

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PERU**

**LOAN TO ASOCIACIÓN MUTUAL DE CRÉDITO PARA VIVIENDA "EL PUEBLO"**  
**(PE-0075)**

**LOAN PROPOSAL**

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## SUMMARY

### LOAN TO THE ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA

#### "EL PUEBLO" OF PERU

- 1.- The Borrower: The Asociación Mutual de Crédito para Vivienda (ACMV) "El Pueblo", hereafter called Mutual "El Pueblo", a private non-profit savings and loan association, was chartered in 1961. The Mutual has worked with energy and success to attract savings and to make loans to its members for low-cost housing in the Department of Lima, to which its operations are limited by law. At year-end 1964, savings deposits amounted to US\$4,201,000 <sup>1/</sup>.
- The Bank made a loan to Mutual "El Pueblo" on March 23, 1962 for US\$1,000,000 from the resources of the Social Progress Trust Fund, which loan has been totally disbursed.
- 2.- Amount of loan requested: Up to the equivalent of US\$1.2 million.
- 3.- Source of Funds: The Social Progress Trust Fund.
- 4.- Guarantee: The loan would be guaranteed by the Republic of Peru.
- 5.- Description of the Project: The proposed loan would permit the financing of approximately 500 houses for members of Mutual "El Pueblo". Housing projects for cooperative groups would as a rule be the basis for the development of the program, rather than individual houses.

Loans would finance up to 80% of the appraised value of each house, and terms of up to 20 years would be granted at an interest rate which would not exceed 10%. Eligibility for financing under the proposed loan would be limited to houses valued at up to US\$5,250, and to members whose maximum level of family income would not exceed S/.3,500 (US\$130) monthly, plus an additional 10 percent for each qualified dependent. The proceeds of the loan would not be utilized to finance acquisition of land.

The loan would include an item of US\$45,000 equivalent for technical assistance to help Mutual "El Pueblo" improve its program of administration, including a restructuring of the loan promotion and social assistance units, as well as making possible the decentralization of executive functions.

- 6.- Term, Interest Rate and Disbursement Period: The loan would be amortized within a period of 20 years, in 39 semi-annual and consecutive installments, the first of which would be due one year after the date of the contract. The first seven payments would be for US\$10,000 each and the remaining 32 would be equal in their dollar equivalent including principal and interest. Interest would be charged at the rate of 1.25% per annum, plus

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<sup>1/</sup> All figures throughout this document have been converted at the rate of S/.26.82 = US\$1.00.

a service commission of  $3\frac{1}{4}$  of 1% per annum on outstanding balances. Total disbursement would be made within two and one half years from the date of the contract.

- 7.- Sources of Financing: Mutual "El Pueblo's" program for the 1965-1966 calendar years, the period during which the funds from the proposed loan would be committed, is expected to include the granting of approximately 2,100 housing loans which would entail an outlay of the equivalent of approximately US\$12.4 million. Within this larger program, the IDB loan would contribute to the financing of up to 500 houses, whose total cost has been estimated at the equivalent of US\$1,680,000, to be financed as follows:

		<u>US\$ equivalent</u>	<u>Percentage</u>
<u>External</u>	IDB	1,200,000 <u>1/</u>	71
<u>Local</u>	Mutual "El Pueblo" and beneficiaries	<u>480,000</u>	<u>29</u>
		<u>1,680,000</u>	<u>100</u>

- 8.- Justification of the Loan: The housing shortage in Peru is especially acute in the Province of Lima. The Lima-Callao metropolitan area tripled in population from 1940 to 1961, rising from 711,000 to 2,138,000 inhabitants. In 1961 it was estimated that 25% of the population of the metropolis lived in substandard, self-constructed houses which did not usually have even sanitary services, and the rate of construction since that time has been insufficient to satisfy the needs of the expanding population.

Mutual "El Pueblo" is the largest savings and loan association in Peru, having lent 28.42% of all funds made available to members of savings and loan associations in the country in 1964. In Lima-Callao, 35.2% of funds lent during 1964 by the nine savings and loan associations in the area were those of Mutual "El Pueblo".

The activities of Mutual "El Pueblo" are contributing toward mobilizing the savings of a growing number of low-income families, thus helping to alleviate the housing shortage. The proposed loan would constitute additional seed capital for attracting still more substantial local resources to give support to the much needed investment efforts in the low-cost housing field in Peru. Mutual "El Pueblo" has already shown through the execution of the first IDB loan that it is able to use efficiently the new funds which would be made available for carrying out the project described in this document.

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1/ Includes US\$45,000 for technical assistance which would actually benefit the entire program of Mutual "El Pueblo".

- 9.- Loans to Peru: As of April 30, 1965, the IDB granted 16 loans to Peru for a total of US\$53.2 million.

<u>Source of Funds</u>	<u>Number</u>	<u>Amount</u> <u>(In US\$1,000's)</u>	<u>Disbursements</u> <u>(In US\$1,000's)</u>
Ordinary resources	7	16,773	10,573
Trust Fund	8	35,950	17,954
Fund for Special Operations	1	475	- -
Total	16	53,198	28,527

- 10.- The Operations Department, on the basis of studies carried out by the Project Committee, submits this loan document to the President of the Bank, in order that, if he finds it appropriate, the respective draft resolution may be submitted to the Board of Executive Directors.

