

The Housing Incentive System in Ecuador

Assessment of Quality Management in Urban Low- Income Housing

Kattia Acosta Paredes

Responsible of Urban Housing Improvement
Unidad Coordinadora del Programa,UCP, Sistema de Incentivos para Vivienda,
Ministerio de Desarrollo Urbano y Vivienda, MIDUVI, Ecuador.

Abbreviations

UCP	Unidad Coordinadora del Programa (Coordinator Programme Unit)
MIDUVI	Ministerio de Desarrollo Urbano y Vivienda (Housing an Urban Development Ministry)
IDB	Interamerican Development Bank
SIV	Sistema de Incentivos para la Vivienda (Housing Incentive System)
IFI	Institucion Financiera Participante (Finance Institution involved)
ET	Entidades Técnicas (Technical support Entities to improve urban housing)
GTZ	Agencia de Cooperación Alemana (German Agency for Cooperation)
CTH	Compania de Titularización Hipotecaria (Mortgage Titling Company)
CFN	Corporación Financiera Nacional (National Finance Corporation)
BEV	Banco Ecuatoriano de la Vivienda (Ecuadorian Housing Bank)
ODH	Organizadora de demanda Habitacional (Housing demand promotor)

Introduction

Ecuador presents structural problems in solving the demand of low -income housing in an adequate way, such as high birth rate and high urbanization, with an actual demand of housing for 55,000 new families per year, and 20,000 to 28,000 housing formal offer only.

Almost 720,000 families live in inadequate houses, commonly in piling conditions, absence of services and instability, characterized by high level of informal property, insecurity and risk, the majority of the constructed patrimony has not market value (illegal settlements) and finally with housing building high cost for the families. The housing problem is most evident in the urban areas (almost 500,000 inadequate houses). According with the information of the last census and its actual projections, the quality deficit is higher than the quantity deficit.

The government has not enough economic resources to attend the whole problem and should use them the most efficiently as possible.

The strategic objectives of the state policy in regard to the housing sector may be summarised as follows:

- Focus public investments in housing sector to the low -income families
- Involve the active participation of the private sector in the promoting, implementation and financing of low -income housing
- Develop alternative housing solutions
- Promote legal reforms necessary to facilitate the housing development
- Promote the mortgage credit offer to the low income families

In such a way, the State is assisting and financing the rural houses, solidarity incentive housing and improvement of urban marginal shelters directly by the government budget with particular procedures and direct technical assistance.

The new urban houses, improvement of urban houses to low-income families and housing rehabilitation in central urban areas are assisting and financing by the SIV-Programme, promoted by the government.

Problem Definition

The SIV-Programme in two and a half years old has made a quantitative impact in the market of low-income housing.

Actually, it needs to explore the situation of housing management in terms to offer quality products (houses) and ensure appropriate use of state resources.

The Program Coordinator Unit, UCP, has the responsibility of the implementation in the country the SIV-Programme as a state policy, also monitoring and evaluation to ensure the participation of all actors involved, even in political, financial, and technical level, and, to make sustainable the programme on time.

Also this unit makes an effort to support the development of installed capacity in implementing units within the MIDUVI in order to ascertain an efficient and effective administration of programmes of this sort in the future.

Motivation for the Choice of Study

I am part of UCP staff, and believe in the proposal of the programme, in the way it be successful, this paper pretends analyse the follow-up, and make recommendations to improve the SIV-Programme in assessment of quality management.

Almost the majority of the resources to the incentives has been compromised; actually the State is according a new loan with IDB, the commitments of the first loan should be completed in almost the 60% to make another one, then, is a responsibility of UCP to open that possibility with the support of the national government.

In synthesis people accept the programme and is necessary to ensure the quality of the products (houses) and of the programme itself (process).

Method of Study

The report will be based on the SIV-Programme design, reports of follow-up the programme (monitoring), support in technical literature, according to technical management, in the methodology of the course Architecture and & Development and personal experience.

It will describe and analyse the strategies of the programme, actors involved, according with quality management and establish suitable conclusions and recommendations.

