



Project Completion Report

PCR

Project Name: *Low-Income Shelters Program (LISP)*

Country: *Republic of Suriname*

Sector/Subsector: *Urban Development and Housing / Housing*

Original Project Team:

Project Number: *SU-0017*

Loan Number (s), TC(s): *1342/OC-SU*

QRR Date: *November 6, 2008*

Final Approval Date of PCR:

PCR Team: Principal Author and Members: *Carolina Piedrafita, Francisco Ayala (Consultant), and Jason Thompson (Consultant).*

(October 27, 2008)



DEV
DEVELOPMENT EFFECTIVENESS
AND STRATEGIC PLANNING DEPARTMENT

Acronyms and Abbreviations

AL	Affordable Loan
AOV	General Public Retirement Fund
CBO	Community-based organization
DO	Development Objective(s)
EA	Executing Agency (Ministry of Social Affairs and Housing)
IFI or FI	Intermediary Financial Institution
IADB/IDB	Inter-American Development Bank
HH	Household(s)
HIC	Housing Incentives Certificate
GOS	Government of Suriname
LISP	Low-Income Shelters Program
MIS	Management Information System
SoZaVo	Ministry of Social Affairs and Housing (MSAH)
NGO	Non-government organization
OM	Operations Manual
PIS	Program's Information System
PIU	Program Implementation Unit
PPF	Program Preparation Facility
ROGB	Ministry of Spatial Planning, Land and Forest Management

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¹ LISP Database; MIS export from LISP-PIU; Paramaribo, Suriname, May 30, 2008

I. BASIC INFORMATION

BASIC DATA (AMOUNTS IN US\$)				
PROJECT NUMBER: <u>SU-0017</u>		TITLE: <u>LOW-INCOME SHELTERS (LISP)</u>		
LOAN NUMBER(S): 1342/OC-SU		Date of Board Approval: 05 Sep 2001		
Lending Instrument: Investment		Date of Contract Effectiveness: 12 Nov 2001		
Borrower: REPUBLIC OF SURINAME		Date of Eligibility for First Disbursement: 07 May 2003		
Executing Agency (EA): MINISTRY OF SOCIAL AFFAIRS AND HOUSING		Disbursement Periods		
Sector: Urban Development and Housing		Original Date of Final Disbursement: 12 Nov 2006		
Related Operation(s): No related operations		Current Date of Final Disbursement: 30 Nov 2008		
		Cumulative Extension (Months): 24		
		Special Extensions (Months): 0		
Contacts:				
Executing Agency:				
Team Leader: PIEDRAFITA, CAROLINA MARCELA				
Date of Current Update: 30 May 2008				
Date Validated by Representative or Division Chief: 01 Dec 2007				
PTI:		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
SEQ:		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Environmental Classification:				
Months in Execution:				
* from approval:		82		
* from contract effectiveness:		80		
Loan Proposal, as approved by the Board:		PR-2592		
Loan Amount(s)				
* Original Amount:		9,800,000		
* Current Amount:		9,705,500		
* Pari Passu (if applicable):		86.75%		
Disbursements				
* Amount to date:		9,705,500		
* Percent:		100%		
Total Project Cost				
* Original Estimate:		12,300,000		
Redirectioning				
* Has this Project?				
<input type="checkbox"/> Received funds from another Project				
<input type="checkbox"/> Sent funds to another Project				
<input checked="" type="checkbox"/> N/A				
To Project Number		Via Sub-Loan Number	Amount	
From Project Number		Via Sub-Loan Number	Amount	
* Current amount (adjusted for redirectioning): 9,705,500				
On Alert Status: Is project currently designated "on alert": <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Summary Performance Ratings				
DO	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
IP	<input type="checkbox"/> Very Satisfactory (VS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
SU	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

II. THE PROJECT

A. PROJECT CONTEXT

Over the two decades prior to the program's conception, Suriname's economy had performed unevenly. GDP grew by only 0.4% in real terms between 1975 and 2000. Per capita GDP was estimated at US\$844 (1990 prices) in 1997 indicating a slight decline during this period. Civil disturbances in the interior in the mid 1980 disrupted agricultural production, and forced many from the countryside and small towns into Greater Paramaribo, which now accounts for over 55% of total population. The early 1990s were particularly difficult. Growth halted and inflation rose to above 300% by 1994. Conversely, the macroeconomic situation improved greatly from 1995 to 1997. Nevertheless, in 1998 the economy again began to deteriorate, and continued through the year 2000, in which GDP shrank by 7.4% in real terms, inflation was 71% and the fiscal deficit was equivalent to 12% of GDP.

This economic crisis was mirrored by a major political crisis that began in 1999, prompting a call for general elections one year ahead of schedule. In May 2000, the New Front Coalition gained power. The New Government had inherited a very difficult macroeconomic situation, with the economy slumping. Government finances were weak, following three years of fiscal deficits in excess of 10% of the GDP, significant external borrowing at short-term maturities, and the accrual of payments arrears. The Government initiated stabilization measures in late 2000, including a substantial devaluation of the official exchange rate, cutbacks in non-targeted subsidies, and an increase in the price of gasoline and electricity. These measures stabilized the economy in the short term and started to alleviate imbalances.

Historically, (1960s to the mid 1980s) the housing sector has been dominated by the public sector. The Government of Suriname (GOS) used a turnkey method to directly develop and divest a large number of housing units. While succeeding in producing nearly 20% of the current housing

stock the method resulted in high costs and subsidies. Subsequently, throughout the 1980s and 90s, a decline in real incomes joined with high mortgage interest rates, land market bottlenecks, and high costs of building materials combined to make housing unaffordable to all but the elite. The mismatch of supply and demand contributed to worsening housing conditions for many low/moderate-income households. Even if the government continued to divest publicly owned lots from its relatively limited current stock, most households could not afford to build on these lots or maintain their decaying houses. Overcrowding characterized some of the lowest income areas and, though limited, a portion of low-income families turned to squatting in Government-built rental housing units. In 1998, during program design, the overall backlog for new housing in Greater Paramaribo was estimated at 4,100 units (Hoek-Smit, 1998).

The broader overall housing problem had a significant Qualitative Problem as well. Roughly, 10,000 units were severely dilapidated and needed substantial rehabilitation. The other major need was for in-fill new construction in Paramaribo, which contained a large number of vacant lots, the great bulk of which had access to services or lay close to trunk infrastructure. In summary, Suriname's greatest shelter needs at the time of program conception were twofold: (1) rehabilitation/expansion of existing units; and, (2) "in-fill new construction" (on serviced lots already owned by low/moderate-income families). Ultimately, these two relatively low-cost solutions represented feasible alternatives for low/moderate-income households.

In 2000, as the new government took office the housing problem was at the forefront of the urgent policy issues. A year later, the GOS decided to take the first step towards creating a new housing policy that would be a departure from the past turnkey policy approach and would foster private sector involvement in the process of housing delivery, such as developers, banks and the property owner themselves. Thus, the Government signed a US\$9.8 million dollar loan contract with the Inter-American Development Bank (IDB) for the execution of the Low-Income Shelter Program (LISP).

The design of the Low-Income Shelter Program (LISP) intended to improve housing for low and moderate-income households by combining an up front subsidy program with policy reforms conducive to reactivating low/moderate-income housing markets. The Program's 'Investment Component' replaced the GoS's highly subsidized approach of turnkey development with a system of smaller up front subsidies granted directly to households for rehabilitation of existing homes or new construction in owned lots. In this way, the households instead of the Government would be making the key decisions concerning shelter solutions. In total, LISP aimed to disburse 4,000 subsidies to low/moderate-income households for rehabilitation (3300) and for in-fill new construction of core units (700).

The program's average subsidy amount of US\$2,100 was less than one-fourth the amount that Government spent on turnkey new construction, at the time of conception. The proportion of new construction to rehabilitation/extension depended on effective demand. Low-income households - who were to form two-thirds of beneficiaries - would supplement the subsidy only with an equity contribution of their own to finance rehabilitation or expansion of their home. Hence, the program's investment component could operate without mortgage finance when interest rates rose to unaffordable levels. Moderate-income households were supposed to supplement the subsidy with a mortgage loan at market rates as well as their own equity contribution to finance construction of a core unit on their serviced lot. Furthermore, Technical assistance was designed to help Government rationalize its land divestiture system and reduce existing bottlenecks in the market, cut building materials costs, and support financial institutions to go down market to serve low-income households. Finally, the private sector - intermediate financial institutions (IFIs), non-government organizations (NGOs), community-based organizations (CBOs), small contractors, and households -- were to have the main responsibility for executing the investment component. A small project implementation unit (PIU), the LISP Foundation, was established as a non-governmental foundation whose goals are to disburse the subsidy, set and monitor rules for private-sector execution, and conduct policy reform.

AUTHOR'S NOTE

It is difficult to have an opinion on the achievement of the Program's Development Objective: "to improve the housing conditions of Low and moderate-income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable by introducing a new financing model based on up front demand subsidies." Program results are of a mixed nature and they are difficult to gauge given the lack of baseline data and LISP's incomplete information system. We have information on specific outcomes-- such as number of subsidies given out for both new houses and housing improvement projects--, and we know that target levels on these outcomes were achieved. We can also state that the greatest percentage of beneficiaries were inside the target group of moderate and low income, though low-income clients were less numerous. So the program did improve the housing conditions of Low and moderate-income households, as intended. In addition, the program made public investments in housing more efficient by means of an upfront subsidy, since the accustomed method of public direct housing provision was highly inefficient. However, it is not clear how much of the public sector intervention was leveraged by the existence of the up-front subsidy; the participation of financial institutions was much lower than expected, and they did not considerably expand their portfolios dire to the program. Also, NGOs performance was mixed, and their role as a facilitator for access to housing had to be intensively supported by the PIU.

Another distinctive comment on the current program is that its design was inadequate for the political, social and institutional framework of Suriname. The initial delays in the establishment of a program implementation unit, together with the successive changes in program design to make it work showed this. Program Design should have been simpler from the beginning (less flexible subsidy structures, more clarity on income levels to target the establishment of a PIU should have preceded program approval, and there should have been more clarity on the role of the private sector—in consultation with them-. The lack of support of the government to conduct most housing policy reforms on the one hand, and the shy participation of FI, on the other, showed that the program's original design was unsatisfactory and it should have been more tailored to Suriname's capacity and needs.

B. PROJECT DESCRIPTION

i. Development Objective

The objectives of the program were “to improve the housing conditions for low and moderate-income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable by introducing a new financing model based on up front demand subsidies.

ii. Components

The program had three components: (a) up-front subsidies to stimulate investments by low and moderate-income households to rehabilitate their houses and construct new ones; (b) technical assistance to private IFIs, NGOs and CBOs to strengthen their capacity to participate in neighborhood-based housing programs, and payment of performance-based fees to these institutions to execute various aspects of the program, and; (c) strengthening of the public sector’s capacity to enable the development of low and moderate income housing and reform of the policy and regulatory framework.

NOTE: as stated in the program’s IPPRs, It took almost two years for the Program to start operations (fulfillment of program conditions occurred by June 2003 and first subsidies disbursed in January 2004), so the Investment Component (#1) underwent some changes in 2003 –during the start up mission -- and again in 2005. The main reasons for delay in starting operations, were: (a) lack of institutional capacity to comply with conditions prior to the first disbursement² (the most complicated one was the establishment of the PIU, selecting its staff and agreeing on Board membership and the LISP Foundation’s statutes); and (b) potential beneficiaries were distrustful at first of a public program that gave away subsidies for housing with no “strings attached”. A PPF enabled the establishment, staffing and preparation of the PIU (LISP foundation), and was also used to address competency issues and formalize agreements with the NGOs, CBOs, credit unions and other IFIs in advance of the project’s execution.

Prior to LISPs implementation, in 2003, the start up mission proposed several changes to simplify execution: a move towards fixed subsidy amounts (from the variable one tied to the beneficiaries’ income level, as suggested in the design phase), along with lower mandatory own contribution and an increase in the maximum cost of a new house. Furthermore, a more simplified qualification and rating system to select beneficiaries was proposed and agreed upon by the Bank and PIU. The second major restructuring period came around the time of the midterm review in 2005. In view of a slow progress in execution, (only 19 subsidies awarded by Dec 2004), project design changed again as some of its processes were cumbersome, outdated, and needed streamlining. Specifically, the design of the beneficiary selection and subsidy modules changed considerably. The Logical Framework was retrofitted in 2005 along with the corresponding changes in the Operations Manual. However, LISP’s development objectives and core components remained, and the Loan Contract remained unchanged. We will enlarge on the changes made in the following sections.

1. INVESTMENT: HOUSING REHABILITATION & NEW CONSTRUCTION FOR LOW/MODERATE-INCOME HHs(US\$8.4m)³

The investment component of the program aimed to provide up-front subsidies to eligible households to help them construct a new core expandable unit, rehabilitate, or expand their present homes. Project design anticipated that 70% of the total subsidy amount would be used for rehabilitation/expansion and 30% for new construction. Expectations were that household demand would drive these shares during implementation.⁴

Program’s subsidy amounts were planned as variable. Subsidies would decrease gradually with increasing income based on a computer model (the Housing Subsidy Analysis Model). Different subsidy amounts were to be allocated for new construction and rehabilitation and could be adjusted by the PIU. The maximum subsidy for new construction was initially set at US\$4,000 and the minimum subsidy was US\$3,000. For home improvement, the maximum subsidy was US\$2,000 and the minimum was US\$1,000.

Home Rehabilitation and/or Extension (US\$5.3m)

The component was supposed to finance 3,300 (83%) renovations and 700 (17%) new homes, based on demand. Main criteria for household selection were: (a) income level, (b) the state of the house, and (c) beneficiaries should only own the property subject to the improvement. Originally, the subsidy was set at US\$1,500, with a compulsory household contribution of US\$500. After the first restructuring in 2003, the subsidy and own contributions were set at the fixed amounts of US\$1,500 and US\$150 respectively, which would equal a minimum housing solution of US\$1,650 (originally \$2,000 due to the higher compulsory contribution of \$500) and a maximum housing solution equivalent to US\$4,000. Households could contribute their own labor and construction materials, and were free to request a loan to complete their project. The proportion of new core units and renovations changed several times throughout the program; In 2003 it went to 70% renovations and 30% new homes; after execution, it moved again to 67%-33% where it is now.

New core unit construction (US\$3.1m)

² Conditions were as follows: (i) Evidence that the Project Implementation Unit (PIU) had been established, staffed as planned, and its Board of Directors appointed; (ii) Formalization of agreements between NGO/CBO partners and IFIs; (iii) Establishment of the two bank accounts for the loan resources and counterpart, and the procedures for their use; (iv) Presentation of final text of program’s operating regulations.

³ Component 1 and the descriptions of both subsidies (above) differ from the original components as originally laid out in Annex A of the Loan Contract. Originally, the two modules of the Investment Component included a territorial approach to selecting beneficiaries, in which program subsidies were to be provided for the rehabilitation or new core construction of select houses “within low/moderate income neighborhoods”. See Chapter III (below) for further discussion of the components’ official restructuring.

⁴ See footnote #1 on the previous page

The program originally intended to provide subsidies for about 700 beneficiaries (17%). In 2003, based on demand, the goal moved towards 1,200 beneficiaries (30%) for the building and completion of new infill houses. The fixed subsidy amount for new home construction was US\$3,000, which in 2003 increased to US\$3,600. Conditions to access the subsidy were; new housing solutions should have a minimum cost of US\$4,000 and a maximum of US\$ 7,500 (in 2003 it was increased to US\$10,000); new houses would be built as infill to consolidate selected neighborhoods; the household must make an own contribution to the housing solution. The beneficiaries' required own contribution for the subsidy was a minimum amount of monetary savings equal to 15% of the cost of construction. Finally, the determined amount of additional funding – in the form of obligatory housing loans – varied depending upon need and cost of selected unit. Again, household contribution in labor and/or building materials could be used towards diminishing the amount of a loan. Finally, the financing package for the housing solution budget – costs of construction, materials, labor, etc. – needed to be detailed and submitted to the PIU for their authorization. The demonstration and authorization of the financing package was a compulsory prerequisite for final HIC approval.

A relevant operational change in this component in 2003 was that the requisite of a loan became optional. This reform increased the PIUs capacity to provide subsidies for middle-income beneficiaries at a faster rate, but ended up limiting the participation of financial institutions in the program. FIs were supposed to be a key actor in the process, as they would process application packages, which would in turn serve as requests for both the subsidy and the loan. Instead, NGO's, CBO's and the PIU ended up receiving and processing applications and only 5% of LISP beneficiaries requested a loan.

2. TECHNICAL ASSISTANCE AND PERFORMANCE-BASED FEES TO THE PRIVATE HOUSING SECTOR (US\$760,000)

Strengthening the private housing sector (US\$296,000)

Private housing financial institutions had the role of qualifying households for the subsidy and the loan, and of disbursing subsidy funds for the housing investment component. NGOs and CBOs were supposed to assist the housing finance institutions in taking loan applications and gathering information on applicants. The following technical assistance was relevant to support the private sector's key role in execution:

Technical assistance and training to the private housing finance sector (US\$200,000)

This component aimed to support the private sector role of conducting the application, underwriting and lending process, through support to: (a) the government and the private sector to establish a credit bureau; (b) the government for a review of and proposal to reduce taxes and fees for mortgage registration and land transfers; (c) the government for a review of and proposal to consolidate life and hazard insurance requirements for mortgages; and (d) the Central Bank for an examination of its reserve requirements for mortgages, and means of facilitating borrowing by the largest credit union from long-term institutional savers/investors. Additionally, for smaller participating financial institutions, technical assistance funds were included in the program for computer hardware. Support was also included for executive training of the management of housing finance institutions to help these organizations improve their business strategy and efficiency.

Technical assistance to CBOs and NGOs (US\$96,000)

Participating NGOs and CBOs were responsible for strengthening participating communities, organizing the demand for housing at the community level, and assisting eligible households with the preparation of their housing plans and program applications. NGOs were supposed to receive up-front payments for capital expenditures needed to carry out their administrative and outreach functions. CBOs in turn would be reimbursed for initial costs in mobilizing the community and data collection. The plan was that the PIU would organize training workshops to familiarize NGOs and CBOs with the program.

NGOs performance varied, but overall they were relatively successful in preparing and filing applications. However, most of them did not have the capacity to assist with the preparation of housing plans, assessing household income or support during construction. The training received was oriented towards program management but not the above-mentioned skills.

Performance-based fees to lenders & NGOs/CBOs for providing underwriting and disbursement support to participating HH (US\$464,000)

Financial Institutions (FIs) were paid administration fees for their handling of the loan and subsidy application, underwriting, and servicing. FIs agreed to charge approved commercial fees to beneficiary borrowers under the program and to administer subsidies for households that did not qualify for the loan (and after 2003, for those households that were not interested in taking a loan). For these non-borrowing households, the program paid an administrative fee per applicant for filing the subsidy application, underwriting the customer and the property, and disbursing funds. Two-thirds of beneficiaries were expected to be unable to qualify for a loan⁵. Since the average administrative fee is US\$100, the program required a total of US\$264,000 in administrative fees to lenders.