## ANALYSIS OF THE PROJECT

### I. INTRODUCTION

#### The Application

- 1.01 In 1962 the Bank made a loan of the equivalent of US\$1 million to Mutual "El Pueblo", which is now completely disbursed.
- 1.02 The possibility of a second loan was raised by Father Daniel McLellan, M.M., President of the Mutual during a visit by a member of the Bank staff to that organization in March 1964, and a formal request was made by Father McLellan in a letter to the Bank dated March 23, 1964. A Bank mission made an examination of the operations of Mutual "El Pueblo" the following August and reported favorably on its organization, capacity to execute the proposed project and its financial situation.
- 1.03 The Instituto Nacional de Planificación declared the project to have priority, as reported by its Director to the Bank in a letter dated August 24, 1964.
- 1.04 The Banco de la Vivienda del Peru expressed its support for the loan to Mutual "El Pueblo", but added that in the future it would prefer the IDB to make loans to the Banco de la Vivienda so that other mutual savings and loan associations could also benefit from the Bank's assistance.

#### Eligibility

- 1.05 On March 11, 1965 the Board of Executive Directors approved prima facie the recommendations contained in the preliminary Eligibility Document DE-FF/64P-20 of September 14, 1964. It was recommended that in the event of final approval of the proposed loan, appropriate provisions be included in the loan contract to ensure that the co-operative housing projects to be partly financed with IDB funds count at the appropriate time with indispensable public facilities such as electricity, water and sewage installations as well as with any community services that might be deemed necessary. A clause has been included in the proposed resolution to comply with this recommendation.

## II. THE BORROWER <sup>1/</sup>

- 2.01 Mutual "El Pueblo" is a private savings and loan association with offices in Lima. It was formed as a non-profit organization under Peruvian Law No. 12813 for the purpose of promoting the mobilization of capital to use for housing loans and began operations on March 1, 1961. Its operations are now supervised, controlled and audited by the Banco de la Vivienda del Peru, a Government entity which was created in November, 1962.
- 2.02 The Mutual currently has an eight member Board of Directors, headed by its President and founder, Father Daniel McLellan, M.M. Members of the Board are elected for a three year period by vote of the members of the association, and serve without remuneration.

### Functions

- 2.03 The Mutual performs the following principal functions:
- i) receives cash for investment from its members which is credited to individual savings accounts,
  - ii) grants mortgage loans to its own members (though it is also empowered to lend to third parties) for purchase or construction of dwellings, which may include space devoted to the owner's commercial or industrial establishment. These loans are amortized over periods of from five to twenty years by means of fixed monthly payments which include interest and insurance. Loans are limited to a maximum of 100,000 soles (US\$3,730), but cannot exceed 80% of the value of the property,
  - iii) makes home improvement loans, secured or unsecured, for sums of up to 25,000 soles (US\$930).<sup>2/</sup>

### Available Resources

- 2.04 The Mutual's resources ordinarily come from the following:
- i) Member deposits
  - ii) Loans from Banco de la Vivienda del Peru.
  - iii) Loans from external sources.
  - iv) Income from the Mutual's operations.
- 2.05 Mutual "El Pueblo" may issue notes or bonds, borrow money, conduct banking operations, and enter into such other civil and commercial contracts as it deems convenient, under the Law of Savings and Loan Associations.

<sup>1/</sup> The organization, administration and functions of Mutual "El Pueblo" are described in detail in loan document DE-FFD/62/7 of March 5, 1962.

<sup>2/</sup> In practice, the Mutual does not make unsecured loans.

- 2.06 Besides the US\$1 million loan granted by the IDB to Mutual "El Pueblo" in 1962 from Trust Fund resources (25-TF/PE), the Banco de la Vivienda has made it three loans, for a total of S/.30,000,000, to be repaid in periods of 6, 7 and 15 years. These loans are secured by pledging of mortgage notes to the Banco de la Vivienda at 80% of face value.

### Financial Situation

- 2.07 A comparison of "El Pueblo's" assets as of December 31, 1964 with those of a year earlier shows a growth of 58.6%, from the equivalent of US\$3,957,200 to US\$6,276,300. Mortgage loans and home improvement loans increased from US\$3.1 million and US\$143,100 respectively, to US\$5.0 million and US\$202,400, that is, by 61.2 and 41.4%. On the liability side, savings accounts rose 82.6%, from US\$2.3 million to US\$4.2 million, while disbursements from the Banco de la Vivienda and IDB loans rose gradually from US\$834,500 and US\$723,600, respectively, to US\$937,400 and US\$962,200. The comparison of balance sheets underlines the growth of the organization, as well as the high degree of utilization of available resources.

### MUTUAL "EL PUEBLO"

#### Comparative Summary of Balances as of December 31 1/

(Thousands of US dollar equivalents)

<u>Assets</u>	<u>1963</u>	<u>1964</u>
Mortgage loans	3,098	4,986
Home improvement loans	143	202
Furniture and Fixtures	20	33
Other assets	22	36
Cash in banks	674	1,019
Total resources	<u>3,957</u>	<u>6,276</u>
<u>Liabilities</u>		
Savings accounts	2,299	4,201
Loans: Banco de la Vivienda	834	937
Loan: IDB	724	962
Other liabilities	9	12
Reserve	91	164
Total liabilities	<u>3,957</u>	<u>6,276</u>

1/ Additional detail may be found in Annex I, Financial Analysis

- 2.08 During 1964 savings by members increased by US\$1,902,400; net drawings from bank loans amounted to US\$341,500; and payments received on mortgage loans made, including principal and interest, totaled US\$0.7 million. In that year 688 new loans were made which totaled US\$2.6 million, and adequate cash reserves were maintained. Of the loans made in 1964, 392 were for home improvement, and the remainder were for home purchase.
- 2.09 Mutual "El Pueblo" reported net income of US\$236.8 thousand in 1964, as compared with US\$163.5 thousand in the previous year. Of the 1964 earnings, US\$153.7 thousand were credited as interest to members accounts. The balance was distributed to various reserves and to a fund for promotion. (See Annex I for further detail.)

