Final Draft, May 2002

The IDB Housing Sector Strategy: Diagnosis And Evaluation

Dr. Shlomo Angel, Housing Policy Advisor[1]

Introduction and Summary:

This diagnosis and evaluation of the Inter–American Development Bank (IDB)'s housing sector strategy forms one of the inputs to the new Social Development Strategy now being formulated by the Bank. The housing sector, together with the health and education sectors form the three main social sectors that are attended to in the Bank's Social Development Strategy.

This document focuses on five areas: (1) a brief history of the Bank's involvement in the housing sector; (2) the development objectives of housing sector loans; (3) the volume and structure of housing loans; (4) the design of housing loans; and (5) the performance of housing loans. It briefly reviews the Bank's *Operational Guidelines for Housing* of 1995 and stresses the continued relevance of these guidelines. It then discusses the overall rationale for housing sector lending by the Bank and the critical components of housing sector reform. And it focuses attention on housing sector lending and its role in poverty alleviation, financial sector reform, the modernization of the State, as well as on the location of housing in the Bank's organizational structure. The volume of housing loans in the Bank's overall portfolio, the structure and composition of housing loans, and the average size of housing subsidies in Bank–supported projects are then presented and discussed.

Issues revolving around the design of housing sector loans are given prominence in this document. They involve the design and implementation cycle of housing sector loans; awareness of the Bank's housing program among borrower countries; diagnostic studies in support of loan design; comprehensiveness in the design of housing sector loans; urban upgrading loans as housing sector loans; experimentation in the design of new housing sector loans; the gradual development of a new generation of loan instruments; and the continued emphasis on regulatory reforms.

Finally, the performance of housing sector loans is evaluated, to the extent possible given the limited documentation available, through a discussion of the administration of loans by country offices; the choice and performance of executing agencies; financing the

---

[1] This report was prepared under contract to the Inter–American Development Bank (IDB) during February–March of 2002. I would like to thank the following Bank staff for their useful comments and observations, as well as for their insightful replies to my questionnaire: Pablo Adam, Robert Daughters, Morgan Doyle, Bruce Feguson, Kurt Focke, Michael Jacobs, Maximo Jeria, Riccardo Rietti, Alicia Ritchie, Eduardo Rojas, Patrick Saint Pol Maydieu, Mauricio Silva, Maria Teresa Souza, and Patricia Torres. The author is solely responsible for the opinions expressed in this paper as well as for any remaining errors.

evaluation of housing sector loans; the relative impact of the Bank's housing sector loans and the issue of scale; targeting the poor in housing sector loans; the creation of value in urban upgrading projects; and the effect of housing sector loans on the mobilization of resources. A concluding section summarizes the key recommendations of this review.

I A BRIEF HISTORY OF THE BANK'S INVOLVEMENT IN THE HOUSING SECTOR

The Bank's Operational Guidelines for Housing of 1995:

The Inter–American Development Bank lent for housing during the 1960s, stopped lending for housing during the 1970s and the 1980s and commenced lending again in the 1990s. Substantial lending for urban upgrading started only in the mid–1980s. In 1995, the Board issued a new set of guidelines (OP–751) for housing sector loans[2] that stressed the role of the public sector as a facilitator—rather than a direct provider—of housing. It called for improving the management of public funds allocated for housing. It reiterated the need to focus housing sector loans on low–income households, and called for broad sector–wide reform efforts to increase the efficiency of land and housing markets.

The Board allowed for the use of housing loans for a variety of transparent, well–targeted, and sustainable subsidy schemes, as well as for a broad range of technical assistance efforts to assist the initiation of sector–wide policy and regulatory reforms. Finally, it called for the design of housing loans with a view to having an impact on the sector commensurate with the scale of the problem addressed by the proposed loans.

The continued relevance of the 1995 Guidelines:

More than six years after their passage by the Board, the *Operational Guidelines for Housing* of 1995 remain as relevant today as they were in 1995. The importance of the Guidelines has been in grounding the Bank's housing loans in overall housing policy reform rather than in investment projects, realizing that "policy matters," and that the performance of loans is highly dependent on the policy environment in which they are implemented. In the housing sector, this has involved a revolutionary shift away from the paternalistic housing policies of the past to the enabling and facilitating policies of the future. It involved moving entrenched government institutions away from the direct construction and financing of housing and into the support of private–sector and civil–society intermediaries in their efforts to provide housing directly to households. And it also involved recognizing the housing efforts of low–income families residing in informal settlements, as a prelude to providing them with legal titles to their homes and improved infrastructure and community services in their neighborhoods.

While the goals set in the Guidelines have by no means been satisfactorily attained yet, they continue to mandate the grounding of housing sector loans in broad housing sector reform. There is no question that the housing sector loans of the 1990s have

---

[2] Inter–American Development Bank, *Operational Guidelines for Housing*, Urban Development and Housing Policy (OP–751), Sustainable Development Department, Social Development Division, Washington D.C. 1995.

accepted this challenge, and there is no question that this has made them considerably more difficult to design and to implement.

II THE DEVELOPMENT OBJECTIVES OF HOUSING SECTOR LOANS

The overall rationale for housing sector lending by the Bank:

All member governments of the Bank allocate funds to the housing sector in one way or another. Adequate shelter is a recognized basic need and, as such, also a basic right even though governments cannot guarantee this right. Still, there is a broad consensus that every household should live in a decent, affordable and solid home, with adequate living space, protection from the elements, security from eviction, and security from crime; and that the home should be located in a good neighborhood with a package of reliable basic services—water, roads, sewerage, drainage, electricity, open spaces and playgrounds, police and fire protection, child and health care, and good transport to jobs and markets.

More and more governments, realizing their inability to provide adequate shelter for everyone, have recognized that housing provision and exchange must be left to the operations of the market (and, to a lesser extent, to civil society) and have pledged to direct their efforts to facilitate these operations, to support them with public goods and efficiently–targeted subsidies, to regulate them effectively, and to correct market failures when they occur. The Bank, through its lending and policy advice in the housing sector, now actively supports the transition of member governments to a facilitating role through selected housing sector reforms in critical policy areas.

The critical components of housing sector reform:

Since the publication of the World Bank's housing policy paper entitled *Housing: Enabling Markets to Work* in 1993 and the *Operational Guidelines for Housing* by the Bank in 1995, it has become clear that housing policy reform must address issues of efficiency, equity and sustainability of the housing sector as a whole in at least six critical policy areas: (a) the property rights regime; (b) the housing finance regime; (c) the housing subsidy regime; (d) residential infrastructure; (e) the legal and regulatory environment governing housing; and (f) the institutional framework for government intervention in the sector.

Indeed, a number of the Bank's housing sector loans—e.g. in Panama, Guatemala, and El Salvador—were structured as housing sector reform loans, directing loan resources into every one of these critical policy areas. Numerous other housing sector loans have directed attention, as well as loan resources, into land titling and tenure security, into securing access to commercial lending for housing, into the reform of the housing subsidy system, into the provision of infrastructure in informal settlements and in new low–cost land subdivision schemes, into the creation of new regulations for the progressive development of subdivisions and houses, and into the reform of public housing institutions and mortgage banks.