In terms of NGOs/CBOs, a performance-based administrative fee was paid for processing incoming applications and assisting households in preparing the information necessary to qualify for the subsidy and loan. In addition, CBOs received an incentive fee for their community outreach and monitoring work, which was based on the number of completed housing solutions in their neighborhood. Together, the NGO and CBO fees totaled US\$50 per household. A total of US\$200,000 was included in the budget for administration by NGOs and CBOs.

However, by 2003 the neighborhood targeting approach was discarded for being too restrictive to reach the targeted population. Thus, the role of the CBO was limited and it became evident that they did not have the capacity to process applications as expected. NGOs and PIU personnel took over their responsibilities, which ultimately caused the Program to accelerate. **See Chapter III for more discussion on NGOs/CBOs**

⁵ Neither FIs nor LISP PIU kept a record of how many beneficiaries didn't get a loan.

3. STRENGTHENING PUBLIC HOUSING POLICIES AND INSTITUTIONS (US\$1.74m)⁶

Improving land and housing policies and programs (US\$150,000)⁷

Regulatory and policy reforms coordinated from the PIU were expected to reduce the cost of construction and serviced land, coordinate the Government's land divestiture program with the housing program, and facilitate housing finance. Technical assistance resources were allocated to (a) analyze the high cost of key local building materials and the use of low-cost alternative building materials, develop cost-saving designs for the rehabilitation and extension of common house types, and gear the building code and subdivision regulations to low and moderate-income housing. (b) Another group of technical assistance aimed at reforming the Government land divestiture program to support land allocation for LISP beneficiaries. Specifically, it aimed to improve the targeting and operation of the Government land divestiture program, to motivate holders of Government-allocated plots to build on their plots or return them to Government; also to improve the process of land titling and registration. A third group of technical assistance (c) was related to the establishment of a credit bureau, advice on how to reduce mortgage and transfer taxes, and to reduce hazard insurance and eliminate life insurance requirements for mortgage lending, and facilitate access by credit unions.

NOTE: Very little technical assistance was effectively carried out, to little effect. The PIU conducted the study on alternative building materials but with no successful findings in terms of cost savings. A few cost saving building designs were developed by the PIU but were not widely used by beneficiaries or promoted with NGOs or local developers. A proposal to ease regulations for low-income housing was prepared for to Congress, but did not pass. Additionally, all technical assistance connected to improving land divestiture processes in the country was halted mainly due to lack of political will to carry it out, since they pertained to the Ministry of Regional Development and could not be initiated at the PIU. Regarding the third category of consultancies, the PIU carried out a feasibility analysis for a credit report, but there was no further evidence of demand on the part of FIs to implement one. Remaining changes depended on the Central Bank that did not show special interest in them.

Strengthening public housing institutions (US\$1.59 m)⁸

Program Implementation Unit (PIU) (US\$1.5m)

The program supported the establishment of a strong and efficient PIU as an independent foundation under the Ministry of Social Affairs and Housing. Apart from staffing and operational expenses, other support was: (a) to develop and maintain computerized data bases of applicants and link them to data bases kept by participating lenders; (b) to create a neighborhood and CBO data base including information on population, services and infrastructure, and civil society for eligible neighborhoods; (c) to establish a system to qualify contractors; and (d) to train NGOs, CBOs, and lenders to implement the program.

Promotion campaign (US\$10,000)

The proposed housing program departed radically from the turnkey construction and interest rate subsidies that had characterized Government housing programs. Special efforts were required to publicize and explain the program to both the wider public and targeted markets. The program developed a publicity campaign using different media appropriate for low-moderate income households, and designed and produced printed information material geared to different classes of participants in the program, e.g. households, CBOs, NGOs, contractors, and IFIs.

Monitoring and evaluation (US\$72,000)

The Bank's Country Office monitored the program, with missions conducted by consultants as well as IDB headquarters staff planned for the first year and one per annum subsequently.

NOTE: Apart from the creation of the *PIU*, the other two activities – *Promotion and Monitoring & Evaluation* – were not successfully completed. Budget for outreach was insufficient and it had to be increased. Monitoring and evaluation of the Program, though technically carried out, was ultimately poor, and supervision was lacking. **See Chapter III for the analysis of the component.**

⁶ See Chapter III for the full analysis of this component and its parts.

⁷ Few if any of these activities were completed. See Chapter III for a complete discussion of the component's analysis.

⁸ Apart from the creation of the *PIU*, the other two activities – *Promotion and Monitoring & Evaluation* – were not completed. See Chapter III for the analysis of the component.

III. RESULTS

A. OUTCOMES

ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)				
Development Objective(s) (Purpose)			Key Outcome Indicators	
1. Improve the housing conditions for low and moderate-income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable by introducing a new financing model based on up front demand subsidies				
Classification: Probable				
Key Planned Outcomes			Outcomes Achieved	
1.1. Houses built or rehabilitated/renovated 1.2. Number of people resolving land title issues 1.3. Decrease in percentage of households in overcrowded/substandard housing 1.4. Increase in percentage of households from target group able to secure a mortgage				
Baseline Target	Intermediate Target	EOP Target	EOP Target	
1.1 0 (12 Nov 2001)	1,500	- 4,000 (12 Nov 2006)	1.1 3,715 [2,345 Finalized] – (03 June 2008)	
1.2 N/A (12 Nov 2001)		- Increase #HHs with land titles	1.2 Improved land titling [No Data] – (03 June 2008)	
1.3 N/A (12 Nov 2001)		- 5% decrease in overcrowding in HHs	1.3 Achieved (see Midterm Review) ⁹ – (03 June 2008)	
1.4 N/A (12 Nov 2001)		- 5% increase in mortgages for target HHs	1.4 No Data – (03 June 2008)	
Summary Development Objective(s) Classification (DO):				
[] Highly Probable (HP)		[X] Probable (P)	[] Low Probability (LP) [] Improbable (I)	
Briefly justify DO classification, based on degree to which planned targets were met, explaining the differences between planned and achieved outcomes as well as any other relevant factors.				
DO/Outcome 1.1 – Houses build or rehabilitated/renovated: The demand for low-income housing is still high since construction costs are increasing more than income. The program has successfully introduced a more effective low income housing scheme that has created several spin-offs, for example LISP’s extension of subsidies to the hinterland ¹⁰ . Success can be measured by the current backlog in applications.				
DO/Outcome 1.2 – Number of people resolving land title issues. The program increased flexibility in the type of titling accepted. Thus, there has been improvement in this area and more households have been able to access the program. Nevertheless, the absence of a baseline prior to the program’s implementation prevented any further evaluation of this indicator.				
DO/Outcome 1.3 – 5% decrease in percentage households in overcrowded/substandard housing: The midterm review’s quantitative social assessment found that in a random sample of Beneficiary Households, 14% used the subsidy to increase the number of rooms in their homes. Furthermore, of those households who had not constructed additional rooms, approximately 9% of them used it subsidy to increase the size of their rooms. Both statistics indicate that the desired a 5% decrease was exceeded. Nevertheless, no overcrowding definition was operational and no baseline existed prior to the program’s implementation, preventing any deeper evaluation of this indicator.				
DO/Outcome 1.4 – 5% increase in percentage households from target group able to secure a mortgage: Despite the claims of the quantitative social assessment and the midterm review, ultimately there is no verifiable data with which to analyze this outcome indicator. The assessment showed that 14.7% of new households were able to secure a mortgage with the financial institutions affiliated to the program (GODO and SURITRUST); and, that 5% of that 14.7% claimed they had never received any loan from any Financial Institution. Ultimately, the absence of a baseline precludes the proper assessment of this indicator.				
Country Strategy: At the time of approval this project was expected to contribute to the following Country Strategy objective(s):				
The 1999 Country paper emphasized policy and institutional reforms, favored the private sector, and specified low-income housing as a key sector for reform.				
Given the results described above, briefly discuss how the project has contributed or will contribute to the Bank's strategy in this country:				
The program fully supported these goals by: a) rationalizing and reforming GOS housing program and subsidy approach; b) shifting part of the traditional role of government to the private sector; c) reducing the per capita subsidy for housing while achieving greater production. Hyperlink to Country Strategy: http://CSU-APPS-01.reg.iadb.org/WSDocs/getDocument.aspx?DOCNUM=19344				
Sustainability Analysis:				
Institutional Sustainability: High. Good indicators for this classification are: (i) the GSU communicated its interest to finance a follow up of this program and (ii) the PIU reached a level of professional maturity and is capable of implementing a new operation. Similarly, some participating NGO’s and the FIs have built capacity to participate in the implementation.				
Financial Sustainability: Medium. The program is still totally dependant on housing subsidies, which are by definition not sustainable without GSU support. There are no provisions for cross subsidies in the program or for components that include a cost recovery approach.				

B. EXTERNALITIES

⁹ LISP's Mid Term Review (MTR) Final Report; Main Consultant: Carlos Lacayo; clacayo@ibw.com.ni; Social Team Leader Support: Betty Cederboom; Paramaribo, Suriname; April, 2007.

¹⁰ See Annex 8, LISP Pilot Project Building Houses in the Interior

i. Positive Externalities

Movement into the Interior

A positive externality of LISP Program is the Pilot Program for Building houses in the Interior. In the original design, subsidies were applied only in coastal urban communities. However, LISP relationship with NGOs and Financial Institutions, and its knowledge of national housing needs, led to the development of a successful Pilot to address housing needs of indigenous (maroon) communities. The pilot will be a component in the Second Phase of LISP. Since the initiation of the Pilot in March 2007, 150 subsidies were approved for households in the interior and 63 households received housing loans to complement the subsidies. This has prompted the creation of new methods of operating and increased collaboration with the private sector. **See Annex 8 for a detailed description of the Pilot.**

Name Recognition and Program Reputation of the LISP Foundation

The LISP foundation's emergent name recognition and the Program's strong reputation left an overall positive impression on the public as well as attracted many more applicants. According to NGOs and LISP officials, many potential beneficiaries were skeptical of the new Program at the beginning and were often doubtful of direct subsidies that would not have to be repaid. The good reputation unintentionally paved the way for its successor LISP 2.

Suriname learned a new way to do business in housing: Even if Suriname still lacks an integrated housing policy, and it is still doing direct provision, the provision of housing through up front subsidies has become an accepted way of public support towards low-income housing. This represents a big break through for Suriname, even if there are still some government projects that are doing direct provision. Also, the fact that the private sector has learned this new way of doing business, the first phase has paved the way for new financial institutions and NGOs to get into the LISP program.

ii. Negative Externalities

Payment System of Fees to NGOs – Negative Impact on Targeting

The performance-based payment system, which compensated NGOs for identifying potential beneficiaries and assisting them through the application process, had a negative impact on targeting the lowest income households. This was the result of two design flaws. First, the fact that NGOs (unlike IFIs) received their performance-based fee (US\$65) only if (and when) an application was approved by the PIU for and HIC. Therefore, not only was the fee not guaranteed, but it was also only disbursed to the NGOs after the subsidy's approval, which restricted the cash flow of NGO budgets. Secondly, the Program's payment system created a disincentive for NGOs to put the time and effort into targeting the poorest and neediest low-income household since the performance-based fee gave them incentives to focus their efforts on households that had the best chances of being included in the Program.¹¹ Ultimately, due to a lack of adequate information it is very difficult to analyze the degree to which this externality may have impacted the overall targeting of the program, but the broader issue of beneficiary selection is discussed in more detail in the section '*Analysis of Critical Factors*' found in the subsequent chapter – *Project Implementation*.

¹¹ An explanation for this could be that LISP had initially planned to use the 'Territorial (or Neighborhood) Approach' to targeting, in which poor neighborhoods were identified first and the eligible households selected from within the identified areas. Eventually, however, the territorial approach was determined to be ineffective and in conflict with the Program's objectives and was therefore discontinued. Still, while the reasons for discontinuing the territorial approach may have been sound, this action may have negatively impacted the targeting of low-income beneficiaries as well, since it was now easier for NGOs to overlook the poorest households and concentrate more on those applicants that presented themselves at NGO and LISP offices.

C. OUTPUTS

IMPLEMENTATION PROGRESS (IP)				
COMPONENTS (OUTPUTS):				
Component 1: Investments in rehabilitation and new construction of housing for low and moderate-income households. Total cost of Component 1: 8,413,000 Counterpart: 1,470,000 IDB: 6,943,000 IDB Disbursement: 6,943,000				
Classification: SATISFACTORY				
KEY OUTPUT INDICATORS:				
Planned Outputs 1.1. Number of Housing Certificates Approved 1.2. Houses built or rehabilitated/renovated			Outputs Achieved EOP Target	
Baseline Target	Intermediate Target	EOP Target		
1.1 0 (12 Nov 2001)		4,000 HICs [1320 New Houses / 2680 Renovation]	1.1 3715 HICs [1203 New Houses / 2512 Renovation]	
1.2 0 (12 Nov 2001)		4,000 Finalized (100%)	1.2 2,345 Finalized (63%) / 1,217 in Construction (33%)	
Differences between Planned and Achieved Outputs - 285 HICs (7.13%) / 1,655 Finalized Housing Solutions (41.4%)				
Restructuring. Indicate if this component was restructured (date of approval by Manager). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Component 2: Technical assistance and performance based fees to private housing sector (to non-government organization (NGOs), community-based organizations (CBOs), and financial institutions (IFIs) for key roles in implementing the investment component. Total cost of Component 2: 754,882 Counterpart: 0 IDB: 754,882 IDB Disbursement: 754,882				
Classification: SATISFACTORY				
KEY OUTPUT INDICATORS:				
Planned Outputs 2.1 Liquidity of participating Credit Unions meets demand 2.2 Technical Assistance and Training to NGOs and IFIs			Outputs Achieved EOP Target	
Baseline Target	Intermediate Target	EOP Target		
2.1 0 (12 Nov 2001)		100% (12 Nov 2007)	2.1 100% (12 Nov 2007)	
2.2 0 (12 Nov 2001)		11 NGOs and 4 IFIs received training	2.2 11 NGOs and 3 of 4 IFIs trained (12 Nov 2007)	
Differences between Planned and Achieved Outputs - [X] N/A; No Difference				
Restructuring. Indicate if this component was restructured (date of approval by Manager). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Component 3: Strengthening of public housing policies and institutions Total cost of Component 3: 1,758,000 Counterpart: 85,000 IDB: 1,616,761 IDB Disbursement: 1,616,761 (Total amount committed: 255,471)				
Classification: UNSATISFACTORY				
KEY OUTPUT INDICATORS:				
Planned Outputs 3.1 PIU operates independently but as an integrated part of GOS 3.2 A study for successful building materials carried out and efficient low income housing designs 3.3 Improving land and housing policies			Outputs Achieved EOP Target	
Baseline Target	Intermediate Target	EOP Target		
3.1 0 (05 Sep 2001)		100% (12 Nov 2007)	3.1 100% (30 Nov 2007)	
3.2 0 (05 Sep 2001)	Alternative materials and new housing design in use (12 Nov 2007)		3.2 Substandard Achievement	
3.2 0 (05 Sep 2001)	Land and Housing Policies Improved (12 Nov 2007)		3.3 Not Achieved	
Differences between Planned and Achieved Outputs- No policy changes were made despite some proposals submitted by LISP. The studies and proposals that were under complete control of LISP were carried out but not used to their complete capacity.				
Restructuring. Indicate if this component was restructured (date of approval by Manager). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Summary Implementation Progress Classification:				
<input type="checkbox"/> Highly Satisfactory (HS) <input checked="" type="checkbox"/> Satisfactory (S) <input type="checkbox"/> Unsatisfactory (U) <input type="checkbox"/> Very Unsatisfactory (VU)				

D. PROJECT COSTS ¹²

INVESTMENT CATEGORY	Total Program Cost - Planned				Total Program Cost - Actual*				Percent Difference		
	TOTAL			% TOTAL	TOTAL*			% TOTAL			
	IDB	GOS	Total		IDB*	GOS*	Total*				
1. PROGRAM ADMINISTRATION	1.673.000	85.000	1.758.000	14,3	1,819,790*	121.476	1.941.266	18,5	8,8%	42,9%	10,4%
1.1 Policy Reform	75.000	75.000	150.000	1,2	24,552	24.148	48.700	0,5	-67,3%	-67,8%	-67,5%
1.2 PIU Operation	1.166.000	-	1.166.000	9,5	1,323,191	77.844	1.401.035	13,3	13,5%	-	20,2%
1.3 Promotion	10.000	10.000	20.000	0,2	14,304	19.484	33.788	0,3	43,0%	94,8%	68,9%
1.4 M & E	72.000	-	72.000	0,6	72,651	-	72.651	0,7	0,9%	-	0,9%
1.5 PPF	350.000	-	350.000	2,8	385,092	-	385.092	3,7	10,0%	-	10,0%
2. DIRECT COSTS	6.943.000	1.470.000	8.413.000	68,4	6,683,100*	743.700	7.426.800	70,6	-3,7%	-49,4%	-11,7%
2.1 Home Rehabilitation	4.587.000	710.000	5.297.000	43,1	3,235,500	373.500	3.609.000	34,3	-29,5%	-47,4%	-31,9%
2.2 New Homes	2.356.000	760.000	3.116.000	25,3	3,447,600	370.200	3.817.800	36,3	46,3%	-51,3%	22,5%
3. TECHNICAL ASSISTANCE	760.000	-	760.000	6,2	588,201*	-	588.201	5,6	-22,6%	-	-22,6%
3.1 Training Private Housing Sector	200.000	-	200.000	1,6	12,788	-	12.788	0,1	-93,6%	-	-93,6%
3.2 NGO/CBO Strengthening	96.000	-	96.000	0,8	29,534	-	29.534	0,3	-69,2%	-	-69,2%
3.3 Fees for Fis/NGOs	464.000	-	464.000	3,8	545,879	-	545.879	5,2	17,6%	-	17,6%
4. UNALLOCATED EXPENSES	326.000	-	326.000	2,6	2,265*	-	2.265	0,0	-99,3%	-	-99,3%
4.1 Contingencies	326.000	-	326.000	2,6	2,265	-	2.265	0,0	-99,3%	-	-99,3%
5. FINANCIAL EXPENSES	98.000	944.000	1.042.000	8,5	3,500*	553.991	557.491	5,3	-96,4%	-41,3%	-46,5%
5.1 Interest	-	762.000	762.000	6,2	-	471.418	471.418	4,5	-	-38,1%	-38,1%
5.2 Credit	-	182.000	182.000	1,5	-	82.573	82.573	0,8	-	-54,6%	-54,6%
5.3 Credit Supervision	98.000	-	98.000	0,8	3,500	-	3.500	0,0	-96,4%	-	-96,4%
GRAND TOTAL	9.800.000	2.500.000	12.300.000	100,0	9,096,856	1.419.167	10.516.023	100,0	-7,2%	-43,2%	-14,5%
% per source/per year	80,0	20,0	100,0	-	86,75	13,25	100,0	-	6,75%	-6,75%	-

(Note: a negative (-) percentage in the columns to the far right denotes a category in which the actual cost of the program and/or money provided by the two financiers is less than the Total Program Cost - Planned at the outset of LISP. Conversely, a positive percentage in the same columns indicates a category in which the Actual Program Cost exceeded the Planned Program Cost.)