The Savings and Housing Loan Association Movement 1/

- 2.10 The Savings and Loan system in Peru was established in 1957 through the enactment of Law 12813. Article 1 of the Law authorizes the organization and operation of private non-profit mutual institutions, for the granting of housing loans, principally with the savings of their members. The activities of the individual associations are limited to particular areas of the country.
- 2.11 The Law establishes that any natural or juridical person may become a member of a savings and loan association by paying 50 soles and meeting the other requisites which the individual organization may establish. Mutual "El Pueblo" has not set up any special requisites. Each member has the right to one vote for each S/.4,000 of savings up to a limit of 25 votes.
- 2.12 The associations are exempt from taxes, municipal or national. The individual members are exempt from taxes on the first 100,000 soles of their savings accounts as well as their earnings on this amount. These accounts are not subject to garnishment. The borrowers of the associations also enjoy tax exemptions on their loan contracts, and their own contributions to the financing of the homes as well as realty taxes on the housing unit.
- 2.13 Mutuels are governed by boards of directors and the general membership group, subject to the control of the Banco de la Vivienda. A Board of Directors may have not less than five nor more than eleven members, who shall be elected by direct vote of the members for a term of three years. Directors may be re-elected. Their emoluments must be approved by the Banco de la Vivienda.

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1/ The capacity of Mutual "El Pueblo" to contract the requested loan, the role of Banco de la Vivienda, and detail on the guarantee procedure is contained in Annex II, Informe Jurídico.

- 2.14 Mutual Savings and Loan Associations in Peru have had a remarkable growth since 1961, when the rapid development of the movement in its present form began. Accumulated deposits which at the end of that year totaled 42.7 million soles reached 246.7 million by the end of June, 1964, according to latest available data, and have shown a steady rise during the period which gives every indication of continuing.
- 2.15 The increase in the number of depositors has also been remarkable. In 1961, besides Mutual "El Pueblo" there were only three other private mutual savings and loan associations in the country, with a total of 5,300 members. As of June 30, 1964, the number of mutual savings and loan associations had grown to 21, with a total of 35,675 individual accounts.
- 2.16 In 1961, the system made a total of 355 mortgage loans and 47 non-mortgage loans. By 1963 the number of loans was 1,421 and 221, respectively, while in just the first six months of 1964, 1,171 mortgage and 167 non-mortgage loans were made.

Evaluation of the Program Financed with SPTF Loan

- 2.17 On March 23, 1962, the IDB approved a loan of US\$1,000,000 to Mutual "El Pueblo" from the resources of the Social Progress Trust Fund, to be used to increase its capacity for making housing loans to lower-income families in the Department of Lima. The respective loan contract was signed May 1, 1962, and the loan has been totally disbursed.
- 2.18 The Bank's loan provided the funds for financing of the construction of 371 houses, mobilizing US\$644,626 from the Mutual and its members, of which US\$449,391 was the value of the land contributed by the individuals financed.

- 2.19 The Mutual has satisfactorily maintained a segregated fund as a reserve against exchange rate fluctuations, as provided for in the loan contract. Of the interest received, 9% to 12% per annum, on the outstanding balances of the individual credits extended from the first IDB loan, 4% per annum is allocated to the segregated fund.
- 2.20 Houses built by Mutual "El Pueblo" with IDB funds count with all essential city services such as water and sewage, and have been constructed to a high standard in full compliance with approved plans.
- 2.21 The relative position of the Bank's loan within the total activities of Mutual "El Pueblo" is detailed below:

MUTUAL "EL PUEBLO" LOAN PROGRAM

(thousands of soles)

<u>Source of funds</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Benefitted members	12,125	17,737	21,887
Mutual resources	20,916	33,858	60,887
Banco de la Vivienda (net)	12,520	8,861	2,757
IDB (net)	<u>5,362</u>	<u>14,044</u>	<u>6,399</u>
Total	<u>50,923</u>	<u>74,500</u>	<u>91,929</u>

It can be seen that use of the resources provided by the Bank has been an important factor in the operations of the Mutual, accounting for 10.2% of the home financing operations during 1962; and 18.7 and 6.8% in 1963 and 1964, respectively.

- 2.22 Perhaps the most outstanding characteristic of the Mutual is its remarkable growth rate, which may be seen in the comparison of operations in the past two years, as outlined in paragraph 2.07. The Mutual has become one of the largest mutual savings and loan associations in South America during this period.
- 2.23 The increased volume of the Mutual's operations has had the effect of permitting successive lowering of the interest rates charged to borrowers, from 12% in August 1962, to 9% at present. Dividends to members have remained at 6% during this period.
- 2.24 In April 1962 the Bank made a technical assistance grant in the amount of US\$15,000 equivalent to Mutual El Pueblo as it became clear in the course of negotiations leading to the

first loan that the expanded scope of the Mutual's operations would require additional professional staff. Up to that time, officials from the Peruvian Federation of Credit Cooperatives on loan to the Mutual had filled this need. The yearly salaries of 8 employees, including two secretaries, were paid from this assistance. The technical assistance was accomplished according to the plan of operations, and the results were satisfactory.

- 2.25 The success of Mutual "El Pueblo" in executing the program financed by the first IDB loan while at the same time expanding its overall operations has been accomplished with a minimum of administrative expense through the wholehearted cooperation and effort of a largely volunteer staff, and assistance from the IDB and Peruvian organizations. This staff has been functioning through an organizational structure which is efficient and genuinely oriented toward its goal of rendering a real service to its members. The organization of the Mutual may thus, on the basis of its past performance, be considered to have been adequate in terms of a small savings and loan institution. The need for a more complex administrative structure in keeping with the increasing volume of operations is explained below.