The Bank, through its lending and policy advice in the housing sector, now actively supports selected housing sector reforms in its member countries. At the same time, support to the housing sector advances a number of the Bank's key development objectives: poverty alleviation, the development of efficient markets, financial sector reform, and the modernization of the state. In some special cases, e.g. in Ecuador in 2000, Bank housing loans helped jumpstarting the economy as well by stimulating a stagnant construction sector and by generating up to 130,000 workplaces for construction labor.[3]

Housing sector lending and poverty alleviation:

Housing sector loans are especially suited for poverty alleviation because (a) bad housing and bad residential neighborhoods are not only a consequence but also a *cause* of poverty to the extent that they affect health and safety, education, and employment prospects; (b) improved housing contributes to wealth creation by the poor, often their only form of wealth; (c) upgrading projects in particular, empower low–income communities; (d) and housing—as one of the largest household expenditures—must remain affordable so as not to impoverish low–income households. Housing sector lending by the Bank has contributed to poverty alleviation in a number of important ways: (a) by upgrading basic services and community facilities in low–income settlements, e.g. in Brazil and Chile; (b) by providing small subsidies for home improvement, e.g. in Ecuador; (c) by providing subsidies for house construction on owned lots, e.g. in Panama and Guatemala; (c) by providing subsidies for low–cost serviced sites, e.g. in Guatemala; (d) by making land and housing markets more efficient through regulatory reforms, e.g. in Ecuador.

Place–based subsidies—particularly those supporting upgrading projects—have generally been well–targeted, focusing, as they, do, on concentrations of poor families. The targeting of people–based subsidies—for new house construction and new serviced sites, and especially for upfront subsidies for new housing—has been considerably more difficult to ascertain. In some cases, e.g. in Trinidad and Tobago, it was found to be unsatisfactory.

Housing sector lending and financial sector reform:

Until the recent past, most borrower countries financed housing through forced savings schemes coupled with lending for ill–targeted complete housing units—usually at below–market interest rates—with consequent high rates of default on mortgages. This has often led to the collapse of housing finance institutions or to their insolvency, while incurring substantial long–term public–sector liabilities. At the same time, public lending for housing inhibited commercial banks from entering into mortgage lending. This was further complicated by the absence of secure titles, weak foreclosure laws, and rampant inflation.

---

[3] Estimate by the Architects Association of Ecuador, quoted in Frontier Finance International, "Housing finance in Ecuador: Lesson learnt with A Government Program to Finance Low–Income housing," Unpublished Report, Cities Alliance, December 2001, 27.

Bank loans in the housing sector have sought to disengage public institutions from lending for housing altogether, and in some cases to mandate the closure of public mortgage banks—for example in Nicaragua and Panama—as a specified milestone of the project. In a large number of countries, the Bank has provided funds for an upfront subsidy to be provided to households together with a commercial mortgage loan at market interest rates, thereby removing the subsidy from the interest rate itself and enabling commercial banks to enter into mortgage lending. In parallel, the Bank has provided technical assistance, as well as credit funds, for supporting the creation and operation of second–tier mortgage institutions, for creating mortgage insurance schemes, and for strengthening the regulatory environment for mortgage lending.

Housing sector lending and the modernization of the State:

Bank loan operations in the housing sector have actively sought to reform public housing institutions, and in some cases, e.g. in Panama, to reduce their staff; in some cases, e.g. in Nicaragua and Panama, to close them down; in many cases, e.g. in Guatemala, Trinidad and Tobago and Ecuador, to built new capacity so as to handle new operations; and in some cases, e.g. in Mexico, to strengthen a sustainable public housing finance institution (FOVI) so as to indirectly weaken its non–substainable competitors.

In parallel, the Bank has sought to reduce overall public spending on housing as well as public long–term liabilities, e.g. in Mexico, while at the same time recommending a regular and predictable flow of public resources to the housing sector that would make its supported subsidy programs sustainable in the long run. By insisting that minimal and progressive housing solutions—e.g. serviced lots, core houses, house construction and improvement on owned lots, urban upgrading, and upfront subsidies—replace complete public housing units, the Bank has also acted to reduced the *per–household* subsidy requirement, to operate programs at a broader scale, and to use public funds to leverage—rather than replace—private funds. Similarly, by focusing attention and resources on regulatory reform and titling, the Bank has supported efforts to reduce illegality and promote the rule of law.

Housing projects financed by the Bank have helped moving the State "from rowing into steering," and have led to the involvement of a broader number of key stakeholders—private sector builders, commercial banks, municipalities, civic groups, communities, and individual households—in government–initiated housing programs. This has helped ongoing decentralization efforts. Upgrading projects in particular have been conducted with the strong participation and leadership of municipalities, e.g. the municipalities of Rio de Janeiro and Sao Paolo in Brazil.

The location of housing in the Bank's organizational structure:

Because housing sector loans are effective tools for poverty alleviation (part of the mandate of the Social Programs), for the modernization of the State (part of the mandate of the State and Civil Society Programs), and for financial sector reform and infrastructure upgrading (part of the mandate of the Finance and Basic Infrastructure

Programs), there is no natural organizational niche into which they could comfortably fit. Indeed, housing sector programs at the Bank are a part of Social Programs in Region 1, part of both the Finance and Basic Infrastructure Programs and the Social Programs in Region 2, and part of the State and Civil Society Programs in Region 3.

While this flexible arrangement is not seen as particularly damaging by housing–sector professionals at the Bank, clear preferences were expressed for (a) concentrating all housing initiatives in a single program, even while promoting the continued use of inter–divisional teams in housing project design; (b) improving the professional incentives for working on housing loan design and administration outside one's designated region; (c) more effective regular communications between the housing professionals in different regions; (d) more cross–regional comparative research that can assist operations; and (e) increasing the awareness of the housing agenda among non–housing Bank staff.

III THE VOLUME AND STRUCTURE OF HOUSING LOANS

Housing loans in the Bank's overall portfolio:

If both housing and urban upgrading loans are viewed as elements of the Bank's housing sector strategy, then total lending for the housing sector granted by the Bank during 1961–2000 formed 2.2% of all Bank loans. Housing sector loans made up approximately 15% of all urban loans, while the rest of the urban loans were allocated to sanitation projects (41%), municipal development (24%), environmental projects (9%), transport (5%), and integrated urban development projects (5%).

The structure of the Bank's urban loans changed gradually over the years. During the 1990s, lending for the housing sector formed 2.8% of all bank loans, and 17% of all urban loans. The rest of the urban loans were allocated to sanitation projects (31%), municipal development (27%), environmental projects (13%), transport (6%), integrated urban development projects (4%), and cultural heritage projects (1%). The average size of a housing sector loan in the 1990s was $100 million, compared with $109 million for an average urban loan, and $75 million for an average Bank loan during this period.