Briefly explain any differences – Nominally, the differences between Planned and Actual Program Costs appear to be few. Nevertheless, there were some differences that are worth pointing out. The foremost discrepancies can be observed in the Government of Suriname (GOS) column. First, we see that they increased their actual total contribution to Program Administration by almost 43%, with the most significant change coming from the \$77,884 contributed to the PIU's operation, where no contribution was initially planned. However, under Direct Costs and Financial Expenses (the two categories with the highest Planned amounts assigned to the GOS), the GOS's Actual Cost contribution has only been 50.6% and 58.7% (respectively) of the planned amounts. Failure to disburse all of these funds (i.e. those used for the housing subsidies) were the most damaging as it ultimately translated into a decrease in the total number of beneficiary households who received subsidies. In sum, the GOS's Actual Expenditure is merely 56.8% of their Planned Expenditure. On the other hand, the IDB fulfilled their planned expenditure with only slight variations in important categories like Program Administration, Direct Costs, and Technical Assistance. The first line under Program Administration, "Policy Reform" had an original planned total cost of \$150,000 (split 50-50 between IDB and GOS) which were transferred to PIU Operation costs for the reasons already explained (see page 7, #3). Another relatively large difference is observed between the IDB's Planned and Actual expenditures for Financial Expenses, with only 3.6% of the Planned amount being disbursed; this was the result of a Bank decision in 2005 to forego their Financial Costs and transfer them to Promotion. All totaled, the Program's Actual expenditure is 9.6% lower than the Total Planned Program Cost foreseen during program conception and presented in the LISP Loan Contract.

IV. PROJECT IMPLEMENTATION

A. ANALYSIS OF CRITICAL FACTORS

Territorial Approach for Selecting Beneficiaries: Restructuring of Component 1 - Targeting

LISP's use of the territorial approach aimed at accurately targeting poverty, by income and by community. In practice, the territorial approach generated a closed system and the assumption listed in the original Logframe (2001) that "*Community-based application process generate sufficient demand for intended housing solutions under the program*" was not backed by evidence. An analysis of 906 families in the pre-selected neighborhoods showed that only 168 (18%) were eligible to access the program. Following the program design review, the first key change implemented in 2005 was to rework the LISP's Beneficiary Selection approach and discontinue the Territorial Approach

Fixed Subsidies, Household Contributions, and Housing Solutions: Restructuring of Component 1 – Granting larger access

The economy remained largely stable during the course of the Program, allowing interest rates to continue declining from over 22% in 2003 to 14% in 2008. ¹³ This helped facilitate the outcomes related to increased mortgage lending by participating IFIs. However, inflationary pressures—particularly with respect to building materials, decreased the real proportional participation of the subsidy in financing the solution, and complicated the completion of housing solutions for some beneficiaries as their real income was also now lower. In face of low demand and slow allocation processes, during the Administrative Mission of 2005, one of the operational adjustments was to lower the compulsory financial contribution from US\$500 to US\$150 (10% of the subsidy), since the majority of eligible participants were not capable of contributing the prior

¹² *Actual Total Project Costs based on most recent Statement of Investments (LISP, December 31, 2007) All Actual Program Costs will be updated when they become available at the end of 2008.*

¹³ LISP Exit Workshop, Mr. Ike Muler (See Annex 1 for Minutes from the Exit Workshop)

amount. Inflationary pressures also made it necessary to raise the maximum housing solution from USD 10,000 to USD 12,000. Consequently, in order to maintain the value of the subsidy, the amount also increased from US\$3,000 to 3,600 (but only applied to new applicants, post 2005). The price of materials continued to rise over the past 5 years, which may indicate the need to index the subsidy accordingly in future operations.

Internal Capacity to Execute

The PIUs existence represented a positive critical factor of execution. No housing institutions with the capacity to execute the program existed at the program design stage, which was the main risk facing LISP. Thus, the third Component, *Strengthening Public Housing Policies and Institutions*, allocated the bulk of its funds to the establishment of an effective PIU. Even if it took almost two years to set up, the PIU-LISP Foundation effectively managed a savings, subsidy and loan program for lower and middle-income group. By establishing the LISP-PIU as a foundation, it had limited Government's involvement in the direction of the program and avoided intra-governmental rivalries without losing the GOS's support. The Board of Directors represented stakeholders in the project (NGOs, FIS, and Government) and maintained a permanent non-government majority. Thus, the Program had the flexibility to react immediately to changes in program design or operations, etc. However, one relevant objective of the PIU was not fully achieved: *to determine rules/procedures/handbooks/ operational manuals etc and adapt them to program changes.* According to several separate evaluations, some important and agreed upon written procedures and rules detailed in the Operational Manual were never put into practice (See the description of the Beneficiary Selection System, described in more detail below), and program changes were not adequately registered. Also, the failure to train NGO's to adequately carry out their outreach and supervisory roles, and taking on the role themselves instead, reflects some relevant weakness in the coordination capacity of the PIU. In addition, key information systems such as the MIS or the targeting systems for the program were never operational, limiting executing capacity.

External Capacity to Execute

Private sector participation in the form of NGOs, CBOs and FIs was an integral part of program design and as such a key factor for program execution. These activities fall under Component 2 of the Program, which ranged from technical assistance, to hardware and software support for IFIs, NGOs and CBOs to strengthen their capacity to participate and invest in housing programs, and pay performance-based fees to these institutions to provide underwriting and disbursement support to participating households.

Contrary to what was expected, FIs never showed interest in doing outreach, looking for new potential clients by processing applications or using LISP software to classify borrowers. Instead, to ensure their participation, the program paid high percentages for each beneficiary attended by an FI¹⁴. Even with thos support FIs offered services mostly to middle income groups and thus had a very low rejection rate. The foremost challenges presented by limited external capacity to execute were related to the NGOs/CBOs. The support NGOs provided to beneficiaries was limited to what they knew best, facilitating the application process, which made it more difficult for the PIU to assist beneficiaries resolve pre and post application problems like land titling issues or ensuring the most cost-effective housing solutions were being provided by contractors (supervisory role). Furthermore, limited capacity and stretched resources caused the targeting methods used by the NGOs like the prescreening of potential applicants and the unwillingness to assist riskier households (see page 10, negative externalities). Exacerbating the deficiencies of the NGOs was a complete overestimation during the design phase of the role of CBOs in LISP. CBOs were rare and possessed highly inconsistent participation levels, organizational strength and overall capability. Consequently, this forced the already stretched NGOs to take on additional responsibilities. In other cases where NGO capacity was not enough, the PIU was stretched to take on NGOs responsibilities.

Thus, external capacity to execute was weak had mostly a negative impact on project implementation. LISP did not manage to turn this problem around during execution. The technical assistance provided by LISP did not prepare NGOs beyond their outreach duties since it focused mostly on operational issues specific to the Program and failed to address technical needs required to strengthen institutions as a whole. No specific results were included in the contracts with service providers (measurable indicators) and consequently no punishments for non-compliance.

Monitoring & Evaluation by LISP

Monitoring and Evaluation (M&E) of the Program by LISP was a negative critical factor of implementation. The specific failures related to M&E begin with the Operational Manual. The Manual was adjusted on two occasions over the course of the Program to account for the operational changes agreed upon by both the PIU and the IDB. The first version of the Manual followed the loan's approval in 2001, and a second one was produced after the Start-up mission, in 2003. The second version of the OM resulted from the program assessment undertaken during the administrative mission of 2005 that further restructured the Program's investment component. In addition to the two official revisions of the LISP OM, most recently (2007) the PIU released a third version of the Manual which expands upon the previous OM. However, the majority of information contained within the Manual has never reflected the practical day-to-day operations of the Program or deleted outdated processes.¹⁵

In addition, LISP failed to supervise the processes of infill construction and housing improvement. On the one hand, supervision and monitoring or construction finance is expensive and it demanded sometimes more than one or two years of activities. FI were supposed to do the follow up on the new housing projects to which they were giving mortgages to, but they just reported to LISP on the supervisory mission that was routinely performed at the beginning of the works. Even if FIs charged LISP a US\$100 to carry out these tasks, there is no evidence of it being done, and LISP did not keep record of it. The result was that new houses built under LISP, 81% took less than one year to be finished, 14% between 1 and two years, and 4% took more than 2 years. Regarding housing improvements, the situation worsens; with no FIs in the process, supervision was done

¹⁴ An IFI would get US\$100 to manage a subsidy account, with or without a loan, and would be paid upfront for it.

¹⁵ The most obvious example of this departure between guidelines and practice is apparent in the Beneficiary Selection System. All OM establish a scoring system to automatically assign points to applicants on the basis of agreed and known criteria, however, the Program never designed the computer model or software to process this system nor was the necessary information for the applicants collected. In addition, the territorial approach to targeting is still in the OM even if it was discarded in 2005.

sporadically, or not done at all. NGO's were supposed to do the follow up with beneficiaries but this role never materialized. Regarding housing extensions and improvement, 58% of all projects took less than a year, while 34% took between 1 and 2 years and 13% took more than two years. The lesson learned here is that most projects took longer than expected, presumably for the need of technical assistance, the lack of a clear contract among beneficiaries and constructors, and the absence of a strict supervision system.

Finally yet importantly, two other major issues affected monitoring and evaluation negatively: (i) the lack of a Management Information System¹⁶ and (ii) the absence of a baseline against which to evaluate the Program's performance. The MIS is still the foremost institutional weakness that LISP-PIU presents. Information systems used were basic office software, primarily Microsoft Office programs to manage the beneficiary and stakeholder data. In short, LISP-PIU lacked the tools to carry out its functions in the area of monitoring and evaluation. **See Chapter IV. Critical Factors of Sustainability for a full discussion and diagnosis of the MIS.** Furthermore, the fact that a baseline was never established for the majority of program indicators makes the evaluation of the Program very difficult and in some cases impossible.

Involvement of lenders

Involvement of lenders was a positive critical factor for implementation, but it was not used to its full potential. Suriname's financial sector was fragile and underdeveloped, and the program did not affect this reality. It asked them to introduce new housing products to the riskier group, but they never did, and they just gave mortgage loans to middle-income beneficiaries. Even if the program was open to all FI's, only three intermediary financial institutions (IFIs) participated in LISP: two cooperatives (GODO and De Shakel), one bank related institution (Suritrust). Within the program, FIs were supposed to reach out for beneficiaries in order to channel and administer subsidies, mobilize savings and provide loans for middle-income earners. However, FIs did not show a clear interest to reach out for new clients and accepted just those that got to them through the NGOs. Furthermore, with the successive changes made to program design, the requisite for a loan was waived and of all these functions, the FIs ended up mostly administering the subsidies for a fee. Out of the 3667 LISP beneficiaries (who are registered in the LISP-PIU database, 595 (16% of the total) received credits from IFIs associated with the program. While this may appear to be a lower than expected result, the Program indicator had been set at *500 beneficiary households receiving loans*, therefore indicating achievement in this category. The Logical Framework lists two more indicators with which to evaluate the ability of the Program to leverage its own resources with funding from financial institutions. The indicators were a *5% increase in mortgage lending for the targeted income segment*, and, a *mortgage portfolio for program related lending of approximately US\$4.5 million*. The first indicator is impossible to assess because of the absence of a baseline. Regarding the second indicator (a mortgage portfolio of around US\$4.5 million), the analysis of the LISP-MIS beneficiary database calculated the estimated total mortgage portfolio to be significantly less than the expected amount at US\$1,714,726. The fact that the average loan size – SRD 7,247 – was an amount significantly below the Program's subsidy for a new house indicates that overall FIs did not significantly increase their lending to low-income households.

Targeting and Beneficiary Selection

The targeting system used by the Program is a negative critical factor of implementation. The PIU ignored a system designed, approved, and outlined in the project document and detailed in all three Operational Manuals¹⁷. PIU-LISP traded the proposed subsidy allocation system for a simpler more efficient one that may have inadvertently increased the possibility of exclusion and inclusion errors. Under the targeting system that was operational during program execution, applicants/households were eligible if their net household income (gross income less deductions) was below SRD 1,070 (approximately US\$300). In addition to meeting the income criteria (verifiable only through paychecks), the only other requirements placed on beneficiaries were possession of legal title to their land, and that the applying member was a citizen of Suriname above the age of 18 years old. With these few rules, the system ultimately was inadequate to guarantee the selection of one of the targeted populations: *low-income households*, since people tended to underreport their income to access the subsidies. Even if each applicant was subject to a home visit by a Program official to perform a visual assessment of the income declaration made, the visual review was a rudimentary verification means of declared income. Furthermore, due to the design of the beneficiary selection system used by the Program, the assignment of the subsidies was done on a first come first served basis, favoring the ones with more information, and who were more prepared to apply, most likely middle-income beneficiaries. In addition, there were no subsidy cuts to prioritize the poorest applicants before deciding on the approval of subsidies made it more difficult to target the poorest households. This targeting system, combined with the incentive system in place for NGOs that were paid performance-based fees when the application was approved, might have contributed to a self-selection towards middle-income groups.

Overall, upon basic, face-value analysis of the LISP-MIS database of beneficiary information produced the following summary of Targeting Results:

- LISP provided 3,667 subsidies to beneficiaries in the seven years under operations. According to LISP 97% of all beneficiaries met the income criteria of the program (they had incomes below SRD 1,070) which would indicate a good targeting of the program.
- In terms of the mean income of beneficiaries by type of housing solutions/subsidies: the mean income of the Beneficiaries of the "New Core Unit" was just under SRD 1,070 (1,069.72); whereas the Beneficiaries of the "Renovation/Extension" had a mean income of SRD 825.

¹⁶ This was probably the most relevant observation of the Mid term evaluation of the Program.

¹⁷ The original beneficiary selection Program's design, reflected in all Operational Manual, developed an effective targeting system that allowed for the prioritization of households based on multiple factors in addition to income, such as the number of dependants in a household, overcrowding (members per room), the fact that somebody in the family could be handicapped, and other verifiable proxies for poverty (see **Annex 9 for the Household Scoring System and the corresponding tables of weighted variables to be used in the determination of eligible households as it was presented in the Manual from 2003**). The computerized point system was going to be designed to diminish the human interface of the selection of beneficiaries by objectively processing variables that have been proven highly correlated with poverty as well as easily verifiable.

- The exact degree to which the Program was well targeted cannot be determined because the PIU did not keep or record rejected applications. As a result, the exact number of missing applications of rejected households is unknown; however, the director of LISP estimates that approximately 30% of all applicants did not qualify.

This information has several problems, which make the results less reliable. To review (i) there was not a strict income validation process to ensure that applicants were indeed telling the truth about their income; (ii) the program in the beginning only took into consideration the income of the head of the household, thus there may be a gross underestimation of the real income of beneficiary families; and (iii) the fact that net and not gross income was used, led to significant leakages because of the various items that were allowed to be deducted from gross income. Some households with gross incomes over SRD 2,000 (a couple over SRD 3,000) were eligible to the subsidy since they were able to show net incomes below SRD 1,070 because of these deductions.¹⁸

Land and Housing Policy Reforms, Technical Assistance, & Political Will

The lack of implementation of the policy reform activities under Component 2 – Technical Assistance and Performance-based fees to the Private Sector – and Component 3 – strengthen public housing policies and institutions; represent a negative factor for implementation, since it showed LISP incapacity to influence over other key public and private actors in the housing market. A limited number of the activities under Component 2 were possible for the PIU to execute and complete on its own (i.e. without the Government of Suriname) See Component description in pages 7 and 8.

B. BORROWER/EXECUTING AGENCY PERFORMANCE

Borrower/Executing Agency			
<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

C. BANK PERFORMANCE

Bank Performance			
<input type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

The Program had quite a complicated design, and was difficult to execute, as the fact that it took to years to launch shows. The staffing of the PIU took much longer than expected, and the Bank did impressive efforts to accompany its development and improve its processes. Four supervision missions were carried out and the local office in Suriname provided the needed support for LISP. However, the rating of unsatisfactory is because all operating manuals and the originally designed targeting system were never used by the PIU, with the Bank not passing a complaint or stopping disbursements. Changes to the program were not recorded systematically, which left the PIU operating on “unwritten rules”.

V. SUSTAINABILITY

A. ANALYSIS OF CRITICAL FACTORS

Lack of Sustainable Program Communication Systems

In the case of LISP, the project cycle management system or “LISP licensed software for processing housing incentives applications” that was supposed to produce information related to each process of the project cycle, was not properly designed for the PIU or the institutions executing them. The system, made available to NGOs and FIs, could not be used as a reporting tool. Main reasons for this were; (a) it was not web based or multi-layered; (b) it did not contain the appropriate modules to handle the project cycle tasks; (c) it could not verify reporting and, (d) it did not allow for real time updates from all the stakeholders. Since 2005, program evaluators have called for a redefinition of the Management Information System (MIS). The main reason for the lack of development of the MIS has been the budgetary limitations the PIU has been constrained by. Thus, a leading critical factor for program sustainability is the reconstruction and modernization of the Management Information System (MIS). The original LISP information system did not allow for monitoring and evaluation tasks, and created a disconnect between the institutional partners in the private sector and the PIU. It impeded a real time assessment of the program and limited the amount of information that could be crossed over. The fact that access to program information was difficult and costly increased the time it took to complete each stage of the project cycle. In addition, it decreased the overall transparency of the Program. Thus, the IDB and PIU have placed strengthening the MIS at the top of the agenda of activities to be carried out in the immediate future. (See annex 7 for a detailed description of the reforms needed and that will happen under LISP II). In addition to an improved MIS, it is relevant that Phase II makes information sharing compulsory among all relevant stakeholders. During LISP I the lack of an adequate MIS was exacerbated by the fact that many program partners were not overtly open to share beneficiaries’ information. Reports from the FIs were inconsistent from the data at LISP PIU, and both the IFI and the PIU failed to ensure the information was properly shared.

Land Titles and Housing Policy¹⁹

¹⁸ Suriname Housing Market Study; written by Felipe Morris (Consultant) and edited by Carolina Piedrafita (IADB)

¹⁹ Suriname Housing Market Study; written by Felipe Morris (Consultant) and edited by Carolina Piedrafita (IADB)

To access a household subsidy, LISP beneficiaries must show proof of ownership of a plot of land. This represented a program bottleneck and a threat to its sustainability as a program targeted to low income groups. Even if there is no available information on the extent of the land titling problems in Suriname, during Phase I the LISP foundation found out that in many applications, potential beneficiaries had titling problems. In addition, the process to acquire land is costly and cumbersome, and it is less likely that low-income people have access to a clean title. Put simply, a program to target low-income people should address the problem of land ownership before addressing home ownership, or should address both at the same time. If LISP II is to target low-income groups, it should address land ownership issues and contribute to make more transparent the procedures to obtain access to public land. In addition, the Government needs to implement a land use policy that discourages land hoarding for speculation purposes and promotes its urbanization and construction.