### III. THE PROJECT

- 3.01 The project provides for the construction of approximately 500 houses for members of cooperative groups within Mutual "El Pueblo", at a cost not to exceed US\$5,250 per unit. Approximately 30% of the cost of the project, or the equivalent of US\$480,000, would represent contributions from beneficiaries and the Mutual, including the cost of the land. In addition, some individual houses would be constructed in other cities.
- 3.02 The housing program, of which the Bank financed project would be the major part, of the cooperatives associated with Mutual "El Pueblo", provides for the construction of over 600 houses. The entire program is estimated to cost 59,715,000 soles, (US\$2,226,510), and the contribution of the Mutual will be 29,369,000 soles (US\$1,095,041). The IDB loan of the equivalent of US\$1,200,000 includes an item of US\$45,000 for technical assistance, explained below. The contribution of the Mutual and its members toward the total cost is, therefore, approximately 50% of the total.
- 3.03 The houses would be built on land already owned by cooperatives which form part of Mutual "El Pueblo". Urbanization services are already available at the principal sites; which are on the outskirts of the city of Lima, and at one site four model houses are completed. The selection of future occupants of the

houses to be constructed has already largely been made from members of the cooperatives in accordance with their internal regulations, and the credit investigations of the prospective buyers have already been carried out by Mutual "El Pueblo".

- 3.04 No house costing more than US\$5,250 would be financed with IDB funds, and loans would be limited to families with monthly incomes not in excess of 3,500 soles (US\$130) with and additional 10 percent of income permitted for each qualified dependent.
- 3.05 The loans would be limited to a maximum of 100,000 soles (US\$3,750) and may be for no more than 80 percent of the total value of the property, in accordance with applicable legislation.
- 3.06 In any subloans to be made with the resources of the proposed loan, Mutual "El Pueblo" will charge no more than 10 percent interest. As explained above, the current interest charge on loans from the general funds of the Mutual, as well as those made most recently from the resources of the present IDB loan is 9 percent. It is the declared objective of the Mutual to lower interest rate still further to 8 percent, when prudent financial practice will permit it. This rate is a good deal lower than that currently available on the general financial market in Peru.
- 3.07 The project would be executed within two and one half years, and the disbursement would be made in a like period.

#### Technical Assistance

- 3.08 It is proposed to include the equivalent of the amount of US\$45,000 for reimbursable technical assistance.
- 3.09 The key figure within the organization is its founder and President, Father Daniel McLellan, around whom operations are at present highly centralized. The success of Mutual "El Pueblo" may be credited in large measure to his dynamic leadership. As the dimensions of the Mutual's activities have outgrown its present organizational structure, however, a plan has been drawn up to enable the Mutual to deal more effectively with its increasing responsibilities.
- 3.10 The plan, which envisions the creation of an additional executive position, internal auditing services, social assistance to members, and a loan promotion unit, has been examined by the Bank's staff and found desirable.

#### IV. JUSTIFICATION OF THE PROJECT

- 4.01 Mutual "El Pueblo" has shown by its success in executing the project financed by the first IDB loan that it is qualified to carry out the project contemplated. The findings of a Bank mission which made an on-the-site inspection and review of the projected housing plans were favorable. Because of the great similarity between the program financed by the first loan, which was the subject of a detailed technical report, and the projected program, it is felt that an additional technical report is not required.
- 4.02 Technical Assistance. Due to the rapid growth of the activities of Mutual "El Pueblo", an enlargement and refinement of the administrative structure of the organization is required to enable it to function more effectively and to prepare it for further expansion.

The proposed additional executive post, which should be filled by an experienced professional banker, would permit the decentralization of many of the operating duties and internal administrative functions which are presently the direct responsibility of the President of the organization. The creation of an internal auditing department directly under the Executive Directors would obviously be a measure of the greatest usefulness in the present stage of growth of the Mutual; as for the savings promotion service and social assistance group, their justification lies in the need for increasing efficiency and sociological effect of the savings and housing construction aspects of the Mutual. The major impediment to carrying out rapidly the reorganization measures planned is, however, the need to cushion its impact upon the Mutual's expenses so that they will increase at a rate commensurate with income, as good administrative practice dictates.

#### Relation of the Project to the Economic and Social Development of Peru

- 4.03 In the last 20 years, the metropolitan Lima-Callao area has had an extraordinary growth. The population of this area tripled, from 711,000 inhabitants in 1940 to 2,138,000 in 1961, while the total population of the country increased 67 percent during the same period. This increase in population in the Lima area, caused in large measure by the migration of rural inhabitants, has created serious social problems, which are especially critical in the housing sector. The influx of new arrivals rapidly exceeded the available supply of housing and related services, leaving a large number without shelter. These persons, organized in groups, occupied vacant land where they

constructed their own shacks, which generally did not have sanitary services and other basic and necessary utilities.