The structure and composition of housing loans:

Since the Bank resumed lending for housing in the early 1990s, twenty–two housing sector loans totaling US$2.246 billion were approved, and an additional 12 loans totaling US$1.3 billion are in different stages of preparation. The Bank has now initiated housing sector loans in 21 of its 26 borrower countries, all except the Bahamas, Belize, Costa Rica, Haiti, and Jamaica. The overall structure of the IDB housing loan portfolio is summarized in table 1 below (for details see table in Annex 1).

The three principal investment components of the portfolio are (a) urban upgrading and titling (46% of the total); (b) loans associated with long–term mortgage credit for housing (24% of the total), including loans for second–tier finance institutions and mortgage insurance; and (c) loans for financing up–front demand–side subsidies to individual households (15% of the total), to be used in conjunction with savings and commercial loans for financing new housing and house improvements. In addition, considerable loan funds were expended two types of supply–side subsidies—one for constructing new houses and apartments (3.5% of the total) and one for constructing serviced sites (2% of the total)—and on institutional reforms (3.5% of the total). Finally, smaller but significant loan funds spearheaded numerous regulatory and legal reform initiatives (0.4%) aimed at creating long–term housing policy changes.

Table 1: The Overall Structure of the Bank's Housing Loan Portfolio

Loan Component	% of Total
Upgrading and Titling	45.44
Long–Term Credit	23.65
Upfront Subsidies	14.61
New House Construction	3.46
Institutional Development	3.38
Financing Costs	3.45
Sites and Services	2.04
Loan Design and Administration	1.81
Community Facilities	1.23
Misc. Technical Assistance	0.55
Regulatory Reform	0.40

The average size of housing subsidies in Bank–supported projects:

Of the total value of US$3.96 billion (inclusive of country contributions) of the 22 approved housing sector programs undertaken with the assistance of the Bank since 1992, US$2.28 billion (58%) were allocated to housing subsidies in one form or another. These subsidies were allocated to five main investment programs as shown in table 2 below. A project–by–project breakdown of subsidy components is given in Annex 2.

The largest volume of subsidies was allocated for urban infrastructure upgrading and titling programs (65.3% of the total), followed by upfront subsidies for new housing (17.3% of the total), and housing construction projects (11.4% of the total). The average value of housing subsidies in Bank–supported projects was US$3,155, with the highest average levels of subsidies in housing construction projects (US$4,338), and the lowest levels in Sites–and–Services projects (US$1,330), and upfront subsidies for house improvements on owned lots ($1,298).

Table 2: The Structure of Housing Subsidies in Bank–Supported Projects 1992–2002

Subsidy Type	Average US$ Amount per Household	Beneficiary Households	Total Amount (US$ million)	Percent of Total
Urban Infrastructure Upgrading and Titling	3,360	442,300	1,486	65.3
Upfront Subsidies for New Housing	3,418	115,091	393	17.3

Upfront Subsidies for House Improvements	1,298	51,631	67	2.9
Sites and Services Projects	1,330	52,526	70	3.1
Housing Construction Projects	4,338	59,542	258	11.4
Total subsidies	3,155	721,090	2,275	100.0

IV THE DESIGN OF HOUSING LOANS

The design and implementation cycle of housing sector loans:

Once an official request for a housing loan is received from a member country, the design of the loan is undertaken by the Bank's housing sector specialists at its Washington headquarters, in collaboration with personnel in the country offices who will be charged with the administration of the loan once it is approved. During the design stage, several studies of the sector are normally undertaken, often using outside consultants. The kind of studies undertaken, as well as their scope and their quality, varies considerably from project to project.

Once loans are approved, their administration becomes the responsibility of country offices. The country offices can invite administration missions from headquarters, if they wish to do so. They sometimes do and they sometimes do not, with the result that headquarters personnel involved in the loan design often lose touch with the project during its implementation, and may not be fully aware of important mid–course changes during the lifetime of the project.

Staged projects usually require a mid–course evaluation, and all projects require some form of evaluation upon their completion. In general, however, these evaluations are financed by loan funds administered by the borrowers with little, if any, quality control by the Bank. Bank staff is usually consulted in the preparation of terms of reference for studies, as well as in the selection of consultants, but these activities are generally of low priority. The resulting evaluations are usually quite superficial and, almost without exception, highly complimentary of project performance. There are very few project evaluations undertaken or initiated by the Bank itself, with the result that very little reliable information is available on the performance of the Bank's housing sector loans.

Awareness of the Bank's housing program among borrower countries:

In general, housing and urban development authorities in member countries are not provided with any preprogramming information on the availability of the Bank's housing loan instruments—as well as their attributes and their performance to–date—in advance for any request for a housing sector loan. This information could be disseminated, for example, to housing ministers and housing authorities (MINURVE) in their annual meetings, as well as on a dedicated website. The twin objectives of providing preprogramming information to member countries are to better inform them about what the Bank does in the housing sector, as well as to increase the demand for housing loans, so as to make it possible for the Bank to be more selective.

The development of useful information that could be disseminated to member countries and used in discussions, negotiations, and design of housing sector loans requires the creation of an effective comparative research program by the Bank dedicated to assessing the performance of its key loan instruments—urban upgrading, upfront subsidies, long–term credit, new housing construction, serviced sites, to take a few examples—in terms of their impact on key housing sector objectives.

Diagnostic studies in support of loan design:

The 1995 *Operational Guidelines for Housing* require that housing programs "be based on an analysis of the causes of the relevant sector problems." Indeed, all housing loan designs are based on some form of analysis, sometimes undertaken by Bank staff and sometimes by outside consultants or consulting firms. The level of detail and professionalism of the analyses varies considerably, and it is usually not possible to conduct a housing sector review in a large country in conjunction with a limited request for a specific housing loan. Only in Trinidad and Tobago in 1993, for example, was a reputed international consulting firm (PADCO) engaged in carrying out several systematic studies (including surveys) prior to the design of the loan.

Rapid assessments of the housing sector by an outside consultant were undertaken in recent years in several countries—e.g. the Dominican Republic and Argentina—at the early stages of loan discussions. These assessments, using a comparative approach, have facilitated loan discussions by providing a broad overview of (a) the economic, social, and demographic context of the housing sector; (b) conditions in the housing sector; (c) the status of housing policy; (d) proposed guidelines for the design of a housing loan; and (e) proposed terms of reference for a series of systematic housing sector studies.

These assessments will necessarily vary from country to country. They will also depend on the size of the country relative to the size of the proposed intervention—an upgrading loan to the municipality of Rio de Janeiro, for example, does not necessarily merit a comprehensive assessment of the housing policy of Brazil. In some cases, limited assessments of particular aspects of the sector may be sufficient as a back–up to limited programs of intervention. And in special cases, as in the recent housing sector loan for Argentina, a comprehensive assessment was indeed called for because overall housing sector reform was a precondition for granting the loan.

Comprehensiveness in the design of housing sector loans:

There is no question that the great majority of housing sector loans can now be considered as policy reform loans rather than simply as housing project loans. They devote as much attention to the construction investment component of the loan as to numerous investment and technical assistance components aimed at institutional, legal, and regulatory reform. The recent housing sector loan for El Salvador, for example, contains the following elements:

(a) Urban infrastructure upgrading projects (US$49.9 million);
(b) Post–earthquake house reconstruction on owned lots (US$20 million);
(c) Land tenure legalization (US$4 million);
(d) Certification and regulation of informal land subdivisions (US$1 million);

(e) Institutional reform of the Social Housing Fund (US$3.8 million), the Vice–Ministry of Housing and Urban Development (US$5.6 million), and municipal government of San Salvador (US$1.2 million); and

(f) Technical assistance for the development of secondary mortgage markets (US$0.5 million).