There are two ways to acquire land in Suriname: (i) to purchase an existing or a new plot in the private land market and (ii) through government allocation by the Ministry of Spatial Planning, Land and Forest Management (ROGB) which issues 40-year leases to qualifying individuals or “domein” on state-owned or private land it has acquired. There, reportedly because in some parts of the country after the colonial period the land did not get properly divided amongst inheritors, many land titles are not registered in the name of the current holder of the property, leading to outdated information in the public registry (*Hypotheek Kantoor*). The other major titling problem relates to the tribal lands not formally recognized by the Government yet as belonging to the various tribes. In addition, purchasers of properties on Government granted land have to wait several years before being able to register the property on their name in the public registry because they need a letter from the Ministry of Regional Development (ROGB) approving the transfer of the granted land to the new owner. Faced with these problems, to facilitate and simplify the application process of potential beneficiaries, LISP accepted several proofs of titling referred as *intermediate titling* (See the *Suriname Housing Market Study* for more on this issue). Within LISP’s target population – low/middle-income households – the most commonly held land title is the 40-year lease. The GoS maintains that the 40-year lease can be bought and sold at the owner’s discretion and is, for the most part, similar to a full title. Notwithstanding these GoS claims, a 40-year lease title is a disadvantage to the landowner and presents serious limitations; the most obvious of which is resale value. Even if expropriation is not common, a long-term lease is *not* a full title and the Government withholds certain rights like the option ‘to buy’ back the land whenever it deems it necessary²⁰. Consequently, since the devaluation occurs at the market level, the resale value is lower than that of a similar plot of land with full title. In any event, there are multiple other land and titling issues, which are listed concisely in the *Housing Market Study*.

B. POTENTIAL RISKS

Limited Funds to cover demand for subsidies Fiduciary and operational

The greatest risk that LISP faces is a lack of finance and consequent dismantling of its PIU. The funding for LISP was structured in the following way: IDB supplies the government of Suriname with a long-term loan to the amount of US\$9,800,000 to finance this program. Under the contract, additional counterpart funds to the amount of US\$2,500,000 have to be supplied by the Government of Suriname. The Government of The Netherlands has disbursed US\$500,000, to cover the first year obligation of the Government of Suriname. Still, as of October 27, 2008 the Government had not contributed its full amount. The negative impact of the non-disbursed GOS funds also impacts the resources available to be disbursed for Housing Subsidies. If the Program cannot acquire funding in the immediate future, LISP runs the risk of jeopardizing its achieved results and alienating Beneficiary Households in the current waitlist, which could ultimately damage the Program’s credibility. Currently the IDB is in the process of planning LISP 2, in the hopes of its timely approval that could begin funding the excess demand for subsidies as soon as possible.

Lack of support from the GOS to continue the new focus in Social housing policy and LISP

The housing and land policy reforms that were important to support the development of an efficient housing market were not accomplished under the first Program due to a lack of political will or cooperation on the part of the GoS to facilitate the changes proposed under components 2 and 3 of LISP. Furthermore, during program execution, the GoS has implemented and is currently proposing additional programs that can overlap and conflict with LISP’s direct household subsidy. This poses a risk for LISP 2.

After LISP had been in execution for several years, the Government implemented its subsidy mortgage program for housing by funding commercial banks through lower reserve requirements so that they could issue mortgages at 7% interest rates (market rates range between 10-14%). This program, still on, targets high and middle income families, earning a minimum of SRD1,200 and a maximum of SRD4,000 that belong to the highest four deciles of the income distribution. The problems with this program are twofold: (i) The 7% program’s minimum income threshold is based on gross income, while LISP SRD1,070 is based on net income, so depending on how net income is calculated, it is possible for some beneficiaries to access both public subsidies. Additionally, (ii) according to the *Suriname Housing Market Study*, “The most significant problem with interest rate subsidies, such as the 7% scheme, is their regressive nature: the higher the loan, the higher the subsidy. The scheme has helped to promote mortgage lending in the country, but in the process it has introduced serious distortions in the financial market.” On another hand, the GoS is proposing to implement a 5% interest rate subsidy program in which the loans are granted to low income beneficiaries and covered by the Ministry of Finance in a lump sum payment. There is no evidence yet that this proposal will go through, but if it is, this interest rate subsidy is subject to the same criticisms as the 7% program. Finally, there is the proposed “Low Middle Income Shelter Program” (LMISP) another interest rate subsidy program, which if implemented would also result in giving more subsidies to the middle-income families than to the low-income beneficiaries.²¹

²⁰ “The transfer of land requires the approval of the ROGB in a transaction reported as extremely difficult and without time limit for authorities to take into consideration the application, thus facilitating corruption in the allocation process. Similarly, there are long delays in obtaining change of ownership of properties on government granted land that are sold to third parties. According to notaries, it can take between two and five years to obtain the approval by the Government of a change in ownership”. Extract from the Suriname Housing Market Study; written by Felipe Morris (Consultant) and edited by Carolina Piedrafita (IADB).

²¹ Suriname Housing Market Study; written by Felipe Morris (Consultant) and edited by Carolina Piedrafita (IADB).

The aforementioned programs would compete directly with the second LISP. The risk these proposals and programs present is that LISP might become an isolated agency whose upfront subsidy do not fit into the context of the Government of Suriname's broader social housing policy framework, either because it duplicates other subsidies to some extent or because it does not convince the government that it is the most efficient way to subsidize housing.

C. INSTITUTIONAL CAPACITY

The goal of Component 3, *Strengthening Public Housing Policies and Institutions*, was primarily to support the establishment of a strong and efficient PIU as an independent foundation under the Executing Agency, the Ministry of Social Affairs and Housing, but in concert with the achievement of the broader goal in housing and land policy reforms in the public sector.²² The majority of the funds under this component went to the establishment of the PIU, which was achieved and it managed the program during execution. The Board has held meetings regularly and took care of executive decisions, but its functions are not yet explicitly stated in the OM or anywhere. Furthermore, the PIU is fully staffed with 16 highly qualified and motivated technical staff. The relationship between LISP and its partners is strong, since all program changes were driven by the demand of these partners. In terms of results, the PIU operated independently but as part of the Government since the Chairman of the Board responds to the Minister of Social Affairs and Housing, as was intended.

However, as stated before, the PIU failed to operate completely under the written operational manual, and thus failed to comply with some of its stated functions²³ (see description of Components 2 and 3 in Chapter II above). The lack of definition of processes and responsibilities of the various actors within PIU and between the PIU and the NGOs and IFIs responsible of handling the project's cycle processes; and the weak supervision by LISP of NGOs and IFIs contractual arrangements and compliance are a few examples. All of these issues hampered transparency and performance accountability.²⁴ Compliance with program rules are a key issue to develop institutional capacity.

Administrative efficiency analysis concluded that the Program is cost-efficient. The PIU management has been successfully improving administrative efficiency indicated by both productivity per employee and overhead to total disbursements indicators that have been drastically improving over time. Productivity per employee is being measured in terms of total annual disbursement of subsidy investments per employee. According to the Midterm Review from 2006, PIU productivity has been continuously rising as productivity per employee has increased from US\$ 286 dollars in 2003 up to US\$ 164,938 dollars in 2006. Again, the Midterm review demonstrated that the weight of operational costs for every US\$ 1 dollar disbursed in subsidies has been declining over time significantly. In 2006, to provide US\$ 1 dollar of benefits it took US\$ 0.14 cents of operating cost. Finally, in terms of overhead to total disbursements, the midterm review points out that "it is important to notice that current operating cost of 11.55% was shown to be among the best of many similar Programs observed by the Mid-term consultancy within and outside the Latin American Region. Furthermore, when considering other Bank evaluated Programs in Suriname it is the highest level of administrative efficiency indicators observed."²⁵ Another salient institutional strength is the existence of an effective and accurate financial information reporting system with the Bank, which also provides financial information in the same format as the IDB LMS 1-executive financial summary; and no issue was found regarding internal control.

As stated before the lack of an adequate Management Information System represents a significant institutional risk to be addressed before the implementation of a second Program. (See Chapter V, Lack of Sustainable Program Communication Systems).

There is a threat to LISP institutional capacity in future programs, because the country still lacks a single housing policy and a coordinated institutional framework to implement it. There are multiple public agencies that deal with housing policies and programs, and the Ministry of Social Affairs and Housing is just one of them. The Ministry of Regional Development deals with land divestiture and urbanization, which is key to develop a healthy housing market. The Central Bank defines subsidy programs, independently from those established or in the process of being established by line Ministries. Furthermore, the government has not totally discarded the direct provision of housing and is still building public housing and developing new sites with public funds. LISP's capacity to affect housing policy is diminished if its actions are framed within a larger vision of the sector.

In the end, the Bank feels confident that the institution, PIU-LISP Foundation has accumulated "sufficient expertise to be able to continue with the project even without further assistance from the IDB" and that its main weaknesses can be addressed in a second phase.

Sustainability Classification SU:

<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
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²² The Executing Agency in this case was the Ministry of Social Affairs and Housing SoZaVo. The weak institutional capacity of the EA eventually prompted the Program design to establish the PIU as an independent non-governmental foundation Stichting LISP), but part of the Government and the Executing Ministry. Therefore, GOS influence was limited and the PIU had increased flexibility as well as autonomy to manage the Program. Since the EA played such a small role in the Program the evaluation of institutional capacity will concentrate on the PIU-LISP.

²³ These functions were: (i) Provide training and technical assistance to IFIs, NGOs and local contractors, (ii) Manage and keep the central information system, (iii) develop a software to process and score applications for housing incentive, License software to approved participating institutions, (iv) Keep an updated database in which all applications are registered, (v) Approve housing incentives to applicants, (vi) Keep a registry of IFIs, NGOs, CBOs and local contractors, (vii) Develop an accreditation system for local contractors, (viii) Approve and monitor participating IFIs and NGOs, (ix) Regulate service fees parameters for services render under LISP, (x) Pay fees to IFIs and NGOs for their administrative tasks, (xi) Develop instructives and guidelines for specific procedures, (xii) Enforce compliance by all participants of the LISP rules and procedures

²⁴ See the section on Critical Factors in Chapter III and in this chapter, *Analysis of Critical Factors (Chapter IV, Sustainability)* for more discussion on the MIS, Operational Manual, and the Internal Capacity issues of LISP.

²⁵ LISP's Mid Term Review (MTR) Final Report; Carlos Lacayo; clacayo@ibw.com.ni; Social Team Leader Support: Betty Cederboom; Paramaribo, Suriname; April, 2007.

NOTE: If we understand sustainability as the potential success of a continuation of LISP I, the author of this PCR thinks that it is probable. The reason for this probability is that the institutional structure for the delivery of the upfront subsidy is adequately set up, and there is high program awareness on the side of beneficiaries. Thus, with some operational improvements on the areas of beneficiary selection (targeting) and the adequate design and use of operational regulations a Phase II program should be sustainable. Notwithstanding this, program sustainability is threatened by Suriname's: (i) lack of single housing policy shared by all relevant actors; (ii) the existence of competing subsidy schemes, such as the 7% supported from the Central Bank, which is regressive and can overlap with the upfront subsidy scheme, (iii) the persistence of direct provision of housing and, (iv) the lack of perceived incentives from the private sector to invest in housing (as developers, guarantors, beneficiaries).

VI. MONITORING AND EVALUATION

A. INFORMATION ON RESULTS

The lack of a baseline limits the quality of information on results. The following statements are based on a survey of beneficiaries carried out for the Mid Term evaluation.

It was determined that a large net impact of 14.1% of beneficiary households had improved overcrowded/substandard housing conditions, when measured by the number of households that increased the number of rooms. Such impact more than doubles what was expected. In addition, it some 9% of the households have also increased the size of their bedrooms which implies improvement in overcrowded/substandard housing conditions.

Some 24.3% of beneficiaries or 536 households (against 500 planned) have received a loan from IFIs (GODO or SURITRUST) out of 2207 HICs granted. A net increase of 14.7% of new households could secure a mortgage with the same financial institutions (GODO and SURITRUST) which provided the subsidy. Current impact is more than double to what was planned (5%).

Likewise, it was identified that 70% of respondents had dependents, whether they'd be children or adults, the highest dependency rates being found in the poorest groups (among the poorest and below average). For selecting a beneficiary, the Program uses a net income cut-off line of 1070 SDR. It implies that 30% of the beneficiaries with no dependents children or adults (usually the most educated ones) received a much larger net subsidy than the other 70%. This calls for a revision of the policy of fixing the amount of the subsidy across households.

B. FUTURE MONITORING AND EX-POST EVALUATION

No Ex-Post Evaluation is required. Future Monitoring of the Second LISP will consist of the System of Complete Program Communication, which ensures the execution of two main components: 1) Willingness amongst the partners to provide and share information regularly; and, 2) Proper MIS Tools for Information and Communication of Program Data. (*See Critical Factors of Sustainability*).

VII. LESSONS LEARNED

Critical Policy Recommendations for a Well Functioning Housing Market

The key lesson learned from LISP is that serious housing and land policy reforms cannot be made without the collaboration and support from other relevant actors in the GoS. The following Policy Recommendations are valid for future Programs, but none of them can be carried out alone by the LISP PIU. Thus,

- i. There is a need to streamline and extend the land divestiture process, and to improve the timing and efficiency of the titling and registration office so that more beneficiaries can access land, and then access the subsidy. This would greatly improve the housing conditions of the lower income sectors, among others.
- ii. There is a need to homogenize public subsidies to the housing sector, and interest rate subsidy should disappear to guarantee a targeted and efficient use of public funds.
- iii. Suriname should have a national housing policy, shared by all relevant actors such as: the Ministry of Regional Development, in charge of land allocation and urbanization, the Central Bank, which has the capacity of establishing subsidy schemes, and of course, the Minister of Social Development and Housing. Coordination among these actors will diminish the chances for market distortions and the existence of overlapping subsidies.

The need to improve targeting mechanisms. For the Program to achieve better targeting of low-income households, it is recommended to move away from the first come first served approach and to define alternative means to measure income levels to the currently used housing inspection. For a second phase of the program, it is recommended to use a proxy means test to derive income from consumption patterns, and to establish some points system based on lack of services and other needs that will allow a prioritization of the neediest within eligible beneficiaries.

ANNEX I. Minutes from the Exit Workshop

OPENING OF THE WORKSHOP

The LISP Exit Workshop took place on December 11th, 2007 in Paramaribo. The purpose of the meeting was to evaluate the goals of the program and to derive the lessons learned. The results can be used to the benefit of the formulation and execution of future housing programs in Suriname. The mediator of the Exit Workshop,

Mr. Winston Ramautarsing, began the workshop with a presentation of the Agenda of the day and announced that there would be four presentations. He also indicated that the goals, the organization, the procedures, the strengths and weaknesses of the program would be evaluated in-depth during the day in smaller working group discussions. For the formation of working groups, the chairperson announced four themes to be discussed.

PRESENTATIONS

► Statistics visualized: Mr. I. Muler²⁶

To date, December 11 2007, LISP has issued 3,628 Home Incentive Certificates (HIC). This includes the realization of 3628 new constructions and renovation works for needy families, of which 52 % are fully completed.

LISP grew from building 1 dwelling a year in 2003 to 1420 building activities a year in 2006.

A lack of financial means was the cause of a low production in the period 2003 and 2004. On the other hand, adjustments in the organization resulted in a fast growth in production as from 2005. LISP's expects that at the end of January 2008 in total 3920 HICs, will be issued of which 95% of the housing solutions will be completed in November 2008. At the moment, 86% of the direct cost subsidies, in total US\$ 8,361,000, has already been disbursed and LISP plans to have these fully disbursed in March 2008.

The speaker continued by saying that 84% of the total program budget of US\$ 12.300.000, has already been disbursed. This results in an outstanding balance of IDB funds of US\$ 813,080 and US\$1,096,326 of Government contribution.

On a national level, the decrease of interest rates on bank loans has positively affected the production of LISP. Mr. Muller illustrated that interest rates between 22% and 23% in 2003 has gradually dropped to rates between 14 and 15% in 2007. A survey executed by one of the stakeholders managed by Mr. Aleyne showed, however, that a loan with a lower interest rate does not necessarily mean that it is more economical. The advantage for the consumer depends highly on the way the interest rate is calculated. The LISP specialists pointed out that it is important that the client is aware of the differences in calculation. LISP will take it up as a task to inform their clients about the most beneficial interest rate calculation method applied by the several agencies.

The LISP program shows a rather balanced distribution of the building costs of housing solutions. The LISP contribution is 61% of the total cost for the housing solutions and the households themselves contributed the remainder of the cost in the form of material, labor, own financial means and loans.

A visual presentation of the several stages in the construction of the housing solutions, showed how considerable changes are brought about in the living environment and habitation of the beneficiaries. This is a direct result of the combination of LISP subsidies and the contribution of the households themselves.

Mr. Muler showed contributions from enterprises specialized in certain prefabricated building packages, steel and mixed concrete, which have contributed to construction that is methods that are more efficient.

The average duration of the complete construction of a house from start to finish is about 1 year. Due to a relatively small push by the LISP program in subsidies, beneficiaries were able to work on their own housing solution.

► LISP at a glance: Mrs. J. Brielle²⁷

In her presentation, Mrs. Brielle summarized the historical development of the LISP program. From the start of the program in 2003 to date, she briefly described the circumstances of building the LISP program, the participation criteria, the involvement of the partners, the collective activities, the budget and the vision for the future.

Traditionally construction of public housing in Suriname was about large spaces, large parcels and high government subsidies. Over the last decades, however, there was a decrease in the real income of households, and on the other hand the government invested little in construction of social housing on government land and in maintenance of the already built public houses.

To date the sector can be described as follow:

- A stable economy with a huge demand for subsidies for the lower as well as the middle class. LISP focuses on providing subsidies to the low-income groups, whereas small contractors execute the work. The client must own a parcel of land with the necessary infrastructure. The subsidy of the LISP is mere a fraction of the traditional cost for social housing.
- In the sectoral approach to housing, the government has a complete different role than they traditionally had. The government now facilitates the private sector and civil society in social housing.
- A portion of the households, namely the middle-income groups, is facilitated through the well-known 7% mortgage loans of the commercial banks.
- Since recently there is also a GLIS pending, whose implementation is of great importance for the land issue policy.

► The LISP program

During the program, one of the eligibility criteria to qualify for subsidy was changed. In the beginning, the neighborhood organizations had to approve the request for subsidies of applicants. In practice, however, these CBOs were too weak to do this work adequately. After an evaluation of the partners in 2005, it was decided that the request for subsidies would no longer be approved by the CBOs. Request for subsidies could be submitted via the NGOs. This procedure change led to partner change, thus the cooperation with CBO's was no longer efficient, and partnerships were initiated with NGOs.

The cooperation with the NGOs has grown. LISP started with 2 NGOs namely the National Women Movement (NVB) and the NGO-Forum. To date there are 11 partners. The 3 largest NGO's are: NVB, the Women's Business Group (WBG) and Stichting Sari.