- 4.04 By 1961 the slums constructed in that fashion, and known as "barrios marginales", sheltered a quarter of the population of Lima and Callao. In addition, the census of 1961 revealed that, of the total of 322,100 family houses then standing in the Province of Lima, 46 percent did not have connections for running water, 16 percent of the units lacked sanitary services entirely, and 26 percent were seriously overcrowded. As to construction materials, the census indicated that 54 percent of the houses had walls of substandard construction, 29 percent had roofs of straw, cane, etc., and 25% had dirt floors.
- 4.05 The high rate of growth of the population of Lima, which is expected to continue in the next several years, the proliferation of improvised self-construction, and the high cost of renewal of the slums thus built, in addition to other factors, make the problem of housing in the capital one which deserves special attention.
- 4.06 Until 1960, Peru lacked appropriate financial institutions to deal with the needs of housing credit. The Central Mortgage Bank created in 1926 operated on a small scale, and the scope of action of the National Housing Corporation established in 1946 was limited by lack of financial resources.
- 4.07 Between 1961 and 1963, an annual average of about 7,000 housing units were constructed in the Lima metropolitan area, meeting only 25 percent of the housing needs created by population growth and replacement of uninhabitable housing during the period. This indicates not only that the housing deficit has grown in recent years, but also gives an idea of the magnitude of the additional effort which is needed to deal with the problem.
- 4.08 The acuteness in recent years of the foregoing problems has impelled the public sector as well as the private sector to give priority to housing. Beginning in 1961, the National Housing Institute (later merged with the National Housing Council) and Savings and Loan Associations started intensive low-cost housing construction programs and related services. These programs were supported by substantial external credits from the IDB and private and U.S. Government financial institutions. Between 1961 and September 1964, these loans reached US\$31 million.
- 4.09 The external assistance mentioned stimulated the growing mobilization of internal resources, principally private,

devoted to housing. In this sector, the development of private savings and loan associations has been particularly dynamic, and within this grouping, the performance of Mutual "El Pueblo" is outstanding, as the following table indicates.

DEVELOPMENT OF THE SYSTEM OF HOUSING CREDIT ASSOCIATIONS

AND MUTUAL "EL PUEBLO"  
(in millions of soles)

	<u>System</u>		<u>Mutual "El Pueblo"</u>	
	<u>Savings</u>	<u>Loans</u>	<u>Savings</u>	<u>Loans</u>
December 31, 1961	42.7	31.3	7.7	6.4
December 31, 1962	74.8	105.2	29.4	45.1
December 31, 1963	164.7	235.0	61.4	101.9
December 31, 1964	<del>582.8</del>	<del>667.4</del>	<del>156.7</del>	<del>194.0</del>

Source: Banco de Crédito del Perú, Boletín Económico Mensual, June-July 1964, and unpublished data from Mutual "El Pueblo".

- 4.10 From the above figures it is apparent that, as of the latest date indicated, 31 percent of the total of savings accounts and 36 percent of all loans of the system were those of Mutual "El Pueblo".
- 4.11 Approximately 85 percent of the total amount of savings accounts of Mutual "El Pueblo" were those of individual members, and the rest were corporate savings. Of the 144 million soles in loans granted by that institution up the end of August 1964, 60 percent were to office employees and laborers, 22 percent to professionals, and the remaining 18 percent to housing construction enterprises.
- 4.12 Resources from the first IDB loan to the Mutual accounted for 23.7 million soles of the total amount of loans cited in the above table. The houses built with the proceeds of this loan meet the conditions specified in the contract as regards quality of construction and water, sewage and electrical service. Loan repayments are satisfactory.
- 4.13 In the first loan to Mutual "El Pueblo" it was established that those families whose income did not exceed the equivalent of 3,500 soles per month, plus an additional 10 percent for each qualified dependent would be eligible for financing. Of the loans financed with IDB funds, 38 percent were granted to families with income of less than 3,500 soles per month, 24 percent to families with income between 3,500 and 4,000 soles, and the remaining 38 percent to families of more than 5 members with incomes between 4,000 and 6,000 soles. The applicant

states that families in this last income group, as well as families with lower incomes, cannot obtain financing from other sources, due to the fact that their income does not make it possible.

- 4.14 There is no available census information on income distribution in Peru. There are however, estimates which may be of value in determining the maximum income level applicable to this project. Thus, in accordance with an estimate made in 1962 by the Peruvian Office of Statistics and Census, in collaboration with the International Labor Organization, a low-income family was considered one which included three children (the typical one in Lima) with an income of up to 3,030 soles per month, and one with six children and an income of up to 3,800 soles.
- 4.15 From 1962 to mid-1964, the average of salaries and wages had increased approximately 17 percent, and the cost of living index rose about 20 percent, so that if adjustments were made to reflect the changes in the level of prices and salaries, the limits of low income previously indicated would be included approximately between the 3,600 and 4,500 sol level, according to family size.
- 4.16 Despite the above considerations, however, it is proposed that there be no increase in the maximum income level established in the first loan, thus assuring that lowest income groups will be the beneficiaries.
- 4.17 The initial impulse which Mutual "El Pueblo" received from the first loan will be strengthened with the execution of the program which is now proposed, thus reinforcing the savings and loan system as a whole, started so auspiciously three years ago. In this way, the institution will continue channeling new resources, both internal and external, toward the construction of housing, thus contributing to the reduction of the housing shortage which is presently of concern in the city of Lima.
- 4.18 There is no information which will permit a statistical appraisal of the importance of the construction industry to the gross national product or the magnitude of the contribution which the proposed project will make to the gross value added of that sector. Nevertheless, since there is an adequate availability of productive factors in the Lima area, it is to be hoped that the execution of the project, in addition to contributing to the improvement of housing conditions, will promote more employment, and in more intensive use of the installed capacity of the construction materials industry.

- 4.19 In conclusion, the principal social and economic effects of this project would be:
- (a) To aid low-income groups to improve their housing conditions and living standards.
  - (b) To supplement and strengthen the mobilization of domestic resources and help to improve utilization of resources available for housing construction.
  - (c) To strengthen the cooperative savings and loan association movement in Peru.
  - (d) To create additional sources of employment and loan income in the Lima area, and help to reduce unemployment.