In this example, particular attention has been paid to the role of informal subdivisions in providing new housing solutions for low–income households. This ensures that there is a two–pronged, balanced housing strategy that deals with upgrading the existing stock as well with creating adequate amounts of new, affordable housing. Not all bank–assisted programs strike this balance, and more attention needs to be paid in the future to new, low–cost housing solutions, given that the Bank–supported housing subsidy programs that require commercial bank mortgages are not yet accessible to households in the first two quintiles of the income distribution.

There is an inherent difficulty in the administration of loans that have too many elements, and this has sometimes led to the abandonment of several loan components. In Panama, for example, three out of the five components of the loan have been abandoned: the direct subsidy component, the institutional reform of the Ministry of Housing (MIVI), and the closure of the National Mortgage Bank (BHN). In countries with serious limitations on institutional capacity, it may be more advisable to design interventions in stages, each stage having a small, manageable number of components.

Urban upgrading loans as housing sector loans:

There is a continuing debate within the Bank on whether or not urban upgrading loans should be considered as housing sector loans, or whether they should be considered as loans separate from the housing sector—addressing poverty alleviation directly or promoting general urban development. There is no question that urban upgrading is an integral part of any comprehensive housing sector strategy: both infrastructure upgrading and titling are forms of government intervention that lead to the improvement of housing conditions both directly and indirectly. They make houses more valuable by improving amenities and by increasing tenure security, they lead to greater levels of investment in homes, and they improve the operation of housing and credit markets.

It is true that since an upgrading program is a necessary component of any housing sector strategy, it can—and in some cases it should—proceed without regard to other housing sector interventions. However, it should be noted that the support for upgrading as a sole housing strategy targeted at the poor condones the continuation of existing practices where the poor must continue to rely on informal and often illegal solutions, and where the cost of upgrading often exceeds the cost of supplying minimal layouts and infrastructure services earlier. In short, the desired housing strategy must be a *two–pronged* strategy that balances upgrading with the provision of new low–cost housing solutions to meet new housing needs.

At present, as Figure 1 showed, the Bank does not have such a balanced strategy. Most of its loan resources in the sector are focused on upgrading. And programs that are aimed at new housing solutions—e.g. upfront subsidies coupled with mortgage loans—rarely target beneficiary households in the first two income quintiles. An important experiment with using private–sector intermediaries to provide serviced sites in Guatemala generated a very large number of sites: 37,500 subsidies, valued at $1,500 each, generated a total of 59,000 lots, provided by private developers at a rate of 30,000 lots per annum.

Unfortunately, the selection of beneficiaries and developers in Guatemala relied on private–sector intermediaries with little oversight by public officials, with the result that (a) many of the lots were provided in undesirable rural locations or with incomplete services; (b) land developers were able to make exorbitant profits and became important beneficiaries of the program; (c) the minimum price of serviced lots in many locations appears to have increased to the level of the subsidy–plus–savings in the program; and (d) the large majority of the lots are still unoccupied.[4] A new experiment has now been initiated in El Salvador to harness the informal land developers who supply a large share of new residential lots. In the future, urban upgrading loans should be an integral part of a two–pronged strategy that incorporates viable means of addressing new housing needs.

Experimentation in the design of new housing sector loans:

The design of new housing loans at present generally consists of packaging a number of true and tried standardized loan instruments (e.g. upfront subsidies or urban infrastructure upgrading)—as well as one or more experimental loan instruments in earlier stages of development (e.g. assistance to developers of informal land subdivisions who serve the poor)—into a coherent and manageable integrated housing loan. In general, loan design should respond to the specific contextual conditions prevailing in borrower countries, and it should not be assumed in advance that the Bank's standard loan instruments are applicable in every case. At the same time, there should be a limit on the number of new instruments designed into any given loan.

When housing sector assessments call for one or more new loan instruments, dedicated professionals in the different regional departments at headquarters should be charged with the design and development of new prototype loan instruments to meet these new needs, with help from outside consultants where necessary. Every new prototype loan instrument should undergo several stages of design and development, as well as rigorous evaluations—using additional budgetary resources—in preparation for being applied in other borrower countries.

In essence, it is envisioned that the Bank's future housing loans will consist of a limited number of more–or–less standardized housing loan instruments, as well as one or possibly two new and experimental loan instruments. The objective of standardizing the Bank's housing products is (a) to accelerate the development and fine–tuning of loan instruments through the sharing of information among different projects; (b) to enable

---

4 Angel, Shlomo, 2000b. "Housing Policies and Programs in Guatemala: Diagnosis, Evaluation and Guidelines for Action," Report to the Inter–American Development Bank, Washington, D.C.: September, 28–30.

the large number of officials in the Bank's country missions—especially those without specific training in housing—to administer housing loans more effectively; (c) to evaluate the Bank's loan instruments more rigorously on a comparative regional basis; and (d) to disseminate information on the Bank's loan instruments to member countries more effectively. At the same time, changing conditions and lessons learned require the continued development, testing, and evaluation of new loan instruments.

The gradual development of a new generation of loan instruments:

While continued emphasis must be given to fine–tuning the limited number of existing housing sector loan instruments, human and financial resources need to be allocated for the gradual development of a new generation of housing sector loan instruments to complement existing ones and to fill in the gaps in the present housing loan portfolio.

New loan instruments for improving the *property right regime* may include: (a) improving and streamlining urban property registration; (b) improving the capabilities of the judiciary to settle property disputes; (c) accelerating the transfer of occupied public lands to sitting residents in established settlements; and (c) creating and implementing an efficient tenure legalization program.

New loan instruments in *housing finance* may include: (a) initiating the financing of hire-purchase housing; (b) streamlining foreclosure of mortgage loans in default; (c) initiating the provision of credit for second-hand homes; and (d) increasing access to micro-finance for home expansion and improvement, for home–based businesses, and for the addition of rental units to existing homes.

New loan instruments in the *housing subsidy regime* may include: (a) creating macro blocks for serviced sites and core housing projects administered by private sector and civic society intermediaries; (b) providing subsidies for core housing in conjunction with informal land developers; (c) creating incentives for allocating a fixed share of government revenues for housing; and (b) improving cost recovery in urban upgrading programs through rates and property taxes.

New loan instruments for the support of *residential infrastructure development* may include: (a) preparing plans and budgets, and supporting infrastructure investment for the timely urban expansion on the urban fringe to insure a steady supply of affordable land for new housing development; (b) introducing fiscal mechanisms for increasing cost recovery of urban infrastructure investments.