There is also a growth in the number of financial partners. LISP started with 2 credit cooperatives GODO and de Schakel. Currently the credit cooperative Bijenkorf from the district of Coronie and a trust fund Suritrust/DSB can be added to the list. Both Bijenkorf and SURITRUST make it possible to operate in the districts. The largest partner financial institutes are GODO and SURITRUST.

²⁶ Mr. Ike Muler was the technical Specialist of LISP during the Program and is now the acting managing director.

²⁷ Mrs. Judith Brielle was the Managing Director of the LISP Foundation from (2003-2008).

Looking at the output we can see that LISP started with the realization of 1 dwelling a month in 2003, in 2004 12 per month and in 2007 LISP produced 120 housing solutions a month.

► Participation criteria

The participation criteria have been changed after the mid-term review. The neighborhood house plans were no longer required. Applications could directly be submitted to the NGOs, which caused a shift in and an increase of their tasks. The NGOs were, together with the CBO's, also responsible for assistance to and mobilization of the beneficiaries.

- Individuals did not have to apply through CBO's any more, they can directly contact the NGO's.
- Financial institutes also have additional tasks, including field inspections.
- Since January 2005, the LISP territory had been extended from the urban areas to the whole country. The first house in the interior of Suriname was built in 2007.
- There has been an adjustment in the financial criteria: The maximum income per household has increased from SRD 970 to SRD 1,070 per month. The minimum household contribution decreased from 25% to 15% of the total costs for renovation works and to 10% for new construction.
- Title on the land is, because of the problem on land rights, no longer necessary for people living in the rural areas and in the interior. By signing agreements with the local authorities and traditional leaders for lifetime use of a parcel of land by households, beneficiaries are now eligible for subsidies.

► Partnerships

The speaker indicated that partners participated in the development of the new logical framework of LISP. She pointed out that if organizations want to have impact in a community, they need to go along with what she called the "the dynamics of the country".

The partnerships had many advantages. As such, a survey was executed, to find out why people did not want to participate with LISP. Research revealed that people did not want to participate because they did not have the financial means to contribute. As a result, the contribution of the households was reduced. The financial institutes made it logistically possible to reach other districts. Financial means for the families can now easily be transferred. The attitude of the households has also considerably changed: instead of sitting and complaining, they became more active and more involved in their own development

Because of the intensity of the workload, it was necessary for LISP to recruit additional personnel. The organization grew from 3 to 16 employees, including 4 technical co-workers from the Ministry of SOZAVO.

There is, however, an under spending of the government contribution to the program compared to the disbursements of the IDB funds. From the IDB committed funds of US\$9 million, there is about 1 million left. The Government committed US\$2 million of which LISP has received and disbursed US\$1 million. The slow transfer of the government contribution requires urgent attention.

The speaker further pointed out that the cooperation with the IDB was very positive. LISP has received a lot of support of this institute. The technical support and the procurement training were very welcome.

► Activities and Budgets

One of the important programs that will support LISP in executing the tasks is the GLIS program. LISP has been confronted with a lack of availability of land for low-income groups. By implementing the GLIS program, financial means will be allocated more efficient. The LISP funding can then be used for capacity strengthening instead of land reform activities. Some pilot studies on topics such as design and alternative material use for low budget households were made.

LISP had to pay taxes to the Government, which was not allowed out of IDB funding. A budget reform was thus necessary for the operational costs. There was also a change in direct costs of the program since there was a greater demand for new constructions (new houses) than initially planned. A budget transfer was necessary for US\$1, 2 million.

Subsidies increased from US\$ 3,000 to US\$ 3,600 per unit. The cost for new constructions, however, increased from US\$ 7,500 to US\$ 15,000. Currently there is also an increasing demand for completions of works.

Initially technical assistance was not the core business of the LISP, but due to weaknesses of the field, it became necessary. The credit supervision is no longer paid for and an amount of US\$ 94,000 could be saved.

For the future the presenter mentioned some aspects that should lead to a more effective and efficient production of LISP, including:

- The use of a scoring system to select clients since demand for financial means is greater than the supply. This system should also have an answer for the selection of several types of beneficiaries, such as single parent households.
- Training of contractors and participants that should result in cost and time efficient solutions for the beneficiaries.
- Specific targeting for the poorest client groups. As example the speaker used a community around the Anamoestraat where there was a clear need for LISP assistance. There is need for a mechanism to visualize who is really in need and to work with those households.
- There is a clear need for additional technical and financial employees and a management information system should be in place.
- A clear definition of the poverty line is necessary. This General Bureau of Statistics (GBS) figure is used as maximum income for the target group of LISP. There are, however, observable differences between what the (GBS) has calculated and observation in the field.
- Besides development of new projects, the utilization of empty parcels in urban areas should also be included in the housing policy.
- Special attention needs to be paid to target groups who do not have land at their disposal.

► Partnership NGO's, Private and Public Sector: Mrs. F. Lenne²⁸

The speaker discussed in-depth the relationship between LISP and the partners. She talked about the objectives of LISP and gave a historical view of the cooperation with the partners. As such, she indicated that NGO's are involved in developing LISP since 1998. The partnership between LISP and the NGO's proves the appreciation and acceptance, of the role of civil society in social development. The speaker pointed out that LISP is the evidence that cooperation between public and private sector is possible and this cooperation should be stimulated further.

²⁸ Mrs. Flos Lenne is deputy director of NVB.

The participation of the NGO's in the board made it possible for LISP to operate autonomous, without party political influences.

The major conditions to expand the success of LISP are:

- Access to land for the lower income groups, which is a government task.
- Self help in the form of contribution of savings, financial means or other resources by the beneficiaries, which has to be stimulated.

Besides the formal tasks of the NGO's, LISP and CBO's Mrs. Lenne also paid attention to bottlenecks and possibilities for improvement of the cooperation among the partners:

- Currently only LISP is responsible for promotional activities towards the target groups. The proposal is to make this a joint responsibility, which will intensify the promotional activities.
- In the field of cooperation there is no good demarcation of the tasks of the PIU, the CBO's and the NGO's. There is a poor communication between the partners and there are unclear hierarchic lines. This cooperation must be improved by intensifying written communication and having clear hierarchic lines. A more intensive and formal communication will have to be developed between the partners.
- The workload of the NGO's has increased, due to the weaknesses of the CBO's. The remunerations paid to the NGO's are, however, relatively low. Improvements of this situation are possible by improving the remunerations of the NGO's on the one hand and strengthen the capacity of the CBO's on the other hand.
- Low-income groups have no or limited access to land. In addition, poor infrastructure such as inadequate utilities and no opening up of the area and poor drainage are also major bottlenecks in this program. Despite efforts of the LISP and the NGO's the Government land policy was not changed.

The LISP has addressed many of these bottlenecks in 2005. The measurements had improved the cooperation between NGO's, LISP and the target groups. More target groups received LISP subsidies by increasing the ceiling for maximal income. New rules concerning title of the land for communities in the interior also made more applicants eligible for funding.

The speaker pointed out that LISP is a successful program, but to increase the success some additional measures needs to be taken. She pointed out that it was necessary for the government to pay special attention to increase access to land for target groups, especially for women because 60% of the households are female headed and up until now, women are the main caretakers.

Other recommendations to improve the success of LISP in the future are:

- further improvement of the cooperation between partners;
- increase the subsidies of the NGO's;
- increase the maximum amount for house solution;
- extend the income ceiling of target groups;
- decrease the interest rates of loans for the beneficiaries;
- an interest-free loan for the lowest income groups;
- further capacity strengthening of the NGO's;
- the inclusion of more civil law notaries who are willing to provide services for a reduced social rate;
- Shorten the time lack between application and approving of the subsidy.

► Evaluation of LISP Goals: Mr. S. Tjong Ahin ²⁹

The speaker started his presentation by expressing his concern that the IDB project portfolio is increasing but its pace of implementation is decreasing, leading to extensions etc. There is a serious shortage on capacity and people with the skills to execute programs in the country. Nevertheless, it is possible for the LISP to be successful. He complimented LISP because, compared to other programs, LISP is a real success story. The PIU which is responsible for the execution has set an example, because of the following reasons:

1. this institute does a lot of self reflection
2. stakeholders have ample opportunity to contribute
3. advises of the stakeholders are taken seriously

It took about 2 years for the LISP to receive the financial means, since the conditions prior to disbursement had to be met. However, since the IDB is also a bank, the period of commitment still counts as starting date. The government often does not comply with the conditions prior to the disbursement. This is not necessary because for instance the General Bureau of Statistics (GBS) could meet their conditions prior to disbursement in only a few weeks. The LISP project is now officially extended, which will enable the PIU to finalize issues pending.

The way the IDB looks at the project:

LISP was subjected to an internal IDB Classification. The starting points for measurement of the results are the goals as they are originally formulated. Mr. Tjong Ahin pointed out that the LISP target group was the low-income group, which owns a parcel of land.

Another goal was the institutional strengthening of the NGOs and CBOs. The purpose was to strengthen them specifically in housing issues, to enable them to work with low-income shelter groups. It turned out that their expertise was very weak.

For the 'development objective classification', indicating how well the program complied with the development goals, LISP received a high qualification. For the other qualifications, LISP received relatively high scores as well:

- Sustainability: which gives an indication how well the Government and the community supports the project. This project has positioned itself well in the Surinamese community. The president confirmed this recently by stating in his annual speech that LISP will be continued, with or without IDB funding.
- Institutional: The bank is confident that the institute has built up sufficient expertise to be able to continue the project even without further assistance from the bank.

²⁹ Mr. Silvano Tjong Ahin is IDB sector specialist.

- The implementation progress summary: indicates how well the project components were implemented. LISP managed to achieve its targets within the agreed period. All activities are taken into account, also those that were design errors and those, which had been changed due to change in the environment.
- Fiduciary Issues: The financial management and administration of this program shows no major issues. The recommendations of the bank have been punctually implemented.
- Risk classification showed that the government support and its impact on the program was positive. There were no improper interventions in the LISP program by the Government. LISP functions quite autonomous and the support of the NGO's and Financial institutes have improved. The only risk that LISP may face is a potential lack of finance. Currently the demand is 38% higher than the supply, but even this will be resolved.

► Indicators

A consultant responsible for the midterm review of LISP has measured the success of this organization by evaluating the Indicators in the LISP Logframe. The LISP scored positive in this evaluation.

The presenter summarized some **lessons learned**:

1. The 'neighborhood approach' has failed. This approach was not realistic, since too much was expected from the CBOs.
2. The weaknesses of the CBOs resulted in a shift of responsibilities and workload to the NGOs.
3. LISP must focus on its core business, the housing specific issues. Other non-core issues, such as financing must be left to other organizations.
4. LISP had disbursed the whole awareness budget within one year, considerably more financing has to be invested in awareness.

His closing statement was that LISP has positive results, which should be an inspiration to continue for the benefit of low income groups.

REPORTS WORKING GROUPS -Discussion points (reports working groups)

The discussion groups were organized around 3 thematic areas:

1. The program (set up, components, criteria, etc.)
2. The internal and external organization (internal PIU, external relations, procedures, IDB rules, cooperation, decision making, etc.)
3. Goals achieved (indicators Logframe, figures, etc.)

► Report Working Group 1: The LISP Program

The 2 success factors of ISP:

- LISP had imbedded itself in the community.
- Public relations of the PIU had contributed to the awareness of people.

The 2 major shortcomings not from LISP but the sector as a whole are:

1. The government did not improve the land issue policy
2. The legislation is lagging behind in several areas:
 - Issue around undivided family estates
 - Obligation to bring land under cultivation (cultuurplicht);
 - Unutilized land;
 - Law of succession.

Specific issues concerning the LISP program

1. Issues insufficient addressed in LISP project document

Two aspects were not clearly detailed:

- The Credit Bureau: It was not clear whether this was an issue for the financial institutes.
- Land issue policy. Legislation must be adjusted to prevent further capital waste. It is important that the government takes care of the land that is difficult to approach. The group is of the opinion that these affairs should have been researched, prior to start of the LISP. The issue of the undivided family estates remains a serious problem. A clear land allocation policy is still lacking.

2. New policy views

The housing sector shows a positive deviation, moving more in the direction of the private sector. In the multi annual sector plan for housing, emphasis is put on facilitating the NGO's and the private sector. The Government must therefore have a facilitating role. Although this process is going very slow, some positive actions have been taken. An example is the Richelieu project. A change in vision is necessary to speed up the process.

3. What needs to stay, and what needs to be included in LISP 2:

- Research for innovative construction materials and cheaper construction materials should be done. The working group indicated that there is currently a large supply of material and prefab packages. There is, however, no real price drop. More research is needed to result in more efficient construction and cost reduction.
- The private sector must be linked to the construction sector especially in the field of compiling budgets for construction
- Applicants and contractors need increased awareness and to be more professional. Consumers often do not have insight in budgets presented. Smaller contractors on the other hand have difficulties to present an adequate budget.
- The inflation on construction materials in Suriname is higher than the consumer price inflation. The inflation on construction materials is 30% while the general inflation is around 10%. Since we always have to deal with outdated prices and budgets we need greater flexibility in the appraisal of the budgets.

4. LISP set up:

The LISP design must stay the same, only some adjustments need to be made in the criteria for applicants. A new system to select applicants must be developed. Furthermore, a new project must be developed for the people of the interior. The interior requires a specific approach. Especially since land issues, uses of further material and other conditions to apply are different.

Plenary discussion on presentation group 1

The issue of legislative changes needed was countered by a comment that there were already legal obligations to utilize Government lands. The Ministerial order (Besluit) clearly indicates what actions have to be taken by the holder and in what period. Action needs to be taken by the Land Inspection service (Grondinspectie). In practice, however, different departments do not work together.

The group responded that these rules only apply to government lands. The point made by the group had more to do with private owned land. For example when a landowner lives abroad, he leaves the land unutilized. In the areas where the Government invested in infrastructure, this is a waste. There must be time limits to utilize the land. This also counts for the issues around undivided families' estates. It is not only about new legislation but also on practicing them.

► **Report Working Group 2: The Internal and External Organization**

The 2 success factors of LISP:

- LISP was successful in reaching the targets.
- Improvement of the self-esteem by having your own house is something that this organization had stimulated.

The major shortcomings:

- Determination of the level of income per household. LISP does not support houses inhabited by more families. Individual salaries are too low to qualify. Many of these families however do not have any other options in Suriname to build a house, because their individual income is too low. These specific situations must be taken into consideration.
- Change of guidelines, to allow single people to participate.
- A credit guarantee fund must be established.

Specific issues concerning internal organization

1. Factors which led to improvement of the implementation capacity.

The partners have monthly meetings. The intensive cooperation and a good communication with the NGO's partners is one of the most important factors that improved the execution capacity.

2. Improve the organizational structure.

The working group argued that it was important that tools are available to guide the applicants. NGO's should also be trained in some areas. The Ministry of social affairs could assist in training the NGO's in making technical budgets. With more technically trained staff, especially in budgeting, this would enable them to improve the guidance of the stakeholders.

3. Involve external organizations and specialists.

There is only a need for more notaries willing to offer services for a reduced tariff. Other than these, no external expertise and/or organizations are required. The cooperation among the stakeholders just needs to be intensified. In addition the cooperation with the existing organizations in interior must be developed.

Specific issues concerning the external organization

1. Adjustments to existing rules and guidelines:

The success of LISP could be enhanced if the IDB would allow for an inflation correction of about 25% on the subsidies. This is important to retain the purchasing power as a result of construction cost inflation.

2. Poor knowledge of rules and procedures:

With the exception of the new NGO's the rules and guidelines are generally known. The new NGO's have not received sufficient training, which is a cause for stagnation in the process. In the beginning of the program, there were enough training courses, including support with equipment. For new employees and new NGO's there is still a need for this type of empowerment.

3. Regulations that form restrictions for households:

One rule that forms a restriction for the households is the fact that every income of every member is added up. Situations when there is more than one family living in a house are still a problem, which requires adjustment.

4. Strengths and Weaknesses NGO's:

NGO's generally have limited finances and the fees of the NGO's are to be adjusted. The strength of the NGO's is their ability to cooperate with other partners. With the commercial banks, there is a very good relationship too.

5. Improvement of cooperation:

There is already a consultative structure, which should be formalized in order to oblige organizations to attend meetings regularly. Until now the consultations have been organized very well by the PIU.

Plenary discussion presentation group 2

The information flow towards the NGO's was positive. However, a comment was made that this workshop was especially organized to evaluate LISP. It is notable that only the good NGO's were present and the question was raised why the others were absent.

One of the participants stressed the importance of a credit guarantee fund. The commercial Banks are restricted by rules that prevent them of taking high risks. This credit guarantee fund will make it possible to by-pass these restrictions.

ABS data indicates that there are 3500 double families in Suriname. However, it is notable that in practice there is total different image. It is important too review the definitions for households eligible to participate. Moreover, the rule that only allows 1 house per plot should be changed to allow more than one house on a parcel, if it is technically feasible.

One of the weaknesses experienced by the NGO's is the lack of transport facilities. NGO's are less able to reach all the target groups in the country. One of the participants recalled that in the past LISP facilitated the NGO's with transportation means. The participants supported his point with a spontaneous applause.

Report Working Group 3: The LISP Results

Specific items concerning the results and lessons learned from the LISP program

1. The existing indicators Logframe

- The indicators are workable but for the community not visible/ noticeable. The focus should be on data on the advantages of the program for the beneficiaries themselves.
- To be able to measure the results these should be more quantified.

2. Indicators as workable instrument to monitor results

The group indicated that more quantified data must be collected. Furthermore, they found that there is insufficient awareness about this program. Targeted promotion geared towards the target groups, where they are, such as house-to-house communication and information meetings are mentioned. The existing NGO's should be involved and they should give more info about the partnership with LISP.

3. Data availability to monitor the progress

According to the group there is data available. However, the access to and the reliability of this data was questioned. The group identified a need for a Bureau credit registration. Other data that the group thought important are the data on construction capacity and the relationship between demand and supply. Availability of these data would make it possible for the Government to anticipate on market developments.

4. The extent of the results

The group agreed that the targets of the LISP were reached. This is, however, a drop in the ocean, because the demand in the community is still enormous. A further increase in the production of LISP can be reached by:

- adjusting the criteria and make land available to LISP applicants;
- increasing procedural efficiency;
- improving the efficient and effective building and utilizing better building materials

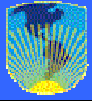
The group requested special attention for the communities living in the Interior of Suriname. Opportunities must be created to find cheaper construction solutions. The isolation of this part of the country makes transportation of material much more expensive, and in the dry seasons it is almost impossible. They propose to increase the subsidies for this region and to stimulate research on alternative building methods and materials.

The representative of the Women in Business group (WBG) commented on the LISP project by stating that LISP, together with all the NGO partners, achieved good results. There was a good cooperation between civil society, the government and the beneficiaries. According to her the partners grew together, because of LISP. She closed by saying that the focus must not be limited to a LISP-2, but to look ahead at a LISP 5, where everybody must have a roof above their head.