#### V. CONCLUSIONS AND RECOMMENDATIONS

- 5.01 For the reasons stated in this report, it is recommended that a second loan in the amount of US\$1,200,000 be granted to A.M.C.V. "El Pueblo" subject to the conditions expressed in the accompanying proposed resolution and in the following paragraph.
- 5.02 It is recommended that the following dispositions be included in the loan contract:
- (a) The annual rate applicable to the interest, commission, insurance and other charges in accordance with paragraph 7(i) of the proposed resolution should be fixed between 8 and 10% on the unpaid balances of the individual credits. Of the amounts which the debtor receives on this account, it shall devote the first 4% calculated on the outstanding balance of the credits to the special reserve specified in the same paragraph of the resolution. In the same manner as in the first loan, the resources of this reserve shall be utilized solely to compensate possible fluctuations in the value of the sol.
  - (b) The Bank shall reserve the right to disburse in soles up to approximately the equivalent of US\$600,000 of the loan.
  - (c) Up to the equivalent of US\$15,000 may be used from the loan for expenses related to inspection and control of the program.
  - (d) The maximum income per family indicated under paragraph 7(e) of the proposed resolution shall be fixed at the equivalent of US\$130 per month, plus an additional 10% for each qualified dependent, in accordance with regulations to be approved by the Bank.

- (e) No credits may be granted to persons who own realty in the Lima-Callao area in addition to the lot to be used for the construction of the house included in the program.
- (f) The credits may be granted for periods up to 20 years.
- (g) Housing shall not be financed with resources of the loan unless public electricity, water supply and sewerage will be available for such housing at the appropriate time.

ANEXO I

DOCUMENTO DEL BANCO INTERAMERICANO DE DESARROLLO  
PARA USO OFICIAL SOLAMENTE

ANALISIS FINANCIERO

Proyecto: Asociación Mutual "El Pueblo"  
Perú

DIVISION DE ANALISIS DE PROYECTOS  
Sección de Análisis Financieros  
Mayo 7, 1965

ASOCIACION MUTUAL "EL PUEBLO"

INFORME FINANCIERO

Para la preparación de este Informe que contribuirá a la consideración del otorgamiento de un segundo préstamo a la Asociación Mutual "El Pueblo", se utilizaron los balances del prestatario al 31 de diciembre de 1962, 1963 y 1964, los estados de pérdidas y ganancias de los últimos dos años y el "Pronóstico de Flujo de Efectivo" que cubre el período de 1961 a 1969.

La información disponible se resumió en tres cuadros que sirven de base para nuestros comentarios:

1. Estado Comparativo de Balances.
2. Estado Comparativo de Rendimientos.
3. Pronóstico de Flujo de Efectivo 1961-1969.

**I - SITUACION FINANCIERA**

Cuadro No.1 - Estado Comparativo de Balances.

El balance al 31 de diciembre de 1964 fue certificado por Price Waterhouse Peat & Co. y comparado por esa firma de auditores con el balance no auditado del año anterior. Las notas del informe de auditores proporcionaron la información necesaria para ajustar el balance no auditado del 31 de diciembre de 1962, haciendo posible la presentación de un cuadro más completo del desarrollo de las operaciones del prestatario.

Con los datos disponibles fue posible distribuir las cuentas del balance de manera que se simplificara el cálculo de las relaciones y porcentajes que aparecen al pie del Cuadro No.1. Esas relaciones permiten apreciar mejor algunos puntos que conviene destacar como indicaciones de que el aumento en el volumen de operaciones se ha llevado a cabo satisfactoriamente.

El rápido aumento de los préstamos otorgados y el hecho de que éstos representan la porción más importante del Activo Total (Préstamos Otorgados a Total del Activo) puede interpretarse como una prueba de la eficiencia con que se cumplen los objetivos de la Asociación.

La relación de Caja y Bancos a Pasivo a Corto Plazo muestra que se ha mantenido un grado de liquidez muy favorable.

En los tres balances estudiados la proporción de caja, bancos y valores a recursos mutuales fue mayor que el mínimo de 15% que señala la ley como porcentaje de encaje legal.

El porcentaje de créditos recibidos a préstamos otorgados indica que ha disminuído de año en año la proporción de préstamos otorgados con recursos del Banco de la Vivienda del Perú y del BID. En otras palabras, el aumento que se observa en los préstamos otorgados ha sido financiado principalmente con recursos propios.

Como los depositantes son los propietarios de la Asociación, el total de recursos mutuales hace las veces de capital líquido. El porcentaje de deuda total a recursos mutuales indica que ha habido moderación en el uso de recursos ajenos y que el prestatario tiene la capacidad de endeudamiento necesaria para absorber el nuevo préstamo que ha solicitado al BID.

#### Cuadro No.2 - Estado Comparativo de Rendimientos.

En este cuadro no aparecen los resultados de 1962 porque sólo se recibió el cuadro de pérdidas y ganancias correspondiente al segundo semestre de ese año. Sin embargo, para los efectos de este análisis es suficiente y adecuada la información disponible.

Tanto en 1963 como en 1964 fueron suficientes los ingresos para cubrir los gastos, pagar intereses sobre las cuentas de ahorro y aumentar las reservas. El mejor comentario que se puede hacer sobre los resultados de operación es la siguiente comparación con las estimaciones hechas al otorgar el Préstamo No.25/TF a la Asociación (Anexo VI del Documento de Préstamo CO-FF/61/P-15 Rev. 5 marzo 1962):

(En miles de Soles)

	<u>Diciembre 31, 1963</u>		<u>Diciembre 31, 1964</u>	
	<u>Estimaciones</u>	<u>Resultados</u>	<u>Estimaciones</u>	<u>Resultados</u>
Ingresos	5,176	8,176	6,114	13,104
Gastos	2,282	3,790	2,305	6,753
Utilidad Neta:	2,894	4,386	3,809	6,351
Saldo de Caja y Bancos al final del año	9,056	18,065	9,706	27,326

## II - PROYECCIONES

#### Cuadro No.3 - Pronóstico de Flujo de Efectivo.

Este cuadro fue preparado por el Presidente de la Asociación, R. P. Daniel McLellan, durante su visita a Washington. En él se puede

apreciar que se espera un aumento constante de los ingresos de la institución con el correspondiente aumento del efectivo disponible para nuevas inversiones.