New loan instruments in support of *regulatory reform* may include: (a) streamlining (or privatizing, as in Guatemala and Colombia) the permit–granting system; (b) removing regulatory barriers to the addition of rental units and home–based businesses to existing homes; (c) improving adherence to structural safety standards in disaster–prone areas; and (d) reserving and protecting adequate amounts of green "wedges" from urban expansion.

New loan instruments in support of *institutional reform of government housing agencies* may include: (a) increasing the use of intermediaries in the supply of serviced sites, house improvements and new houses; (b) creating a forum for managing and overseeing the housing sector as a whole; and (c) supporting the creation of a monitoring system for the housing sector.

The continued emphasis on regulatory reforms:

While there has been a strong emphasis on program elements that stress regulatory and legal reforms in the housing sector, accomplishments along these important elements of housing policy have been few and far between. The typical rationale for combining investments and regulatory reforms in housing sector loans calls for using investments to *leverage* needed reforms. And while standard regulatory reform components—e.g. the revision of land subdivision and building standards to allow for their progressive development—are usually included in the design of loans, more attention has been given, both by government agencies in charge of implementation and by Bank country offices charged with the administration of loans, to physical investments rather than to regulatory reforms. This is unfortunate, as it reduces the effectiveness of the loans in improving housing sector performance.

The Bank's record in initiating reforms in the housing sector has been mixed. In the two cases where the Bank has strongly supported the closure of the government housing banks—in Panama and in Nicaragua—it has not been successful. In the case of Nicaragua, waiting the passage of a new housing law has delayed project approval but has successfully avoided proceeding with the loan under adverse conditions. Regulatory reforms in Guatemala, calling for land regularization in informal neighborhoods have yet to be implemented, but the Ministry of Housing has now adopted—after extensive deliberations—a new housing policy incorporating many of the Bank's recommendations, and is presently seeking Bank assistance in making its policy operational. In Ecuador, as a result of the intervention of the Bank–assisted program, 21 municipalities have adopted new progressive land subdivision and housing regulations, and 13 municipalities have initiated programs of tenure regularization.[5] In the future, greater emphasis must be given to the administration and follow–up of regulatory reforms.

V THE PERFORMANCE OF HOUSING LOANS

The administration of loans by country offices:

The design teams charged with negotiating and formulating the structure and content of loan programs are composed of housing and urban professionals at the Bank's headquarters and designated staff members in the Bank's country offices. Once a loan is approved, however, its administration becomes the sole responsibility of the country representatives in the country offices and their staff. Staff at headquarters may be invited for administration missions from time to time, at the behest of country representatives, but have no responsibility for the performance of the loans they designed. In some operations, they are regularly invited on administration missions,

---

5 Rourk, Phillip W., "Ecuador: Programa de Apoyo al Sector Vivienda: Evaluación de Impacto," Informe Final, Unpublished, February 2002, 12.

and in some—where they should be invited—they are not with the result that projects drift away from their original objectives.

In the São Paolo "Singapura" project, for example, where city–center favelas were to be redeveloped as apartments that would house their original inhabitants, the original design called for a mix of 1–bedroom, 2–bedroom and 3–bedroom apartments that was to match the ability to pay of prospective beneficiaries without specifying that mix. Of the total number of apartments contracted for construction, only 5% were 1–bedroom apartments. 10% were 3–bedroom apartments, and the rest, 85%, were 2–bedroom apartments costing $19,500 (without the price of land), more expensive at that price than similar apartments offered by the private sector nearby. The administration mission that visited São Paolo in August 2001 concluded that it was too late to intervene.[6]

While it may not be necessary to change the locus of official responsibility for the administration of loans, it may be advisable to change the existing culture in the Bank, so that designers of loans at headquarters remain accountable for the performance of their loans and follow them through to their completion, anticipating problems, reading early–warning signals, and intervening where necessary before it is too late. This can be accomplished, for example, by engaging staff at headquarters in mandated on–going evaluations of projects that are financed by central Bank funds.

Monitoring and evaluation of housing sector loans:

At present, the quality of monitoring and evaluation reports of Bank–supported housing programs is dismal, largely as the result of the underlying incentive structure that motivates evaluation, and the mixed signals regarding the need for rigorous evaluation. The budget for evaluating specific program components is at the discretion of borrowing countries, which generally have no interest in a rigorous evaluation once monies have been spent. In the few cases where evaluation is called for as a precondition for a second–stage loan, borrowers are generally not required by Bank staff to produce high–quality reports, and evaluations are often done haphazardly and without resort to serious sample surveys and statistical procedures.

In fact, it is in the interest of the Bank itself (and its other member countries) to monitor and evaluate its projects rigorously, so as (a) to be able to determine whether its loans were efficiently targeted, had generated value in excess of investments, and had the desired impacts; (b) to accelerate learning from project to project in order to improve project design; and (c) to be able to present good data on project performance to prospective borrowers in other countries, and to promote its lending program in the sector. However, since funds for program evaluation are part of the loan funds of particular projects, the Bank is at the mercy of its borrowers when it comes to evaluation.

The incentive system underlying evaluation must be reformed, so as to make it possible for the Bank itself to produce rigorous statistical studies of program and project

---

6 Inter–American Development Bank, Empréstimo 938/OC–BR, Programa de Melohoramento em Favelas no Município de São Paolo, Ajuda Memória da Missão de Administracão, 25–31 de Agosto de 2001.

performance relying on established techniques—e.g. random sample interviews of households before and after project intervention, using control groups of non–participating households where necessary. These statistical studies may need to be accompanied by reviews of the performance of the executing agency, and an overview of changing conditions affecting the housing sector. Such studies need to be financed by central Bank funds—as well as by loan funds—and need to take place on three occasions during a project's lifetime: once one–third of the funds are committed, once two–thirds of the funds are committed, and once the project is completed. Standard experimental procedures need to be developed and tested in one and more countries and then applied repeatedly throughout the Bank's housing operations, so that a regional comparative framework of program performance gradually emerges.

The choice and performance of executing agencies:

There is no question that the Bank has both a choice and a say in the selection of executing agencies for its loans. Executing agencies can be any one of a number of central government departments, one or more provincial or state–level agencies, or a group of municipal authorities. In the future, the Bank should consider more carefully the possibility of directing housing sector loans to lower levels of government, as has been the case in Rio de Janeiro and São Paolo in Brazil, and in Rosario in Argentina. The main criteria for selecting the appropriate institution are (a) its technical capacity and its understanding of the housing sector; (b) its operational ability to execute the proposed program at the required scale and to work with a large number of private–sector and civic–society intermediaries; (c) its independence from political influences that may deflect the project in undesirable directions during implementation; (d) the political will to abandon its old practices and to reform itself to engage in new ones; and (e) its human resources policies and their ability to attract and retain high quality personnel.

