	1994	1995
I	21,000.00								
	C	762.62	9,885.12	9,806.07	546.20				
	I	166.18	1,539.12	687.62	10.60				
	T	928.80	11,424.24	10,493.69	556.80				
II	14,000.00								
	C	2,269.00	30,085.40	54,943.08	45,176.44	7,526.08			
	I	907.00	9,932.20	11,594.12	4,046.28	252.00			
	T	3,176.00	40,017.60	66,537.20	49,222.72	7,778.08			
III	564,000.00								
	C	6,376.86	84,554.89	171,533.54	192,035.55	103,465.85	6,033.31		
	I	3,192.84	36,023.33	53,627.83	53,627.83	7,271.77	119.30		
	T	9,569.70	120,578.22	225,161.37	221,744.67	110,737.62	6,152.61		
IV	273,000.00								
	C	1,525.90	20,211.88	42,048.46	50,060.92	57,555.58	63,113.90	35,509.18	2,974.18
	I	1,498.90	17,900.60	31,151.70	26,164.04	18,669.38	10,109.56	2,659.22	69.26
	T	3,024.80	38,112.48	73,200.16	76,224.96	76,224.96	73,223.46	38,168.40	3,043.44
Totals	998,000.00								
	Funds								
	Total capital	10,934.38	144,737.29	278,331.15	287,819.11	168,547.51	69,147.21	35,509.18	2,974.18
	Total interest	5,764.92	65,395.25	97,061.27	59,930.04	26,193.15	10,228.86	2,659.22	69.26
	Total funds	16,699.30	210,132.54	375,392.42	347,749.15	194,740.66	79,376.07	38,168.40	3,043.44
	Accumulations	16,699.30	226,831.84	602,224.26	949,973.41	1,144,714.00	1,224,090.14	1,262,258.54	1,265,301.98
	C	Capital							
	I	Interest							
	T	Total							