### III - CONCLUSIONES

La información disponible demuestra que la Asociación Mutual "El Pueblo" ha tenido mucho éxito en sus cuatro años de operaciones y los estados de situación y rendimientos analizados reflejan la solidez y solvencia de la institución.

ASOCIACION MUTUAL "EL PUEBLO"  
Estado Comparativo de Balances  
(En miles de Soles)

	<u>XII/31/62</u>	<u>XII/31/63</u>	<u>XII/31/64</u>
<u>A C T I V O</u>			
Caja y Bancos	10,084	18,065	27,329
Valores Negociables	100	100	100
Cuentas por Cobrar	142	157	288
Intereses por Cobrar	99	190	479
Préstamos con Garantía Hipotecaria	35,785	83,084	133,727
Préstamos sin Garantía Hipotecaria	2,365	3,837	5,429
Mobiliario y Equipo (Neto)	290	400	660
Mejoras en locales arrendados	88	138	219
Gastos pagados por Anticipado	66	160	99
TOTAL DEL ACTIVO:	<u>49,019</u>	<u>106,131</u>	<u>168,330</u>
<u>P A S I V O</u>			
Recursos Mutuales			
Depósitos de Asociados(	29,389	57,862	90,999
Depósitos a Plazo Fijo(		3,794	21,681
Reservas	541A	1,463	2,429
Total Recursos Mutuales:	<u>29,930</u>	<u>63,119</u>	<u>115,109</u>
Pasivo a Corto Plazo			
Cuentas por Pagar	103	58	12
Préstamo BVP (Porción Corriente)	2,220	3,628	5,036
Préstamo BID (Porción Corriente)	335	670	1,005
Intereses y Comisiones por Pagar	49	66	86
Provisión Diferencia de Cambio BID	16	706	1,603
Provisión para Indemnizaciones al Personal	39	123	223
Fondo de Promoción	-	272	353
Total Pasivo a Corto Plazo:	<u>2,762</u>	<u>5,523</u>	<u>8,318</u>
Pasivo a Largo Plazo			
Préstamo BVP	11,300	18,753	20,103
Préstamo BID	5,027	18,736	24,800
Total Pasivo a Largo Plazo:	<u>16,327</u>	<u>37,489</u>	<u>44,903</u>
TOTAL DEL PASIVO:	<u>49,019</u>	<u>106,131</u>	<u>168,330</u>

RELACIONES Y PORCENTAJES

Préstamos Otorgados a Total del Activo	77.8%	81.9%	82.7%
Caja y Bancos a Pasivo a Corto Plazo	3.65:1.00	3.27:1.00	3.29:1.00
Caja, Bancos y Valores a Rec. Mutuales	34.0%	28.8%	23.8%
Ptmos. BVP y BID a Ptmos. Otorgados	49.5%	47.8%	36.6%
Deuda Total a Recursos Mutuales	63.8%	68.1%	46.2%

\* Incluye donaciones del BID por S/. 237,150 y de EE.UU. por S/. 100,000

ANEXO I  
Cuadro No.2

ASOCIACION MUTUAL "EL PUEBLO" - PERU

Estado Comparativo de Rendimientos

(En miles de Soles)

	<u>Enero 1° a</u> <u>Dic. 31, 1963</u>	<u>Enero 1° a</u> <u>Dic. 31, 1964</u>
<u>INGRESOS</u>		
Intereses de préstamos	6,255	10,336
Intereses Bancarios	594	1,449
Comisiones de préstamos	1,222	1,292
Renta de Valores	12	12
Otros ingresos	93	15
	<u>8,176</u>	<u>13,104</u>
<u>GASTOS</u>		
Gastos financieros	1,400	3,005
Remuneraciones	868	1,648
Gastos de oficina	642	1,010
Gastos de préstamos	593	681
Castigos y provisiones	287	409
	<u>3,790</u>	<u>6,753</u>
EXCESO DE INGRESOS SOBRE GASTOS	<u>4,386</u>	<u>6,351</u>
<u>DISTRIBUCION</u>		
Participación asociados, acreditada a sus cuentas de depósito	2,402	4,123
Transferencia a:		
Reserva Legal	746	635
Fondo de Promoción	282	663
Provisión Diferencia de Cambio	543	458
Reserva para Contingencias	413	472
	<u>4,386</u>	<u>6,351</u>