In a number of cases, e.g. in Guatemala and Panama, Bank staff may have been too optimistic with regard to assessing the capacity of the chosen executing agency, as well as with the prospects of upgrading its institutional capacity rapidly. In Guatemala, this has resulted in rapid and haphazard disbursement of program funds by private–sector intermediaries with little or not control and oversight by the executing agency. In Panama, a change of government resulted in transforming the irregular disbursement of IDB program funds by the Ministry of Housing (MIVI) into an effective program of building 36m^2 core house kits on owned plots for $1,700. In Ecuador, the Bank–supported housing program was able to strengthen the Ministry of Housing, and to engage some 80 developers and private builders, 272 'technical entities,' and 30 banks and savings–and–loan institutions in moving down market to build, to provide technical assistance, and to finance houses costing less than US$8,000.[7]

It should be understood at the outset that the operational capabilities of the executing agency and the related intermediaries in the private and civic sectors is crucial for the success of Bank–assisted programs, and that capacity building efforts require time, resources, and commitments which may not always be forthcoming. In places where the

[7] Frontier Finance International, "Housing finance in Ecuador: Lesson learnt with A Government Program to Finance Low–Income housing, 2001, 26–27 and 49.

institutional capacity is low and needs to be built up, programs need to be designed as staged interventions that allow for the gradual build–up of the required capacity.

The relative impact of the Bank's housing sector loans and the issue of scale:

The Bank interventions in the housing sector have had numerous impacts on the housing sector in borrower countries, and these impacts have differed from one place to another. In an important sense, the Bank's impact has been a function of the relative size of the loan in comparison with the size of the country's economy: the Bank has had a significant impact on housing policy and on housing sector performance in the smaller Central American countries, but only a limited—program specific—impact in the larger countries, notably Brazil and Mexico. In Brazil, the Bank intervention in urban upgrading has been very successful and broad in its implementation, yet generally limited mainly to urban upgrading in its various forms. In Mexico, the Bank intervention has been substantial in size, but limited to one second–tier housing finance institution. In Colombia and Venezuela too, Bank housing loans have been limited to one or two limited program components and have shied away from a comprehensive review and a comprehensive multi–component loan aiming at overall housing sector reform.

In smaller countries, on the other hand, the Bank has assisted in the preparation of solid reviews of the conditions in the housing sector and the status of housing policy, and has given governments a useful broad view of their housing agenda. In the case of Guatemala, for example, this has led to the formulation of a new and comprehensive housing policy. Housing loans to these smaller countries—e.g. the loans to Guatemala, Panama, El Salvador, and the Dominican Republic—were designed as rather ambitious multi–component loans, aimed at a balanced transformation the sector as a whole. While well–designed, these loans often proved to be too difficult to implement in the absence of adequate institutional capacity and the right kind of political will, and, as a result, did not have the envisioned impact.

Targeting the poor in housing sector loans:

In general, all housing sector projects at the Bank are carefully designed with the objective of targeting them to low–income families. Some components of housing sector loans lend themselves to better targeting than others. Place–based interventions—especially the upgrading of infrastructure in established urban communities and a lesser extent house improvements on owned land—are generally better targeted than upfront subsidies to individual families or serviced sites.

Good data on the targeting of upfront subsidies in Bank projects is not available, making it impossible to determine whether loan funds actually reach poor families, and whether or not they have an impact on poverty reduction. Informal assessments by Bank staff suggest that they do not reach families in the first two income quintiles. A survey of 157 families that participated in the Bank–supported *Sistema de Incentivos para Vivienda* (SIV) in Ecuador, for example, found that 71 families with average monthly incomes of US$132 built houses on their own plots with an average cost of US$4,400 and

86 families with average monthly incomes of US$154 bought new houses with an average price of US$6,350.[8] Both groups would be in the third quintile of the 1999 income distribution. The income ceilings adopted by the program—US$240 for house improvement on owned land costing less than US$4,000 and US$360 for new housing costing less than US$8,000[9]—appear to target households in the third and fourth quintiles of the 1999 income distribution.

While the design of Bank–supported housing programs focuses on proper targeting, actual targeting is often subverted during the implementation stage. This has been the case in the São Paolo "Singapura" project discussed earlier. Sometimes there are mistakes in targeting at the design stage as well. In the Trinidad and Tobago Bank–supported program, for example, initial targeting during the design stage included 95% of the households in the country as eligible for the program. As a consequence, in the La Paille sites–and–services project, for example, there are several two–story houses with two–car garages, currently valued at US$100–125,000.[10]

The creation of value in urban upgrading projects:

The *Favela–Bairro* program in Rio de Janeiro, supported by the Bank, has been able to upgrade one half of the favelas in the city, benefiting half a million people. In eight favelas in Rio, surveyed before and after urban upgrading took place, the value of houses rose by 97% on average, and 2.5m^2 on average, valued at US$260, was added to every house. If we consider that the average value of houses was of the order of US$2,900 (author's estimate based on tables in the text), and that the average per unit cost of urban upgrading in Rio was of the order of $3,200, then we can conclude that the subsidies generated almost immediate benefits that equaled their cost.

In addition, it should be noted that the number of small businesses in these 8 favelas almost doubled after the upgrading, generating several hundred places of employment. House prices also increases in the vicinity of upgraded areas. In other countries, smaller increases in value—of the order of 30 to 60%—were observed in upgraded communities.[11] While it is generally agreed that urban upgrading projects have high internal rates of return, more systematic studies are needed to assess that rate of return more accurately, and to better explain place–to–place variations.

Housing sector loans and the mobilization of resources:

According to World Bank estimates, government expenditures in Latin America accounted for 15% of Gross Domestic Product (GDP) in 1999, while Gross Capital

---

8 Frontier Finance International, "Housing finance in Ecuador: Lesson learnt with A Government Program to Finance Low–Income housing," 2001, 35.

9 Frontier Finance International, 2001, 23.

10 Angel, Shlomo, 2000a. "A National Settlement Program for Trinidad and Tobago: The Key to Housing Policy Reform," Report to the Inter–American Development Bank, Washington, D.C.: November, 29.

11 Brakarz, José, Margarita Greene and Eduardo Rojas, *Ciudades Para Todos: La Experiencia Reciente en Programas de Mejoramiento de Barrios*, 2002 (forthcoming), 55–73.

Formation amounted to 20%. On average, housing investment may have amounted to 20% of Gross Capital Formation,[12] forming some 4% of GDP. Were governments to allocate 1–4% of their budgets to housing subsidies, they would amount to 4–15% of total housing investment. It is difficult to estimate, given present data, how much is allocated for housing subsidies in Latin America. But there is no question that most housing investment is made by the household and private sectors, and not by government. To be effective in enabling housing markets to work, governments should expend adequate resources to mobilize household and private resources effectively.

Bank–assisted projects have helped mobilize these resources in numerous ways. As noted above, urban upgrading projects have resulted in additional investments of savings and labor by households in house improvements. It has been estimated, for example, that the US$48 million upfront subsidy program in Ecuador mobilized some US$12–13 million (25% of subsidies) in mortgage credit from some 93 institutions including banks, savings–and–loan institutions, cooperatives, builders and employers. **[check this!]**[13] In other projects, where commercial banks were relied upon to provide mortgage loans in conjunction with upfront subsidies, they have failed to do so. In Guatemala, for example, out of 51,000 subsidies totaling some US$70 million, only 2,000 were issued in conjunction with loans, and the loans totaled US$11.7 million (17% of subsidies).[14]

More emphasis needs to be put on the mobilization of the resources of households and the private sector in housing projects, on the creation of progressive housing solutions, on the institution of new mechanisms (e.g. rates and taxes) to recover the cost of providing services, and on assessing the relative ability of different instruments—e.g. infrastructure upgrading, titling, serviced sites, and house improvement grants, house building on owned sites—to mobilize additional resources.