Background

Ecuador is located in South America, between Colombia, Perú and the Pacific Ocean, has 4 geographical regions well defined, the Highlands, the Coast, the Amazon region and the Galapagos islands, the Andean Cordillera cross the country north to south, the country is located at latitude 0 degrees 0' 0'' It is one of the worlds' most bio-diversified country in both flora and fauna, the most important income of the country is petroleum, shrimp, banana and coffee exportation, actually the remises of the immigrants is becoming the second income of devises in Ecuador.

Type of Government	Democracy
Population:	12,650,000
Area:	256,444 km ²
Currency	US dollar
Capital	Quito
Other main cities	Guayaquil, Cuenca
Languages	Spanish (official) Quechua, Shuar and other natives
Ethnic groups	Mestizo 55% Ameridian 25%, White 9%
Urban population	62%
Poverty Level	55%
Margin Settlement level	48.13%
Population growth per year	1.9%
Urban pop growth per year	2.6%
Basic salary per month	120 US dollars

Housing Perspective

The State policy in housing since 1994, anticipate the restructure and reinforce of the financial housing system, as part of the Develop Policy of the Government. The main strategy of that policy was the creation of a direct subsidy system, similar as other countries of the region, but adapting their experiences to Ecuador context.

Goal of the Government until finish 2002 year

Typology	Shelter solutions
Rural housing	66,000
Join incentive housing	35,000
Improvement of marginal shelters	40,000
New urban housing	45,000
Improvement of urban housing	45,000
Rehabilitation central urban housing	4,700
Total shelter solutions	235,700

The Ministry is assisting and financing the rural houses, housing to the "beneficiarios del bono solidario" (join incentive beneficiaries housing)¹, mejoramiento de vivienda urbano marginal (improvement of urban-marginal shelters) directly by the government budget, through the ministry technicians assistance, with a small amount of subside in materials, and self-help-housing.

The new urban houses, improvement of urban houses to low-income families, and housing rehabilitation in central urban areas are assisting by the SIV-Programme.

SIV-Programme Level

Actually, Ecuador's Housing Policy has been oriented in urban areas, toward facilitating access to housing units to low-income families that do not own a house, or whose housing unit lacks basic living conditions.

Within such housing policy, in Ecuador, the state abandon its traditional role of promoter, builder and financial agent to assume the role of the facilitator of such tasks to be fulfilled by the private financial, promotion and construction sectors.

The private construction sector design, develop and sell low-cost housing units; the private financial sector attract families' savings and, grant housing loans. These loans will be complemented with the housing incentive provided by the State. Saving, loan, and state incentive complete the market value of such housing units or the housing improvement.

Recently from 1998, the MIDUVI could put in practice the SIV-Programme, with a loan of the IDB to new urban housing development and improvement of urban housing only. The rehabilitation of housing in central urban areas is following by the programme as a model, demonstrative project basically management by the municipalities and financed by the national counterpart of the SIV - Programme.

Actually the Ministry is negotiating a new loan to maintain the programme until it be sustainable itself. The programme anticipate be financing with a national budget counterpart (6,600,000 US dollars) and a loan of IDB:

▪ Implantation phase	SIV-I	IDB	62M US dollars	June 2001
▪ Consolidation phase	SIV-II	IDB	90M US dollars	June 2002
▪ Sustainable phase	SIV-III		own resources from 2003 of the economical housing fund.	

Of course the national counterpart will be included in the consolidation phase

SIV Programme Results year 2000²

- 90,996 inscript families
- 53,139 emitted incentives
- 18,852 paid incentives
- 12,000,000 US dollars in saving
- 22 active financial institutions in the programme
- 52,156 new housing solutions in process

¹ Houses for the most vulnerable people specially in the coast who are also beneficiaries of the solidarity incentive

² The table includes new urban housing, improvement of urban housing, and rehabilitation of housing in central urban areas

- 8,842 urban housing improvements in process
- 155 rehabilitation central urban housing in process
- 37 municipalities in process of flexible regulations

Strategies of SIV-Programme Approach

The SIV-Programme establish general and specific objectives, the activities needed to achieve them, should be subordinated to the directional system of the programme, adjustments introduced into the activities, use of resources and time schedules use as basic criteria to achieve the objectives. All other follow-up and evaluation criteria defined are based on the SIV-Programme approach.