FINAL OBSERVATIONS AND CONCLUSIONS

1. The LISP project had a good design.
2. While it is still work in progress, significant experience is developed so that modifications or follow-up programs will have a smooth start and production can be easily handled.
3. One of the conditions for success is the macro-economic situation. The income development in the target groups, however, was not too favorable all the way.
4. The partnerships gave LISP wings – NGOs have significantly contributed to this program, despite of their own weaknesses.
5. The consultative structure must be formalized, even if the current situation works fairly well.
6. A number of criteria need to be changed, including allowing applicants that are more eligible. For example allow more families in one household and more houses on one parcel.
7. The credit guarantee fund must be formulated.
8. Although much has been done about the promotion, it seemed to be insufficient.
9. LISP must collect and present better data.
10. For the interior, a specific LISP program must be developed to deal with the specific issues of this region, including landownership issues. Alternatively, this could be formulated as a separate window in LISP-2.

ANNEX II. Borrower's Final Report



Inter-American Development Bank Project Completion Report –2006 PCR Borrower Evaluation

Project Name: <i>Low-Income Shelter Program (1342/OC-SU)</i>	
Executing Agency(ies): <i>Ministry of Social Affairs and the Low-Income Shelter Program Foundation</i>	
Borrower: <i>Government of Suriname</i>	
Date of Project Approval: <i>November 12, 2001</i>	Date of Contract Effectiveness: <i>June 6, 2003</i>
Date of Borrower Evaluation: <i>December 11, 2007</i>	Expected Date of Exit Workshop: <i>December 11, 2007</i>

Borrower Project Performance Ratings

Probability on Achieving its Development Objective(s):

☐ Highly Probable (HP) ☒ Probable (P) ☐ Low Probability (LP) ☐ Improbable (I)

Project Implementation:

☒ Highly Satisfactory (HS) ☐ Satisfactory (S) ☐ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Sustainability of Project Results:

☒ Highly Probable (HP) ☐ Probable(P) ☐ Low Probability (LP) ☐ Improbable (I)

Comments:

The Program Implementation Unit had a very difficult task in the beginning because of the fairly new concept of implementing housing policies. Never the less with the proper promotion of the program we achieved most of the objectives set forth.

During Project implementation, though slow at the start had a very high turnout through to the end of the project.

Achievements:

1. There were 3,723 families served against approx. 4,000.
2. 80% completion of housing solution.
3. The Program Implementation Unit is fully staffed with highly qualified and motivated technical staff.
4. 14% decrease in overcrowding against 5% planned.
5. 24% of families received a loan against 5% planned.
6. On policy reform the government is currently looking at the design of other housing projects to use the philosophy of letting the market build against in the past were the government was actively engaged in large housing construction projects.
7. Financial institutions are currently moving toward developing loan packages specifically for low income earners and better equipping themselves with knowledge of how to best deal with this clientele. They're not there yet but on the right track.
8. The NGO's have also grown in their knowledge of dealing with Low Income earners seeking housing solutions, but in comparison with the financial institutions the NGO's need additional institutional strengthening.

The Sustainability of project results would in part be dependent on the commitment of the government of continuing its policy of reducing its active role in housing construction and facilitate the private and NGO sector more in there efforts of generating affordable housing solutions. Sustainability also depends on the different actors to further professionalize their organizations to be better equipped to serve the needs of their clients.

Bank Performance

☐ Highly Satisfactory (HS) ☒ Satisfactory(S) ☐ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Comments:

The Banks performance in all stages of the program are satisfactory, although there could be some improvement in the response time, most if not all needs of the PIU were addressed. During project design the banks officer was an integral part of the Program preparation unit and helped propose adequate technical solutions to identified problems.

Borrower Performance

Please rate your own overall performance during project preparation and execution.

☐ Highly Satisfactory (HS) ☒ Satisfactory(S) ☐ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Comments:

Project preparation was advancing somewhat slowly because of the relative unknown nature of working on and with IDB projects. However, once the Project preparation team found their way the project design was finished within reasonable time.

As for the execution which was also slow in the beginning mainly due to the new concept to both the PIU and the public. At the end of the second year the project took off and there was a boost in performance.

Additional Suggestions for Improving Bank Performance

Additional comments/suggestions for improving Bank performance in the future.

The Bank could take some improvements in their response time to request from the executing agencies

LISP at a glance: Mrs. J. Brielle³⁰

In her presentation, Mrs. Brielle summarized the historical development of the LISP program. From the start of the program in 2003 to date, she briefly described the circumstances of building the LISP program, the participation criteria, the involvement of the partners, the collective activities, the budget and the vision for the future.

Traditionally construction of public housing in Suriname was about large spaces, large parcels and high government subsidies. Over the last decades, however, there was a decrease in the real income of households, and on the other hand the government invested little in construction of social housing on government land and in maintenance of the already built public houses.

To date the sector can be described as follow:

- A stable economy with a huge demand for subsidies for the lower as well as the middle class. LISP focuses on providing subsidies to the low-income groups, whereas small contractors execute the work. The client must own a parcel of land with the necessary infrastructure. The subsidy of the LISP is mere a fraction of the traditional cost for social housing.
- In the sectoral approach to housing the government has a complete different role than they traditionally had. The government now facilitates the private sector and civil society in social housing.
- Part of the households, namely the middle-income groups, are facilitated through the well-known 7% mortgage loans of the commercial banks.
- Since recently there is also a GLIS pending, whose implementation is of great importance for the land issue policy.

The LISP program

During the program, one of the eligibility criteria to qualify for subsidy was changed. In the beginning, the neighborhood organizations had to approve the request for subsidies of applicants. In practice, however, these CBO's were too weak to do this work adequately. After an evaluation of the partners in 2005, it was decided that the request for subsidies would no longer be approved by the CBO's. Request for subsidies could be submitted via the NGO's. This procedure change led to partner change, thus the cooperation with CBO's was no longer efficient, and partnerships were initiated with NGO's.

The cooperation with the NGO's has grown. LISP started with 2 NGO's namely the National Women Movement (NVB) and the NGO-Forum. To date there are 13 partners. The 3 largest NGO's are: NVB, the Women's Business Group (WBG) and Stichting Sari.

There is also a growth in the number of financial partners. LISP started with 2 credit cooperatives GODO and de Schakel. Currently the credit cooperative Bijenkorf from the district of Coronie and a trust fund Suritrust/DSB can be added to the list. Both Bijenkorf and Suritrust make it possible to operate in the districts. The largest partner financial institutes are Godo and Suritrust.

Looking at the output we can see that LISP started with the realization of 1 dwelling a month in 2003, in 2004 12 per month and in 2007 LISP produced 120 housing solutions a month.

Participation criteria

The participation criteria have been changed after the mid-term review. The neighborhood house plans were no longer required. Applications could directly be submitted to the NGO's, which caused a shift in and an

³⁰ Mrs. Judith Brielle is the Managing Director of the LISP.

increase of their tasks. The NGO's were, together with the CBO's, also responsible for assistance to and mobilization of the beneficiaries.

- ✚ Individuals did not had to apply through CBO's any more, they can directly contact the NGO's.
- ✚ Financial institutes also have additional tasks, including field inspections.
- ✚ Since January 2005, the LISP territory had been extended from the urban areas to the whole country. The first house in the interior of Suriname was built in 2007.
- ✚ There has been an adjustment in the financial criteria: The maximum income per household has increased from SRD 970 to SRD 1070 per month. The minimum household contribution decreased from 25% to 15% of the total costs for renovation works and to 10% for new construction.
- ✚ Title on the land is, because of the problem on land rights, no longer necessary for people living in the rural areas and in the interior. By signing agreements with the local authorities and traditional leaders for lifetime use of a parcel of land by households, beneficiaries are now eligible for subsidies.

Partnerships

The speaker indicated that partners participated in the development of the new logical framework of LISP. She pointed out that if organizations want to have impact in a community, they need to go along with what she called the "the dynamics of the country".

The partnerships had many advantages. As such, a survey was executed, to find out why people did not want to participate with LISP. Research revealed that people did not want to participate because they did not have the financial means to contribute. As a result the contribution of the households was reduced. The financial institutes made it logistically possible to reach other districts. Financial means for the families can now easily be transferred. The attitude of the households has also considerably changed: instead of sitting and complaining, they became more active and more involved in their own development

Because of the intensity of the workload, it was necessary for LISP to recruit additional personnel. The organization grew from 3 to 16 employees, including 4 technical co-workers from the Ministry of SOZAVO.

There is, however, an under spending of the government contribution to the program compared to the disbursements of the IDB funds. From the IDB committed funds of US\$ 9 million, there is about 1 million left. The Government committed US\$ 2 million of which LISP has received and disbursed US\$ 1 million. The slow transfer of the government contribution requires urgent attention.

The speaker further pointed out that the cooperation with the IDB was very positive. LISP has received a lot of support of this institute. The technical support and the procurement training were very welcome.

Activities and budgets.

One of the important programs that will support LISP in executing the tasks is the GLIS program. LISP has been confronted with a lack of availability of land for low-income groups. By implementing the GLIS program, financial means will be allocated more efficient. The LISP funding can than be used for capacity strengthening instead of land reform activities. Some pilot studies on topics such as design and alternative material use for low budget households were made.

LISP had to pay taxes to the Government, which was not allowed out of IDB funding. A budget reform was thus necessary for the operational costs. There was also a change in direct costs of the program since there was a greater demand for new constructions (new houses) than initially planned. A budget transfer was necessary for US\$1, 2 million.

Subsidies increased from US\$ 3.000 to US\$ 3,600 per unit. The cost for new constructions, however, increased from US\$ 7,500 to US\$ 15,000. Currently there is also an increasing demand for completions of works.

Initially technical assistance was not the core business of the LISP, but due to weaknesses of the field, it became necessary. The credit supervision is no longer paid for and an amount of US\$ 94,000 could be saved.

The future

For the future the presenter mentioned some aspects that should lead to a more effective and efficient production of LISP, including:

- ✚ The use of a scoring system to select clients since demand for financial means is greater than the supply. This system should also have an answer for the selection of several types of beneficiaries, such as single parent households.
- ✚ Training of contractors and participants that should result in cost and time efficient solutions for the beneficiaries.
- ✚ Specific targeting for the poorest client groups. As example the speaker used a community around the Anamoestraat where there was a clear need for LISP assistance. There is need for a mechanism to visualize who is really in need and to work with those households.
- ✚ There is a clear need for additional technical and financial employees and a management information system should be in place.
- ✚ A clear definition of the poverty line is necessary. This General Bureau of Statistics (GBS) figure is used as maximum income for the target group of LISP. There are, however, observable differences between what the (ABS) has calculated and observation in the field.
- ✚ Besides development of new projects, the utilization of empty parcels in urban areas should also be included in the housing policy.

Special attention needs to be paid to target groups who do not have land at their disposal.

ANNEX IV: Retrofitted Logical Framework (2006 Revision)

Revised LOGICAL FRAMEWORK		
SURINAME LOW-INCOME SHELTERS PROGRAM (SU-0017)		
OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	
	END OF PROJECT BENCHMARKS	FINAL
Improve the housing conditions for low and moderate income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable	<ul style="list-style-type: none"> - At the end of the project period ca. 4000 housing solutions will have been accomplished, ca. 1320 new core houses and ca. 2680 rehabilitations 	Partially Achieved. Of the 3,725 HICs issued by LISP, 32.4% (1207) are New Homes and 67.6% (2518) are Renovations.
PROJECT PURPOSE		
Imbed a system of direct up-front subsidies to make new core housing and housing rehabilitation affordable for low and moderate income households in Suriname, contribute to strengthening the capacity of the private housing sector to increase housing investments for the lower income segments and stimulate owner equity investments.	- Total amount of subsidy funds disbursed, with a pipeline of additional community plans for continuation of program by the GoS.	Partially Achieved. 100% of IDB funds disbursed; only 57% of GoS funds disbursed. Plans for LISP 2 underway.
	- Increase in mortgage lending for the targeted income segment of the urban population.	Achieved. Subsidy prompted increased lending by private financial institutions.
	- Owners equity investment of at least US\$2.7 million.	Not Achieved. Owners Equity Contribution US\$
	- Mortgage portfolio for program related lending of approximately US\$4.5 million.	Not Achieved. Mortgage portfolio US\$
RESULTS		
Result 1: A Working "Subsidy/Credit and Own Equity" Program for Building of New and Rehabilitation/ Extending of Existing Houses.	1.1 Loans made by IFI s to at least one third of program beneficiaries (500 households).	Achieved. 595 received credits/loans from IFIs associated to the program.
	1.2 100% of subsidy funds disbursed to families of targeted income lines	Partially Achieved. Approximately 74% of LISP Beneficiary Households fall within targeted income lines (< = SRD1,070). 100% of IDB funds disbursed; only 57% of GoS funds disbursed.
Result 2: To Facilitate Financial Sector Reforms which Enhance the Capacity of the IFIs and other Organizations in the Delivery of the Means for the Construction of Low- and Moderate Income Housing	2.1 Awareness with regard to the creation of a credit registration system in Suriname.	No Data
	2.2 A diagnostic and pre-feasibility study for a credit bureau.	Achieved. Pre-feasibility study for a credit bureau completed
	2.3 Roadmap to enhance capacity of housing finance market for Low/Middle-Income population.	Partially Achieved. Some progress made within the association of bankers but conflicting policies between GoS and LISP.
Result 3: Contribute to the Reform of Land and Housing Regulations and Policies.	3.1 A study regarding the possibility of real term decline of the construction cost of new core houses through design and material usage.	Achieved. Formally established on Oct. 1, 2007.
	3.2 Longer term policy studies	Not Achieved. NGOs still need further strengthening before they have the

		capacity to function as a housing cooperation.
	3.3 Increased capacity/ efficiency and quality of the existing small contractors.	No Data.
	3.4 Taxes on real estate transfers and mortgages reduced by 50% for targeted clientele.	Not Achieved.
	3.5 Accelerated build out of lots allocated by Government	Partially Achieved. Of the 1207 HICs approved for New Core Units - 533 Finalized (44%); while 654 (56%) are under construction.
Result 4: A Well functioning LISP Foundation Able to Coordinate a Subsidy/Credit Program for Lower & Middle-income groups.	4.1 All PIU staff positions are filled, and the procedure and information systems operational.	Achieved. All PIU staff positions filled (16) and operational.
	4.2 An independent LISP Foundation.	Achieved. LISP is a legally independent foundation.
Result 5: Institutional Strengthening of NGOs, IFIs And a Strengthened Network Habitat Platform (NHP) for Social Housing.	5.1 Increase of awareness among target population regarding: land titles; process to acquire land and land laws which effect their housing situation	Partially Achieved. Improvement in this area but no verifiable data to evaluate the extent to which this indicator was achieved.
	5.2 Increase transparency in the "land proof of ownership" process	Partially Achieved. Improvement in this area but no verifiable data to evaluate the extent to which this indicator was achieved.
	5.3 Real decline of housing construction cost through design and material selection	Not Achieved. Real cost of housing construction and materials increased significantly. Few low-cost housing designs offered.
	5.4 Increase in supply of low-cost housing	Not Achieved. No Data, but estimates indicate that LISP was not able to provide new homes to beneficiaries below the 6 th deciles.

ANNEX 5: Original Logical Framework (2001 Version, Project Document)

SURINAME LOW-INCOME SHELTER PROGRAM (SU-0017)				
LOGICAL FRAMEWORK				
OBJECTIVE	INDICATORS		VERIFICATION	ASSUMPTIONS
	MIDTERM	END OF PROJECT		
GOAL				
Improve the housing conditions for low and moderate income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable	- 1,500 houses built or rehabilitated	- At the end of the 5-year project period more than 4,000 housing solutions will have been accomplished, 3,300 rehabilitation's and 740 new core houses	- Project monitoring statistics and special surveys on home-owner investments	- The national economy stabilizes and inflation volatility decreases to permit the beneficiary households to invest in housing
PURPOSE				
Establish a system of direct up-front subsidies to make new core housing and housing rehabilitation affordable for low and moderate income households in selected neighborhoods, strengthen the capacity of the private housing sector to increase housing investments for the lower income segments and stimulate owner's equity investments in housing		<ul style="list-style-type: none"> - Total amount of subsidy funds disbursed, with a pipeline of additional community plans for continuation of the project by the GOS. - Increase in mortgage lending for the two targeted income segments of the urban population. - Mortgage portfolio for project related lending of approximately US\$4.5 million. - Owners equity investment of at least US\$2.7 million. 	<ul style="list-style-type: none"> - Official monitoring reports by the PIU, minutes of Board and other meetings. - Official reports of the participating banks and monitoring reports by PIU. - Same as above, plus sample of actual owner-equity investments compared to planned minimum equity contributions provided in application forms. 	<ul style="list-style-type: none"> - Community-based application process generates sufficient demand for intended housing solutions under the program. - Subsidy amounts awarded act as catalyst for financial institutions to offer mortgages for the targeted clientele. - Subsidy amount awarded acts as a catalyst for beneficiaries to invest their own money and sweat equity in housing and to take out a maximum affordable mortgage loan.
OUTPUTS				
Set up an up-front subsidy system for housing rehabilitation and new construction	Loans made by private FIs to at least one third of program beneficiaries – 500 households.	- 100% disbursement of subsidy funds along targeted income lines (US\$8.4 million).	- Program records number of applicants and approved applications, minutes of PIU, IFI NGO/CBO meetings.	- The beneficiary communities and households understand and work well with the rules and procedures of the subsidy program.
Streamline mortgage finance regulations to improve efficiency of industry.		- Credit bureau established, reserve requirements streamlined, other policy changes for mortgage finance sector implemented.		