VI CONCLUSION

The Bank's housing sector strategy, encapsulated in its *Operational Guidelines for Housing* of 1995 continues to be relevant and appropriate, and need not be modified at this time. While rural–urban migration and urban growth have slowed down in recent years and housing conditions have improved, housing problems in the region remain acute. The rationale for public intervention in the housing sector continues to be strong, and lending for housing can and should form a significant and increasing part of the Bank's Social Development Strategy in the years to come. The percentage of Bank loans that now go into the housing sector, 2.8%, can be safely increased, and most countries in

---

12 See, for example, World Bank, *Housing: Enabling Markets to Work*, A world Bank Policy Paper, Washington D.C., 1993, 11.

13 Frontier Finance International, "Housing finance in Ecuador: Lesson learnt with A Government Program to Finance Low–Income housing," Unpublished Report, Cities Alliance, December 2001, 42–48.

14 Angel, Shlomo, 2000b. "Housing Policies and Programs in Guatemala: Diagnosis, Evaluation and Guidelines for Action," 25.

the region should be able to sustain a higher level of properly–targeted housing subsidies in their regular budgets, subsidies designed to leverage high levels of household and public sector resources. The Bank should act more aggressively to increase the awareness of its housing program among borrower countries.

The design of housing sector loans should continue to rely on broad and systematic assessments of the housing sector, as it has in recent years. The design of loans should continue to address all aspects of the sector in need for reform. It should zero in on priorities for immediate action to remove key bottlenecks, while at the same time making initial preparation for medium and long–term programs. The eventual choice of instruments for a loan program should be tailored to the institutional capacity of the executing agency in charge of implementation. The design of housing loans should aim at striking a balance between urban upgrading, on the one hand, and new housing supply to meet the need of low– and very–low income families on the other. This balance does not yet exist—the overall amount of loans is still heavily tilted toward upgrading, without offering real alternatives to upgrading in new housing solutions.

The Bank has now developed a number of standard instruments for housing sector reform—urban upgrading, upfront subsidies in lieu of mortgage lending by the public sector, serviced sites in lieu of completed housing units, new house construction on owned land, house improvement grants, regulatory reform of land subdivision and building regulations, and the institutional reform of public housing institutions. There is a need to continue to develop new prototype loan instruments on a variety of fronts—to engage informal land developers, to manage large–scale land titling programs, to improve cost recovery in upgrading projects, to create new macro–blocks for civic–society and private sector development of serviced sites on the urban fringe, and to implement institutional reforms in the housing sector.

There is a critical need to overcome present difficulties in the implementation of loan programs by executing agencies and in the administration of loans by country offices. The choice of executing agencies must be made more judiciously. Bank staff at headquarters must remain accountable for the performance of the loan programs they designed through the systematic evaluation of the loans at three stages in their implementation: when one–third and two–third of the funds are committed and when the projects are completed.

Systematic monitoring and evaluation of housing sector projects, financed by central Bank funds as well as by project loans, is crucial for Bank oversight of its loans, for learning by doing, and for informing other borrowing countries of the Bank's housing sector performance. It is important to develop a standard set of monitoring tools that can be later use to compare and evaluate the Bank's housing program as a whole. The monitoring component of every loan should be developed at the time of loan design and negotiation, and monitoring activities—e.g. estimates of the total target population and baseline surveys—should be initiated as soon as project disbursement commences.

The impact of the Bank's housing sector strategy has been mixed: in smaller Bank countries it has often led to important revisions of the housing policy regime, in larger countries it has helped foster large and successful housing programs—urban upgrading in Brazil and an upfront subsidy system coupled with a secondary–market in housing finance in Mexico. Upgrading programs have been especially well–targeted and attained good internal rates of return. Upfront subsidy programs were uneven in their performance, often not succeeding in attracting commercial banks to move down market. In contrast, the Ecuador upfront subsidy program succeeded in disbursing a large number of subsidies, in mobilizing financial resources well in excess of the subsidies, and in initiating the reform of building and land subdivision regulations in a large number of municipalities.

To conclude, the Bank housing sector strategy is on the right course. Its programs have improved the lives of several million low–income people in the 1990s. The design of projects now needs to be improved to bring a balance between upgrading and new housing, and to tailor the number of loan components to the institutional capacity of the executing agency. And the administration of loans needs to be improved through better communication between country offices and housing specialists at headquarters, and through systematic evaluation studies financed by Bank central funds.