Overall Objectives

- 1 Toward develop of urban low-cost housing contribute to improve the efficiency of public investment in the housing sector.
- 2 Establish a direct demand subsidy system that allows access to new housing solutions or to housing improvement to urban low -income families and to provide incentives to attract the participation of the private financial and construction sectors.

Specific Objectives

- To flexible new urban settlement development and building regulations at the local level, facilitating the supply of low-cost housing, promote the legalization of existing urban settlements and the regulated incorporation of new settlements/developments.
- Simplify legalisation, approval and assignment procedures for low-cost housing and reduce costs by reducing taxes and registration costs.
- Develop appropriate legislation and financial mechanism to help mobilisation of domestic savings toward the housing sector.
- Modify practices and procedures followed by the private financial sector to serve to low-income populations.
- Modernise the institutional practices of both the MIDUVI and the municipalities involved in such a way that they promote the participation of the private sector in the effective provision of low-cost housing.
- Bridge the gap between the savings capability and ability to pay for families.
- Ensure transparent, impartial and non-discriminatory access to housing incentives by the target population.
- Ensure properly information of the programme to participating actors
- Ensure appropriate administration of the Programme through the UCP and timely external evaluation.

Components of the SIV-Programme

1 Legal and institutional modernisation component for the housing market

The programme aims the necessary changes in the legal framework applicable to the sector and into the public institutions per se.

a. Modernisation sub-component for the municipal legal framework

Initiatives to reduce the cost of formal housing solutions:

- Minimize the infrastructure and building standards for urban developments, both at national level through referential guidelines and also at local level through the municipal ordinances.
- Reduce the initial taxes for low-cost solutions.
- Simplify the land titling and registration procedures for urban marginal property.
- Provide technical assistance to municipalities to achieve the needed changes, standards, land titling and property registration, as well as in the transactions needed to obtain the necessary permits for new urban settlements.

b. Sub-component: Technical Assistance and Support to the MIDUVI, and to other participating entities.

Actions in support of MIDUVI modernisation efforts:

- Implementation of the Beneficiary Eligibility System to be used under the Programme.
- Design and establishment of modern operational planning systems, for management control and environmental assessment.
- Training support to the processing of applications; to the municipalities in the discussion of policy and regulations changes regarding low-cost housing; to establishment a support fund for active civil associations in the housing sector; to strengthen all eligible entities to improve the organisation of services in demand and the technical support to community groups, particularly in the housing improvement.

2. Mortgage Credit Component

Support to the finance institutions in the advice, staff training and the acquisition of credit technologies for the financing low -income housing. With the following actions:

- Set forth clear rules for finance institutions participation within the SIV-Programme to be prepared to offer credit to low-income families.
- Provide advisory services to these institutions at the management level, to the implementation of mortgage credit technologies and micro-credit.
- Train the appropriate staff in the handling of credit to low-income clients.
- Facilitate the purchase of computer facilities and train the staff in the management of the applications scoring system.
- Strengthen the CTH, in the design and initial application of their strategy.
- Perform a follow -up and qualification of the activities pursued by the finance institutions.
- Support the provision of long-term credit through a housing rediscount line at the CFN and BEV.
- Support the mobilisation of long-term financial resources in the secondary market through the CTH.

3. Highlighting the Housing Demand Component

The SIV-Programme support initiatives for purchase a new urban house or improve the existing urban house for low-income families. The incentive is a monetary assistance provided by the state through the MIDUVI directly to the families qualified. Appropriate and adequate focalisation of the subsidy is using in the Beneficiary Eligibility System which includes:

- Socio-economic criteria based in family earning, disability, family leadership, social and environmental conditions of the living house, family composition and urban context.
- Own effort based in minimum saving and loan compromise, to complete the price of the house or the housing improvement.
- Additional punctuation to families who participate in group or are moving from the Galapagos islands to any other province of continental Ecuador.
- Verify the information presented by the participants in the IFI.

a. Sub-component: Highlighting the Demand for Housing Improvement

The Programme support initiatives for improve the existing urban houses of the families who own a house and have a duly legalised title for the plot, with basic urban services in the neighbourhood. For this purpose it:

- Provides incentives to houses not to exceed of 4,000 US dollars (market value) and the inversion in the improvement not to exceed of 3,500 US dollars
- Devote approximately 30% of the resources under the component to highlighting the demand for housing improvement
- Allow the participation of families earning no more than 240 US dollars per month
- Minimum saving amount of the family (100 USdollars) to participate
- Deliver the incentive amount (750 US dollars) pursuant to the SIV-Programme regulations for Urban Housing Improvements

- Promote the participation of ET (technical support entities, including NGO) that may organise the demand and offer technical assistance.