SURINAME LOW-INCOME SHELTER PROGRAM (SU-0017)				
LOGICAL FRAMEWORK				
OBJECTIVE	INDICATORS		VERIFICATION	ASSUMPTIONS
	MIDTERM	END OF PROJECT		
Reform national land and housing regulations and policies	<ul style="list-style-type: none"> - The cost of building materials necessary to construct a core house declines in real terms as measured by the building materials database of the PIU - Taxes on real estate transfers and mortgages reduced by 50% for households earning at or below the poverty line of the program 	<ul style="list-style-type: none"> - Longer-term policy studies and policy changes completed. 	<ul style="list-style-type: none"> - GOS documents, including decrees and regulations, consultants' reports, interviews with government officials and contractors. 	<ul style="list-style-type: none"> - Relevant GOS departments are interested in the proposed changes, understand the benefits that will ensue.
Set up a strong PIU capable of coordinating the program and guiding the housing sector.	<ul style="list-style-type: none"> - All PIU staff positions filled, and procedures and information system operational 	<ul style="list-style-type: none"> - An independent PIU that operates as an integrated part of GOS. 	<ul style="list-style-type: none"> - PIU quarterly and annual reports, interviews with government officials. 	<ul style="list-style-type: none"> - GOS allows the PIU to operate without political interference and assists in attracting the best possible staff for the PIU.
Provide reforms and technical assistance to IFIs, NGOs/CBOs completed, and pay them performance-based fees for services	<p>Liquidity of participating credit unions increased in real terms</p> <p>Processing of a complete subsidy/loan application for the program – from receipt of application by a CBO to the first construction advanced by a FI – averages no more than 5 months</p>	<p>Consultancies commissioned and completed and recommendations implemented on establishment of credit bureau, review of reserve requirements and other pertinent financial sector policy issues</p>	<p>Review of consultant reports, discussions with PIU, government and IFI personnel</p> <p>Independent evaluation consultancies as part of project monitoring, PIU reports. Review of community-based program with PIU and NGO/CBO personnel and sample of participants</p> <p>Training evaluations</p> <p>Independent LOE evaluation as part of project monitoring, PIU reports</p>	<p>GOS cooperates in reviewing and facilitating policy change</p> <p>IFIs continue to be interested to participate in both program implementation and financial sector improvements</p> <p>IFIs continue to be interested to underwrite subsidies for households who cannot afford a minimum loan</p>
ACTIVITIES				
1. Award of subsidies: (a) home rehabilitation, and (b) new homes.	<ul style="list-style-type: none"> - 1.200 subsidies awarded for home rehabilitation - 300 subsidies awarded for new homes. 	<ul style="list-style-type: none"> - 3.300 subsidies awarded for home rehabilitation - 735 subsidies awarded for new homes 	<ul style="list-style-type: none"> - Project reports 	
2. Enroll participating FIs, NGOs, and CBOs.	<ul style="list-style-type: none"> - At least US\$150.000 paid as fees to IFIs and US\$75.000 paid as fees to NGOs and CBOs 	<ul style="list-style-type: none"> - US\$264.000 paid as fees to IFIs - US\$200.000 paid as fees to NGOs and CBOs 	<ul style="list-style-type: none"> - Project reports 	
3. Provide technical assistance to participating IFIs, NGOs and CBOs	<ul style="list-style-type: none"> - 75% of resources executed 	<ul style="list-style-type: none"> - 100% of resources executed 	<ul style="list-style-type: none"> - Project reports 	-

SURINAME LOW-INCOME SHELTER PROGRAM (SU-0017)				
LOGICAL FRAMEWORK				
OBJECTIVE	INDICATORS		VERIFICATION	ASSUMPTIONS
	MIDTERM	END OF PROJECT		
4. Improve land and housing policies <ul style="list-style-type: none"> - Actions to reduce house construction costs put in place - Reforms of government land divestiture program completed 	<ul style="list-style-type: none"> - Government land divestiture program reformed to target more than 50% of lots to poor households, to join at least 20% of newly divested lots with housing program subsidies, and to apply strong incentives for households to build on divested lots within two-year period - Cost-saving housing designs developed and provided to all project participants and stakeholders - Recommended actions completed to reduce time to acquire proof of homeownership 	<ul style="list-style-type: none"> - Enactment of main recommended regulatory changes on standards and building materials industry organization - Enforcement of government rules on time-limit for utilization of government plots 	<ul style="list-style-type: none"> - Consultancy reports, actions and decrees issued by government, surveys. 	<ul style="list-style-type: none"> - GOS agencies cooperate with the PIU in achieving these critical outcomes

ANNEX IV. LOGICAL FRAMEWORK
SURINAME LOW-INCOME SHELTER PROGRAM (SU-0017)
November 2007

Project Description	Objectively Verifiable Indicators			Sources of Verification	Assumptions
	Midterm	End of Project	Impact		
Overall Objective					
Improve the housing conditions for low and moderate income households in Suriname and make public and private housing sector investments in the sector more efficient and equitable	- 2250 Housing Incentive Certificates approved and subsidy disbursed	- At the end of the project period ca. 4500 housing solutions will have been accomplished, ca. 1800 new core houses and ca. 2700 rehabilitations	- ca. 5% decrease in percentage households in overcrowded/substandard housing - ca. 5% increase in percentage households from target group able to secure a mortgage - 2 new programs facilitating/assisting the construction of core houses by the target group - Offer of core unit design/construction by private project developers increased with 5% - number of people resolving land title problems or taking actions to prevent them increased through better understanding and awareness of the importance.	-project monitoring statistics and special surveys on homeowner investments	- National economy remains stable - Low and stable inflation permitting the beneficiary households to invest in housing
Project purpose					
Imbed a system of direct up-front subsidies to make new core housing and housing rehabilitation affordable for low and moderate income households in Suriname, contribute to		-Total amount of subsidy funds disbursed, with a pipeline of additional community plans for continuation of the program by the GoS. - Increase in mortgage lending for the targeted		- Official monitoring reports by the PIU, minutes of the Board and other meetings. - Official reports of the participating IFIs -Sample of actual owner-equity investments compared	- Housing policy remains focused on stimulation of civilians to build/renovate themselves instead of building turn-key houses by the Government. - Awarded subsidy

strengthen the capacity of the private housing sector to increase housing investments for the lower income segments and stimulate owner equity investments.		income segment of the urban population. - Mortgage portfolio for program related lending of approximately US\$4.5 million. -Owners equity investment of at least US\$2.7 million		to planned minimum equity contributions provided in application forms	amounts act as a catalyst for IFIs to offer mortgages to the targeted clientele and for beneficiaries to invest their own money, materials and labor equity in housing and to take out a maximum affordable mortgage loan.
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Results

1. A working "subsidy/credit and own equity" program for building of new and rehabilitation/ extending of existing houses	- Loans made by IFIs to at least half of program beneficiaries	- 100% of subsidy funds disbursed to families of targeted income lines.	-higher level of involvement of target population in the provision of own housing through savings and own labor	- Program records number of applicants and approved applications, minutes of PIU, IFI and NGO meetings	
2. Accelerated build out of lots allocated by Government	- 1,875 new core units build 40% of which through cooperation and the joint efforts with organizations active in providing shelter for target population	-1,875 new core units build	- increase of awareness among target population regarding: land titles; process to acquire land and land laws which effect their housing situation - increase transparency in the "land proof of ownership" process -increase in supply of low-cost housing	- Consultants' reports. - Year rapports of cooperating organizations - files of applicants	-GoS and other organizations are interested in the proposed changes and understand the benefits that they will ensue.



3. Institutional strengthened, NGO's and Network Habitat Platform (NHP) for social housing	<ul style="list-style-type: none"> - Processing of a complete subsidy/loan application for the program – from receipt of the application by a NGO to the first construction advanced by a IFI – average no more than 5 months. - formal and legal establishment of the NHP 	<ul style="list-style-type: none"> - Functioning NHP - 3 NGO's with the capacity to function as a housing cooperation 	<ul style="list-style-type: none"> - New housing solutions delivered by NGO's for target group - increased opportunities to access funds for social housing - Strong and professional Network Habitat Platform for Social Housing 	<ul style="list-style-type: none"> - Year reports NGO and NHP. - Independent evaluation consultancies as part of project monitoring. - PIU reports. - Review of program with PIU and NGO personnel and sample of participants. - Training evaluation. - IDB evaluation and project monitoring. 	<ul style="list-style-type: none"> - GoS cooperates in reviewing and facilitating policy change. - IFIs continue to be interested to participate in both program implementation and financial sector improvements - IFIs continue to be interested to underwrite subsidies for households who cannot afford a minimum loan.
4. Strengthening of technical workforce and contractors	<ul style="list-style-type: none"> - Vademecum for Social Housing defined - Construction budget completed and approved within 1 month. 	<ul style="list-style-type: none"> - Construction of new core unit within 6 months within the quality standards as set by LISP and the GoS 	<ul style="list-style-type: none"> - High quality Popular houses build within a pre determined budget and timeframe with an efficient space division 	<ul style="list-style-type: none"> - Independent evaluation consultancies as part of project monitoring. - PIU reports. - Review of program with PIU and NGO personnel and sample of participants. - Training evaluation. 	<ul style="list-style-type: none"> - Willingness of technical workforce and contractors to attend training
5. Inclusion of Hinterland and in the shelter program	<ul style="list-style-type: none"> - At least 200 housing solutions build in least developed districts (Marowijne, Brokopondo and Sipaliwini) 	<ul style="list-style-type: none"> - At least 200 housing solutions build in least developed districts (Marowijne, Brokopondo and Sipaliwini) 	<ul style="list-style-type: none"> - Development centers, with Government and private facilities and community living in adequate housing 	<ul style="list-style-type: none"> - LISP status report 	

Activities

1. working "subsidy/credit"	<ul style="list-style-type: none"> - 2250 subsidies awarded: 60% for home rehabilitation 40% and for new homes. 	<ul style="list-style-type: none"> - ca. 4500 subsidies awarded: 60% for home rehabilitation and 40% for new homes. 	<ul style="list-style-type: none"> - real increase of number of low-middle income households with adequate shelter 	<ul style="list-style-type: none"> - Reports PIU, NGOs and IFIs. 	
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it” pr og ra m					
<p>1.1.Improve MIS subsidy/credit system</p> <p>1.2. Improve cooperation between Government/ NGOs/ Contractors/ Applicants</p> <p>1.3. Organize Monitoring and Evaluation of Program</p> <p>1.4. Provide subsidies for realization of approved housing solutions - renovation and upgrading</p> <p>1.5. Provide subsidies for realization of approved housing solutions – new houses</p> <p>1.6. Provide assistance to applicants</p> <p>1.7. Partnership with micro finance institutions and funds in order to make alternative loan products available to target population</p> <p>1.8. build capacity of PIU</p>					
<p>2. Accelerated build out of lots allocated by Government</p> <p>2.1 Raise public awareness with regard to land issues and disseminate information with regard to land titles and the procedure to</p>	<p>-75% of resources executed**</p>	<p>-100% of resources executed</p>	<p>- transparent land acquiring procedures</p>	<p>- Reports and minutes PIU. - Reports consultants</p>	

acquire land					
2.2 Dissemination of information with regard to the program and other shelter opportunities in order to accelerate the build out of open lots		- Join more than 20% of newly divested lots of program beneficiaries with subsidies as an incentive to build within a two-year period			
2.3 Partnership with GoS, Private sector and FI to make construction land and housing solutions available for target population	-Research to new lines of actions to reach lower income segment (rental a.o) -Secure construction land for at least 300 LISP participants	- Implement developed actions to accommodate lower income segment with adequate housing - Secure construction land for at least 300 LISP participants			
2.4 Address information needs supervisors own construction	- Training program developed and conducted regularly	- 80% of constructions executed within time period and budget planned			
3. Institutional strengthened IFIs, NGOs and NHP					
3.1. Organize and provide information on the Program	-50% of resources executed	-100% of resources executed		- Reports and minutes PIU.	
3.2. Sign cooperation agreements with IFIs and NGOs				- Reports NGOs and IFIs	
3.3. Pay Fee to IFIs and NGOs (covering operational costs and building reserves) and strengthen their organizations					
3.4. Provide Facilities and technical training to IFIs and NGOs					
3.5. Formalize and strengthen the network					

<p>(Platform Habitat)</p> <p>4. Strengthening of technical workforce and contractors</p> <p>4.1. Address training needs small contractors</p>	<p>- Training program developed and conducted regularly</p>	<p>- 90% of Budget calculations submitted correct. - 80% of constructions executed within time period and budget planned</p>	<p>- Small contractors strengthened.</p>		
<p>5. Inclusion of Hinterland in the shelter program</p> <p>5.1. Awareness campaign address needs and reality Hinterland</p> <p>5.2. construction plants for adequate and cultural appropriate housing</p> <p>5.3. Provide technical training and financial support to include grass-root organizations in the process</p>	<p>- at least 10 designs with budget available for target population</p> <p>- training needs identified and addressed and mobilization effective leading to the participation of at least 200 households</p>	<p>- at least 400 housing solutions finalized by the end of the program</p>	<p>-real increase of adequate housing situation in the Hinterland -More cluster centers in the Hinterland</p>	<p>Reports from PIU-decentralization and the ministry of Regional Development</p>	<p>Willingness of the NGO's to work with village grass-roots organizations</p>

ANNEX 7: Summary of LISP MIS and Database Statistics³¹

LISP MIS ANALYSIS AND RECOMMENDATIONS

The Program's MIS possessed numerous problems, which made the overall system of data capture and reporting a weakness for LISP. Therefore, the next section has been designed to outline the necessary characteristics that a fully capable, modern MIS should have, as well as possible steps that would lead to its development and installation for the LISP Foundation and future housing initiatives.

PRINCIPLES OF THE MIS

- **Unanimity:** *In order to guaranty a single information source towards the involved actors, Ministry, families, executing unit, contractor-builders, financial entities, Inter-American Development Bank, and supervisors.*
- **Integrity:** *Allow the combination and communication of all actors during all the stages of the process to develop the various ideas into inputs for other processes. That is to say, that the information reported by the registry offices will be used for the verification of the minimum conditionalities of the applicant families.*
- **Modularity:** *This process allows that the specificity of each area can be assisted independently when it comes to its requirements. It also includes systems and/or sub-systems of information to be known:*

10 management modules

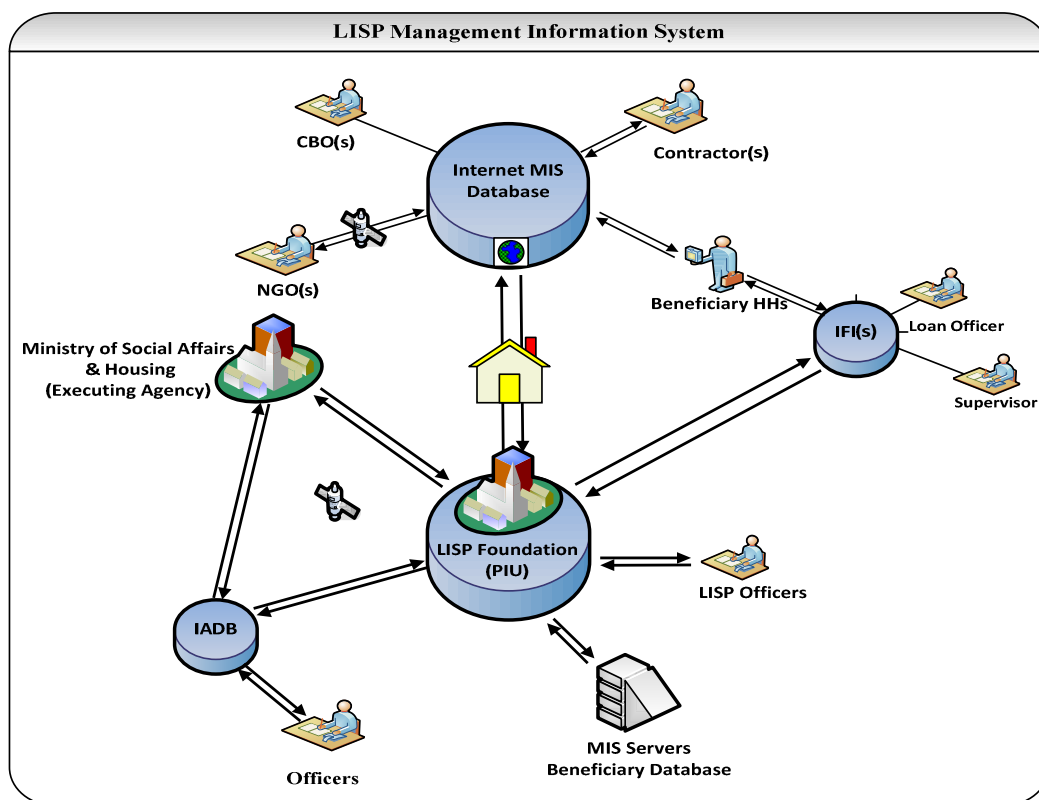
1. Application Module
 2. Subsidy Module that defines housing plans and construction activities according to the type of subsidy (renovation, new home construction)
 3. Verification Module, used to qualify the participating entities (other programs, NGOs, public registers, banks) capacities' verification
 4. Targeting Module of eligibility and beneficiary selection of households
 5. Module of payments and reporting from the bank
 6. Supervision Module for financial execution and the construction progress of the registered project in execution by supervisors in the field
 7. Registry of Contractors; a single registry of contractors, where qualifications are listed for each contractor (pre and post their participation)
 8. Managerial Module
 9. Administrative Module
 10. Financial Software compatibility and connection
- **Parameterization:** *Consider the various forms of adding assignments by adjusting itself to the permanent and changing dynamics both, of the national policy and the Ministry.*
 - **Flexibility:** *Adjusts itself to the various levels of research of information required by the governmental entities, community, contractors, and the general actors involved.*
 - **Managerial:** *Supports the making of decisions from a strategic, operative, functional, and financial point of view.*
 - **Reliability:** *Guarantee that the information produced from the Low Income Shelter Program has strictly fulfilled all the previous conditions of purging and validation.*

The technical solution will be based on the platform of the Web based services and with a multi-layers structure. The data will be processed from the various sources of information (families, contractors, supervisors, financial entities, current legislation) and it will be exposed through the web services.

This process will make possible the reutilization of said information at all levels according to the alignments of security. At the same time, it will establish profiles and roles during the process.

The graph LISP Management Information System (below) shows its operative use, where the actors that participate in the process through the web can access the information corresponding to postulates, payments, supervisions, and tracking. Moreover, they can visualize the information according to the profiles and needs of the administration unit, Ministries, and IDB.

³¹ LISP Database; MIS export from LISP-PIU; Paramaribo, Suriname, May 30, 2008



STAGES OF MIS DEVELOPMENT

1. Analysis stage and design of the Information System

- Analyze and strengthen the information requirements and expectations of the Housing Subsidy System Information users.
- Carry out the reading, diagramming, and documentation of proceedings related to the contract management modules.
- Provide a detailed technical definition in order to determine the exchange of information with the entities of the sector, including the specific variables, its conversion or structuring in the required formats, transmission and entering of databases as well as its frequency.
- Outline and define functions to be carried out by the software.
- Design the data, architecture, inter-phase, and proceedings of the system according to the quality standards.
- Along with the Program Coordination, define the tools of software and hardware needed for the design of the Information System.
- Propose the strategy of training to be used, taking into account the number of users that the system will count with.
- Deliver user and technical manuals, help online (the information that will be delivered during the training stage). In this stage, the contractor will read the documentation taking into consideration the users' specifications, which should be complemented with its own resources. This has to be done having in mind that it is part of their job to leave completely defined the information system requirements as a fundamental basis for this stage.

2. Building installing and implementation stage of the system

- Implement, build, and decode the information system based on the software of the previously agreed design;
- Provision of a source code;
- Carrying out of tests and installing of the System.

3. Training, depuration and tuning stage of the system

- Training and provision of the information system will be provided to users according to the established plan.
 - Suggestions and directions that the user presents during the training period will be registered. In case of changes, adjustments, and errors in the information system that will be taken into account in the depuration and tuning stage of the system, they will not imply great changes in the cases that have not been informed in previous stages.
- Provide coherent, compatible, and solid information.
 - Include a progressive and flexible source of information that allows the access to information in an orderly and gradual manner.
 - Establish a secure model that protects the sources of information. Additionally, it will provide the necessary control access the data, at the same time it will offer functionalities for monitoring the use of the data.
 - Become one of the main supports for the making of decisions.
 - Allow a rapid access to the pertinent and well-defined information. In terms of information, the content should be perfectly comprehensive and the users should have the ability to surf fast and with ease.