Annex 1: The Structure of the Bank's Housing Loan Portfolio 1992–2002

	Country	Project Name	Year Appr.	Total Funds (000)	IDB Loan (000)	Local Funds (000)	Supply-Side Subsidies: Sites-and-Services	Supply-Side Subsidies: House Construc	Supply-Side Subsidies: Urban Upgrading	Supply-Side Subsidies: Community Facilities	Demand-Side Subsidies	Long-Term Credit	Institutional Development	Regulatory Reform	Program Design and Administration	Miscellaneous Technical Assistance	Financing Costs and Contingency
		APPROVED PROJECTS															
1	Paraguay	Prog.Apoyo Reordenamiento Sec.Habitacional	1992	60,000	54,000	6,000					25,000	25,177	3,283		540		
2	Uruguay	Programa Apoyo al Sector Habitacional	1992	73,000	48,000	25,000					45,100		2,400		500		
3	Chile	Prog. de Lotes-Servicios y Mejor. de Barrios	1993	150,000	50,000	100,000		33,165	16,335						165		335
4	Brazil	Rio de Janeiro Urban Upgrading Program	1995	300,000	180,000	120,000		6,000	41,300		36,000	60,000					1,800
5	Venezuela	Soluciones Habitacionales Interes Social	1996	87,000	52,000	35,000					46,860		2,500		1,600		1,040
6	Argentina	Programa de Mejoramiento de Barrios	1996	170,000	102,000	68,000			94,400	6,600							1,000
7	Brazil	Prog. de Mejoramiento de Favelas en Sao Paolo	1996	250,000	150,000	100,000			142,460				1,610		4,430		1,500
8	Panama	Housing Program	1996	69,870	41,670	28,200		17,300			7,500	2,950	9,570				4,350
9	Brazil	Rio de Janeiro State "Baixada Viva" Program	1997	300,000	180,000	120,000			176,200				2,000				1,800
10	Guatemala	Programa de Vivienda	1997	108,800	60,000	48,800	27,680				18,220		2,500	6,350			5,250
11	Ecuador	Apoyo al Sector Habitacional	1997	68,600	62,000	6,600					55,000		1,290	260	3,847	590	1,013
12	Bolivia	Programa de Apoyo a la Politica de Vivienda	1998	71,000	60,000	11,000			29,500			18,000	8,500		1,400	500	2,100
13	Brazil	Mejoramiento de Barrios "Habitar Brazil"	1998	417,000	250,000	167,000			202,000				30,500		15,000		2,500
14	Honduras	Programa de Vivienda Post Huracan	1999	11,380	10,240	1,140					7,350		1,220	500	1,170		
15	Uruguay	Prog. de Integracio de Asent. Irregulares	1999	110,000	77,000	33,000			59,200	6,100			270	980	2,250		8,200
16	Guyana	Low Income Settlements	1999	30,000	27,000	3,000	17,398		3,853				1,546	775	2,948	210	270
17	Brazil	Rio de Janeiro "favela-Bairro"- Segunda Etapa	2000	300,000	180,000	120,000			166,700	11,500							1,800
18	Mexico	Programa de Financiamiento de vivienda	2000	1,170,000	505,000	665,000					60,000	400,000				10,000	35,000
19	Argentina	Propgrama rosario Habitat	2001	71,700	43,000	28,700			36,800	1,900			1,200		2,700		400
20	Suriname	Low Income Shelters	2001	12,300	9,800	2,500					6,943			75	1,598	760	424
21	Brazil	Tenement Action Program in State of Sao Paolo	2001	70,000	34,000	36,000				1,000	15,000	16,160	600		900		340
22	El Salvador	Programa de Vivienda	2001	94,600	70,000	24,600		20,000	35,930			500	5,630		860		7,080
	Average			181,602	102,078	79,525	22,539	23,488	95,132	5,420	28,697	77,131	4,664	1,490	2,661	2,412	4,011
	Median			90,800	60,000	34,000	22,539	20,000	76,800	6,100	21,610	17,080	2,200	638	1,598	590	1,800
	Total			3,995,250	2,245,710	1,749,540	45,078	70,465	1,141,578	27,100	286,973	462,787	74,619	8,940	39,908	12,060	76,202
	Percent of total						2.0%	3.1%	50.8%	1.2%	12.8%	20.6%	3.3%	0.4%	1.8%	0.5%	3.4%
					220,000												
		PENDING PROJECTS															
1	Colombia	Programa de Vivienda Social	Pend	145,000	100,000	45,000					84,138		2,759		6,207		6,897
2	Nicaragua	Programa Vivienda Sector Bajos Ingresos	Pend	50,000	40,000	10,000					35,500		3,000	1,500			
3	Trinidad/Tobago	Second Stage Settlement Program	Pend	100,000	80,000	20,000			14,400		53,520		2,000		1,680		8,400
4	Dominican Rep.	Programa de Vivienda	Pend	100,000	70,000	30,000											
5	Venezuela	Programa de Apoyo del Sector vivienda	Pend	300,000	180,000	120,000											
6	Peru	Programa de Mojoramientos de Barios y Vivienda	Pend	Unknown	100,000	Unknown											
7	Ecuador	Programa Apoyo Sector Vivienda II	Pend	38,000	30,000	8,000											
8	Honduras	Programa de Vivienda II	Pend	Unknown	30,000	Unknown											
9	Nicaragua	Programa de vivienda II	Pend	Unknown	20,000	Unknown											
10	Honduras	Mejoramiento Barrios Marginales	Pend	Unknown	15,000	Unknown											
11	Barbados	Housing and Nbd. Upgrading Program	Pend	40,000	28,000	12,000											
12	Argentina	Programa Nacional de Vivienda	Pend	750,000	600,000	150,000											
	Average			126,917	107,750	32,917			14,400		57,719		2,586	1,500	3,943		7,649
	Median			100,000	55,000	25,000			14,400		53,520		2,759	1,500	3,943		7,649
	Total			1,523,000	1,293,000	395,000			14,400		173,158		7,759	1,500	7,887		15,297

Annex 2: The Structure of Housing Subsidies in Bank Supported Projects 1992–2002

				Urban Infrastructure Upgrading & Titling		Upfront Subsidies for New Housing		Upfront Subsidies for House Imrovements		Sites and Services Projects		House Construction Projects		. Project as a Whole	
	Country	Name of Program	Year Approv.	Beneficiary Households	Subsidy per HH	Beneficiary Households	Subsidy per HH	Beneficiary Households	Subsidy per HH	Beneficiary Households	Subsidy per HH	Beneficiary Households	Subsidy per HH	Beneficiary Households	Subsidy per HH
1	Paraguay	Prog.Apoyo Reordenamiento Sec.Habitacional	1992			12,500	2,000							12,500	2,000
2	Uruguay	Programa Apoyo al Sector Habitacional	1992									7,700	9,000	7,700	9,000
3	Chile	Prog. de Lotes-Servicios y Mejor. de Barrios	1993	27,000	2,120							27,000	3,490	54,000	2,805
4	Brazil	Rio de Janeiro Urban Upgrading Program	1995	75,000	3,200									75,000	3,200
5	Venezuela	Soluciones Habitacionales Interes Social	1996			10,000	6,100	625	1,600					10,625	5,835
6	Argentina	Programa de Mejoramiento de Barrios	1996	31,200	4,375									31,200	4,375
7	Brazil	Prog. de Mejoramiento de Favelas en Sao Paolo	1996	21,000	1,965	9,000	7,000					2,000	5,000	32,000	3,571
8	Panama	Housing Program	1996									14,842	1,700	14,842	1,700
9	Brazil	Rio de Janeiro State "Baixada Viva" Program	1997	74,000	2,900									74,000	2,900
10	Guatemala	Programa de Vivienda	1997			5,375	1,545	38,898	1,545	37,526	1,460			81,799	1,506
11	Ecuador	Apoyo al Sector Habitacional	1997			30,816	1,520	12,108	750					42,924	1,303
12	Bolivia	Programa de Apoyo a la Politica de Vivienda	1998	23,000	2,220									23,000	2,220
13	Brazil	Mejoramiento de Barrios "Habitar Brazil"	1998	70,000	4,745									70,000	4,745
14	Honduras	Programa de Vivienda Post Huracan	1999			8,400	1,000							8,400	1,000
15	Uruguay	Prog. de Integracio de Asent. Irregulares	1999	30,000	3,450									30,000	3,450
16	Guyana	Low Income Settlements	1999	6,500	800					15,000	1,200			21,500	1,079
17	Brazil	Rio de Janeiro "favela-Bairro"- Segunda Etapa	2000	58,000	3,640									58,000	3,640
18	Mexico	Programa de Financiamiento de vivienda	2000			30,000	4,500							30,000	4,500
19	Argentina	Propgrama rosario Habitat	2001	6,600	8,700									6,600	8,700
20	Suriname	Low Income Shelters	2001			4,000	2,100							4,000	2,100
21	Brazil	Tenement Action Program in State of Sao Paolo	2001			5,000	5,000							5,000	5,000
22	El Salvador	Programa de Vivienda	2001	20,000	2,200							8,000	2,500	28,000	2,286
		Total		442,300		115,091		51,631		52,526		59,542		721,090	
		Median Value			3,050		2,100		1,545		1,330		3,490		3,050
		Average Value			3,360		3,418		1,298		1,330		4,338		3,155
		Standard Deviation			1,925		2,119		388		130		2,578		2,140