MUTUAL "EL PUEBLO" PERU

PRONOSTICO DE FLUJO DE EFECTIVO  
(En miles de Soles)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>Total</u>
<b>ENTRADAS DE EFECTIVO</b>							
Saldo de Caja y Bancos al 1. de enero de 1964	18,065						18,065
Depósitos de Asociados	104,000	154,000	210,000	210,000	225,000	240,000	1,143,000
Recuperaciones	12,810	19,000	25,000	30,000	35,000	40,000	161,810
Intereses	10,000	16,000	24,000	25,000	27,000	29,000	131,000
Comisiones	1,200	1,400	1,200	1,000	1,100	1,200	7,100
Intereses Bancarios	1,356	1,700	2,100	3,000	3,700	4,000	15,856
Préstamos del Banco Nacional de Vivienda	5,796	-	-	-	-	-	5,796
Préstamo BID No.25/TF	7,071	-	-	-	-	-	7,071
Préstamo Propuesto al BID	-	10,728	10,728	10,728	-	-	32,184
<b>TOTAL ENTRADAS</b>	<b>160,298</b>	<b>202,828</b>	<b>273,028</b>	<b>279,728</b>	<b>291,800</b>	<b>314,200</b>	<b>1,521,882</b>
<b>SALIDAS DE EFECTIVO</b>							
Retiro de Depósitos de Asociados	62,500	100,000	150,000	150,000	160,000	170,000	792,500
Préstamos Otorgados	56,800	68,000	61,000	50,000	55,000	60,000	350,800
Amortización e Intereses B.N.V.	5,040	5,040	5,040	5,040	5,040	5,040	30,240
Amortización Préstamo BID No. 25/TF	671	1,006	1,341	1,341	1,341	1,341	7,041
Amortización Préstamo Propuesto al BID	-	-	536	536	1,175	1,814	4,061
Intereses Préstamo BID No. 25/TF	467	516	496	469	443	416	2,807
Intereses Préstamo Propuesto al BID	-	54	265	469	619	589	1,996
Gastos en Efectivo - (Sueldos, etc.)	1,320	1,800	2,000	2,200	2,400	2,600	12,320
Participación Asociados	4,500	7,500	11,340	12,200	15,000	19,000	69,540
Varios	1,671	1,318	2,000	2,200	2,350	2,250	12,289
<b>TOTAL SALIDAS</b>	<b>132,969</b>	<b>185,734</b>	<b>234,018</b>	<b>224,455</b>	<b>243,368</b>	<b>263,050</b>	<b>1,283,594</b>
<b>SALDO MONETARIO ANUAL</b>	<b>27,329</b>	<b>17,094</b>	<b>39,010</b>	<b>55,273</b>	<b>48,432</b>	<b>51,150</b>	<b>238,288</b>
<b>SALDO MONETARIO ACUMULADO</b>	<b>27,329</b>	<b>44,423</b>	<b>83,433</b>	<b>138,706</b>	<b>187,138</b>	<b>238,288</b>	

ANNEX - II

M E M O R A N D U M

al : Sr. Joaquín Fernández, Area VII      fecha: junio 9 de 1965  
División de Préstamos.

de : Benjamín R. Castro,  
Asesoría Jurídica.

asunto : Informe Jurídico respecto al segundo Préstamo a la  
Asociación Mutua "El Pueblo", del Perú, para un  
programa de vivienda.

I.      Prestatario: Las características esenciales del prestatario fueron expuestas en el documento de Préstamo No.DE-FFD-62/7 relacionado con el otorgamiento del primer préstamo al solicitante. Como no ha habido cambios en la Ley No.12813, titulada Ley de Asociaciones Mutuales, ni en los estatutos del deudor, se estima que no es necesario repetir dichos conceptos.

Con relación a la vigilancia y el control del prestatario, es de notar, sin embargo, que con la aprobación de la Ley 11636, de 13 de noviembre de 1961 que creó el Banco de la Vivienda del Perú, dichas atribuciones corresponderán a esta entidad y no a la Superintendencia de Bancos del Perú, como ha sido el caso con el préstamo anterior. Además de dichas facultades el Banco de la Vivienda del Perú tiene atribución para poner en ejecución los programas de seguro en relación a los programas de interés social, pudiendo cubrir los riesgos de incendio y de vida de los prestatarios, asimismo, le corresponde dicha institución establecer los porcentajes mínimos de encaje legal y liquidez de las asociaciones de ahorro y préstamo, fijar los máximos de interés y comisión de los préstamos de dichas entidades, determinar las participaciones que pueden pagarse a los asociados y reglamentar todo asunto relacionado con el mejor ejercicio y seguridad de las operaciones de esta clase de asociaciones.

Según informa el deudor, la garantía sería efectuada por el Estado Peruano, y no el Banco de la Vivienda del Perú, el que también tiene facultad para otorgar este tipo de fianzas.

II.      Garantía: Por Ley No.11636 de 13 de noviembre de 1951 el Congreso del Perú en uso de las atribuciones que le señala el artículo 123 de la Constitución, facultó al Poder Ejecu-

tivo para que pudiera dar fianzas del Estado a las empresas privadas nacionales en garantía de créditos que pudieran obtener de entidades financieras, de conformidad con los requerimientos de ellas y bajo las condiciones de dicha ley. De acuerdo con dicha ley la fianza sería otorgada por Decreto Supremo con el voto consultivo del Consejo de Ministros previa aprobación por Resolución Suprema de los proyectos de las obras, servicios o adquisiciones y bajo la condición de que sea calificado de preferente interés nacional el programa de vivienda de la Mutual "El Pueblo". De conformidad con la Ley Anual de 1965 No.15270, el Gobierno no podrá comprometerse a otorgar fianza alguna hasta tanto no haya aprobado el correspondiente contrato de préstamo, por lo que, se desprende que el contrato de garantía no sería suscrito sino después de la suscripción del contrato de préstamo del BID.

III. Conclusiones: De lo anterior se desprende las siguientes conclusiones jurídicas:

- (a) La Asociación Mutual de Crédito para Vivienda "El Pueblo" tiene capacidad jurídica suficiente para contraer el préstamo que ha solicitado al Banco, sin otros requisitos que:
  - (i) la aprobación del proyecto de contrato por parte de la Junta de Administración de la asociación y, en el caso de que no sea su representante legal el que debe suscribir el contrato, el otorgamiento de la escritura pública de mandato correspondiente a favor de la persona encargada de suscribirlo.
- (b) La Asesoría Jurídica no conoce obstáculo jurídico que pudiera impedir el cumplimiento del programa presentado por la Mutual "El Pueblo".