OVERVIEW OF MIS DATABASE AND HH INFORMATION

The LISP Database of Beneficiary Household Statistics was extracted directly from their MIS in Suriname, in Excel file format. The database contained three different worksheets. Finally, we were provided with a fourth worksheet that contained information on 3,667 beneficiaries with both net and gross incomes. The **First Worksheet** entitled “**Inquiry**” contains information on 3,619 cases. The major beneficiary data is contained in a well organized worksheet of the major beneficiary data organized (roughly) by date of approval, but containing data: Form #, Date of Approval, IFI, NGO, type of applicant, ID #, Date of Birth, Size of Subsidy, Loan Amount, Interest Rate, Own Contribution (cash), Extra Contributions (if applicable), Address and Information on Lot, HH income, members, etc. The **Second & Third Worksheets** are entitled “**DBA MST Aanvragers**” & “**DBA MST Forms**” respectively. The Second Worksheet is the rough version of income and occupational data of the households organized by individual, as such there are 13,111 cases representing each of the working members of each of the Beneficiary Households. The Third Worksheet is the unpolished, unorganized, beneficiary data as it was collected on the Application forms. Thus, this worksheet has the basic personal ID information, Address, District Code, NGO, IFI, CBO (if applicable), and District, Characteristics of the household, name of the person who assisted with the application, and the recommendation and comments.

Summary of LISP Beneficiaries Net Household Income

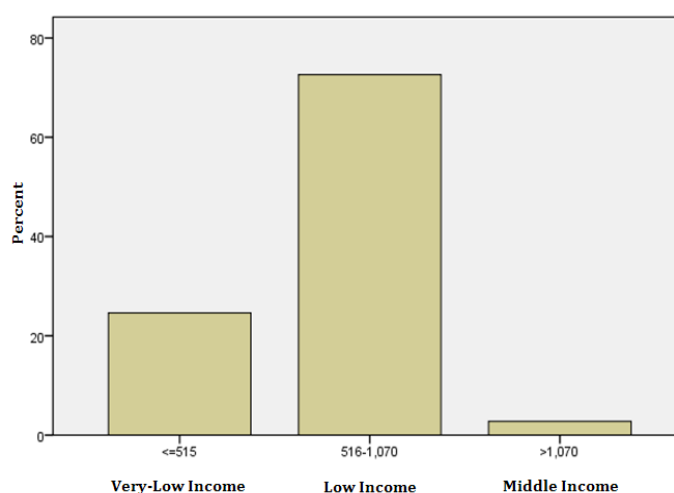
SUMMARY OF LISP NET INCOME STATISTICS

Summary Statistics of HH Net Income	
No Cases (LISP HH)	3,667
Mean Income (SRD)	706.12
Minimum	100
Maximum	1,465

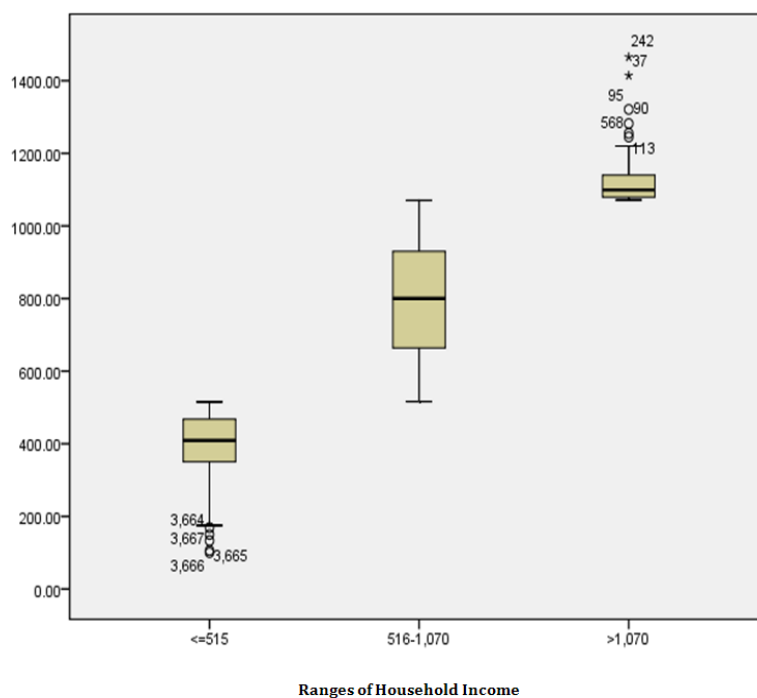
Ranges of HH Net Income

	Frequency	Percent	Cumulative Percent
<=515	902	24.60	24.60
516-1,070	2,663	72.62	97.21
>1,070	102	2.78	100
Total	3,667	100	

DISTRIBUTION OF LISP BENEFICIARY HOUSEHOLDS BY INCOME RANGE

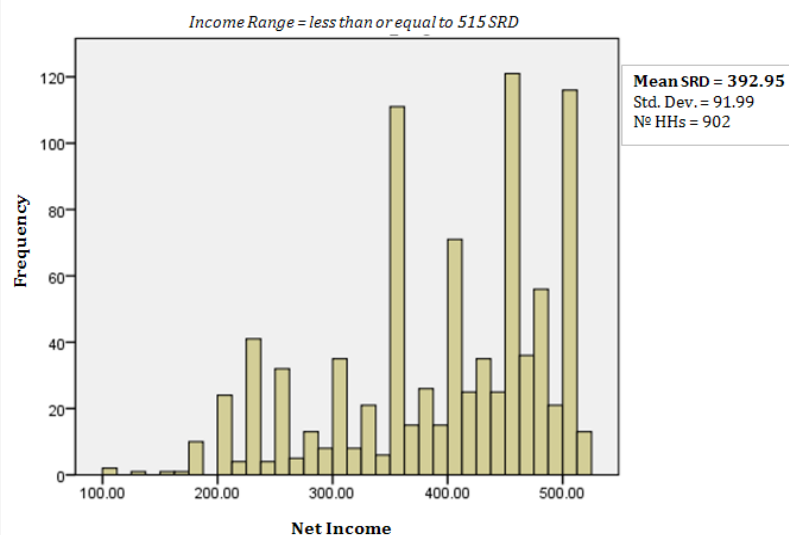


HISTOGRAM OF INCOME RANGES

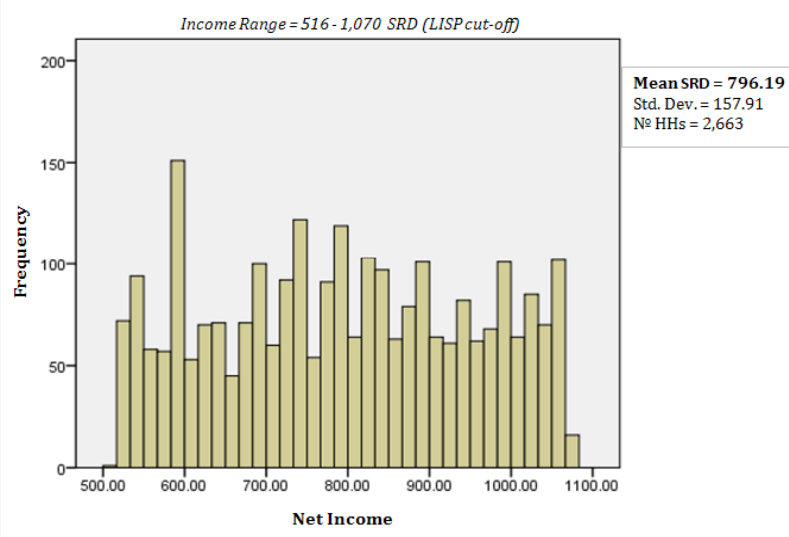


Descriptives		
Income Range	Statistic	
<=515	Mean	392.95
	Median	409.00
	Variance	8463.81
	Std. Deviation	92.00
	Minimum	100.00
	Maximum	515.00
516-1,070	Mean	796.19
	Median	800.00
	Variance	24936.20
	Std. Deviation	157.91
	Minimum	516.00
	Maximum	1070.00
>1,070	Mean	1123.89
	Median	1099.00
	Variance	4581.11
	Std. Deviation	67.68
	Minimum	1071.00
	Maximum	1465.00

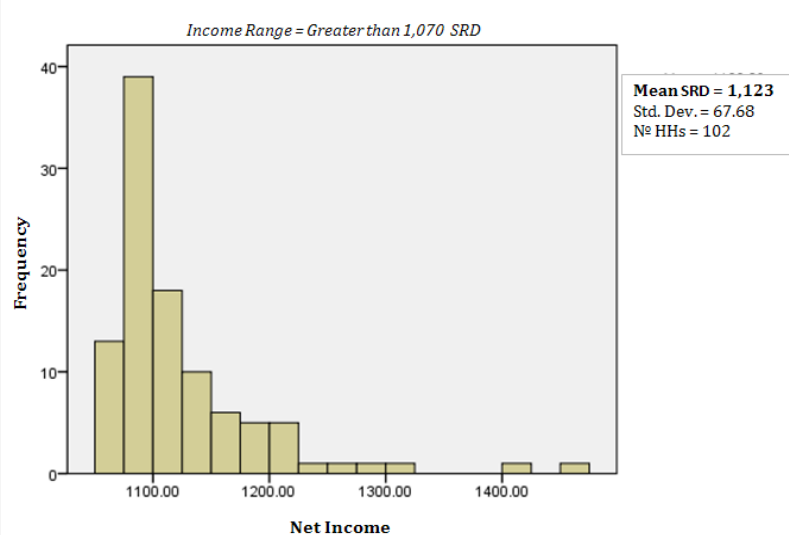
LISP BENEFICIARIES GROUP 1: VERY LOW-INCOME HOUSEHOLDS (HHs)



LISP BENEFICIARIES GROUP 2: LOW-INCOME HOUSEHOLDS (HHs)



LISP BENEFICIARIES GROUP 3: MIDDLE-INCOME HOUSEHOLDS (HHs)



ANNEX 8: LISP Pilot Project Building Houses in the Interior

The Low Income Shelter Program is a program initiated by the Government of Suriname (GOS) funded largely by a loan with the Inter American Development Bank (IADB) under loan # 1342/OC-SU. The total amount of the loan is US\$ 9.3 million and the own contribution of the GOS is US\$ 2.5 million making the total budget of the program US\$ 12.3 million.

The Program has three objectives:

1. To Improve the housing conditions of low- and moderate-income households;
2. Provide institutional support to participating private finance institutions, NGO's, and CBO's to assist under-served households in lower and middle income neighborhoods improve or construct a house;
3. Make shelter policies and subsidies more efficient, equitable and transparent.

The subsidy mentioned under objective # 1 was meant for the urban coastal area of the country where running water, electricity and drainage systems are identified. All other areas were therefore left out of the program.

After a relatively slow start of the program in 2003 going on to 2004 the PIU of LISP started campaigning aggressively both in the field and with the GOS and the IADB to get relevant change to the program that would benefit the program greatly as would the stake holders. At the end of 2004 an agreement with the IADB was reached that would enable significant changes to the program and one in particular dealt with the fact that the program would now be territorial. This meant that people living in the previous excluded parts of the country would now be able to participate. This among other things was the reason the program began to pick up speed and in 2005 produced record numbers by increasing the amount of disbursements by 400%. Still the interior (Hinterland) could not participate because of logistical problems facing that particular group of potential participants.

On March 17, 2006 the PIU of LISP organized a meeting with all of its partners both NGO and IFI, local government representatives, and local organizations (some CBO) to brainstorm over scenarios to extend the program to its full potential and eliminate all barriers that people of the interior are facing in regard to participation of the LIS-Program. The Foundation LUST & RUST was among the first NGO's to pick up on this task to such a large scale. It is also through this NGO that GODO Credit Union was interested to provide the loans necessary for this pilot to be successful that it is. The group of persons in this pilot consists mostly of women that indicated a great need for adequate housing in the interior, especially after the great flooding in 2006.

The participation of the interior in the LISP was feasible if certain conditions were met:

Work with existing networks of organizations Decentralization of Local Government Program (DLGP), Community Development Fund Suriname (CDFS), Fund for the Development of the Interior (FOB), Community Based Organizations (CBO), Local Government Officials (BO), if those organizations are operational; Flexibility in the monitoring of progress in these areas; By building in groups of at least 10 participants the cost of monitoring and other transport costs are reduced; Establish a network of information gathering for travel logistics to be coordinated by the DC of the district. All organizations that travel to and from the district are asked to share their information in an effort to travel jointly so that travel costs can be minimized. The NGO would closely monitor progress to ensure timely completion of all projects

The Implementation of the results of the meeting of "March 17" started in the 3rd quarter of 2006 and only in March of 2007 the first individual subsidy was disbursed for persons in this category of the interior. The first large group of participants (18) received their subsidy in October of 2007 and is perceived as the first pilot project where the subsidy combined with a loan from GODO Credit Union, an Intermediary Financial Institution (IFI) together with the participants own contribution the project was financed. The total cost being US\$ 100,000.

GODO savings and Credit Union played an important role in the implementation of this pilot by providing the loan to the LISP beneficiaries with a guarantee fund from the GODO Foundation, a foundation established by GODO for related purposes. By giving this loan to otherwise perceived high risk applicants, GODO Credit Union has taken a considerable risk to getting the job done. The Coordinator of the foundation Mr. Fence Verneuil is personally involved in the monitoring of the construction of the houses and also the collecting of monthly paybacks of the applicants. The loan was given as a group loan so all participants are responsible for the payback of the group and if someone for whatever reason cannot make a payment the group will collectively repay for him or her. This method of loan payback ensures that the commitment to GODO is honored by the total group. In that way the guarantees will not have to be made effective.

On April 4th 2008, 17 of the 18 houses in the first group completed the construction phase in a period of 5 months. The 17 beneficiaries were very pleased that they were able to do this with a helping hand from LISP and GODO Credit Union. Their own contribution consisted of own contribution in cash, materials produced locally (wood, gravel, sand and building blocks). Now embarks a period in which they will pay back the loan so that others can also profit from this unique opportunity in Suriname history. In total 63 loans have now been granted under this model. It is also worth mentioning that there is a similar type of scenario in the making with another credit union to provide loans for 19 households in the interior, which is also thanks to the efforts of foundation Lust & Rust.

ANNEX 9: Scoring System of Beneficiary Selection – Original Design from the Operational Manual of 2003

Household scoring system is twofold in respect to home improvement and new infill housing, given that aspiring households differ in the level of effort –past or future- needed to access the chosen housing solution; a set of criteria for home improvement has been defined based on actual condition of dwelling and household, as; Savings, type of improvement, overcrowding, type of head of household, family group, handicapped members of household, household income, structural condition, building materials, facilities and sanitation.

For new infill housing the scoring criteria is based in financial position of household and social condition of household. The defined criteria are; additional savings, income level, type of head of household; family group in household and handicapped member of household.

The following charts show the weight, indicators, scoring and points assigned to each criterion.

FOR HOME IMPROVEMENT

Criteria	Weight	Indicator	Scoring	Points
Overcrowding	15%	Number of adults per bedroom	3 or more 2 1	Max 150 100 0
Head of household	12,5%	Single parent or couple	Single parent Couple	125 65
Handicapped members	12,5%	Head of family Children (1 or more)	65 points 30 points each	125
Household family group	10%	Number of family members	12,5 points for each family member (father, mother, children, grandparent living in household) up to eight	100
Income	10%	Income level, reverse	Less than 100 101 to 150 150 to 200 200 to 326	100 75 50 25
Savings	10%	Deposits over minimum US \$ 500	20 points for every extra US \$ 100, up to 1K	Max 100
Type of improvement	10%	Mach of priorities between household and LISP	Sewage and sanitary unit New roof Structural repairs Additions and other repairs	100 70 50 30
Actual structural condition	5%	Stability, condition of structural materials (i.e. termites)	Risky Fair Good	50 20 0
Actual building materials	5%	Quality of roof, floors and walls	In need of replacement In need of repair	50 30
Actual facilities ³²	5%	Bathroom and kitchen	Poor condition Fair but needs repair Good	50 30 0
Actual sanitary solution	5%	Lack of septic tank Open drainage Sewage Water taps	Connected Out of property	50 20 0 50
MAXIMUN SCORE:				1.000

FOR NEW CORE, INFILL HOUSING

Criteria	Weight	Indicator	Scoring	Points
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Additional monetary savings	30%	Deposits over 15% of house price	20 points for each US \$ 50	300 max
Income	20%	Income level, reverse (Less income, more points)	Less than \$ 100 US \$ 101 to 150 US \$ 151 to 200 US \$ 201 to 250 US \$ 251 to 326	200 max 180 120 80 50
Household family group	20%	Number of family members, up to eight	25 points for each family member (father, mother, children, grandparent living in household) up to eight	200
Head of family	15%	Single parent or couple in charge of household	Single parent Couple	150 75
Handicapped	15%	Head of family or children (up to two)	Head Children	150 75 each
MAXIMUM POSSIBLE SCORE				1000

ANNEX 10: Problems and Objectives Tree from the Revision Workshop of the Retrofitted Log Frame (2006)

B	<u>POLICY : Problems</u>
24	Areas of urban Suriname are deteriorating
25	Internal warfare
26	Increasing Urbanization
27	Land reclamation and building prescriptions are cost increasing
28	Central bank Cash reserve requirements increases interests
29	Taxes on land transfers and mortgages are too high
30	Government land distribution policy is erratic
31	Government land distribution system stimulates corruption
32	Land reform decree not (fully) implemented
33	Poorly developed housing institutes
B	<u>POLICY : Objectives</u>
24	Deteriorated areas of urban Suriname are upgraded
25	Peace and Political stability
26	Reduced Urbanization
27	Land reclamation and building prescriptions are simple and cost efficient
28	Central bank Cash Reserve requirements reduced
29	Taxes on land transfers and mortgages lowered
30	Predictable Government land distribution policy
31	Transparent Government land distribution system
32	Land reform decree fully implemented
33	Housing institutes developed

D	<u>LAND: Problems</u>
44	Undivided collective land ("boedel") issues and uncertain legal titles
45	Limited suitable land for construction
46	Many open plots in urbanized areas makes infrastructure expensive
47	Unclear Government land allocation procedures
48	Time consuming lengthy land allocation procedures
49	Allocated land frequently poorly (or not) accessible
50	Allocated land frequently poorly drained
51	High prices of land
52	Allocated land frequently lack utilities
53	Land register is not accessible for civilians
D	<u>LAND: Objectives</u>
44	Undivided collective land ("boedel") issues resolved and legal titles reliable
45	Sufficient suitable land for construction
46	Open plots in urbanized areas with infrastructure utilized
47	Transparent Government land allocation procedures
48	efficient land allocation procedures
49	Allocated land frequently accessible
50	Allocated land well-drained
51	Moderate prices of land
52	Allocated land with utilities
53	Land register is accessible for civilians