Figure 1: Urban housing improvement in Lomas de Sargentillo-Ecuador

b. Sub-component: Highlighting the Demand for New Urban Housing



Figure 2: Programme Los Capulies 161 houses-Quito-Ecuador



Figure 3: Urban Housing programmes in Loja, Ecuador

The Programme support initiatives for the production and marketing of new urban housing developments in urban sectors within the municipality jurisdiction that already have basic utilities, to low-income families. For this purpose it:

- Provide incentives for the construction or purchase of new urban housing solutions not to exceed 8,000 US dollars.
- From the resources assigned to incentives, approximately 70% must be destined to new housing solutions.
- Allow for the participation of families whose monthly income of up to 360 US dollars.
- Minimum saving amount of the family (10% of the house cost) to participate
- Deliver the incentive amounts (1 800 US dollars) according to the SIV-Programme regulations for new urban housing developments.

4.Promotion, Administration and SIV-Programme Follow-up Component

a. SIV-Programme Promotion

Centred round the target population, which includes:

- Communications and dissemination programmes in ways that are appropriate for the target group.
- Direct promotion events for interested groups.
- Design and duplication of printed materials, visual aids or electronic means.
- Services contracts for the technical formation support, NGO organisation to participate as the organisers of demand, or to technical support entities for groups requiring such assistance.

b. SIV-Programme Administration

The SIV-Programme finances the engagement of personnel for the UCP and additional staffing, and provides the equipment and operating expenses for the regional implementing units.

c. SIV-Programme Follow-up

Resources be devoted to the engagement of advisory services that will help evaluate the core aspects of the SIV-Programme, including:

- Focusing of the housing incentive.
- The participation of the private sector (commercial banking, builders, ET, and NGO) in the SIV-Programme.
- SIV Programme transparency.
- Advancement of changes introduced into the regulations framework.
- The environmental control system under the Programme.

Product and indicators for SIV-Programme follow-up

The Programme Report includes a definition of products, indicators or a combination of both for every possible aspect, in order to be able to perform a quantifiable and measurable evaluation of timely achievements under the SIV-Programme.

Each subcomponent has proper activities; programme goals and advance follow according the measurable indicators established.

In the next page there is a summary of products and indicators shown according to components and subcomponents.

Component	Sub-component	Products	Indicators
Legal and Institutional Modernisation of the Housing Market	Promotion of changes in the Municipal Regulations Framework	Model ordinances Regulations Agreements Special counters Approved legislation Duly established Low-cost housing Fund	Number of ordinances Number of municipalities that enforce such ordinances Number of counters in operation Number of legalised titles
	Institutional Strengthening	Advisory services implemented Systems in operation Fully developed Agenda for the Minister Strategic Plan Annual support Plans for ODH and ET	Number of dialogue events with mayors Number of regulation dissemination events Number of ODH and ET participating in the Programme
Highlighting of Mortgage Credit		Duly implemented training Rediscount line available at CFN/BEV Credit technology adopted by IFI Duly implemented Information Platform	Number of trained IFIs Number of IFIs participating in the Programme Number of IFIs providing credit products to the low-income population
Highlighting of Housing Demand	Urban Housing Improvement	Invitation to participate	Number of incentives delivered Number of incentives paid
	New Urban Housing	Invitation to participate	Number of Incentives delivered Number of Incentives paid
Programme Promotion Administration and follow-up	Promotion	Annual Plans for promotion and dissemination Monitoring system for the plans	
	Administration	Annual plans Purchasing Plans Advisory services provided	Budget implementation
	Follow-up	Contracted consultant Annual evaluation and follow-up plans Evaluation meetings	

Analysis

As the SIV-Programme is in the process of implementation, has maintaining permanent monitoring and evaluation by UCP and with IDB, is not possible to explain in this paper the monitoring of each component, and subcomponent, but in general terms, the evaluation seems that the programme is running how it was planning.

The planning of the programme has enough flexibility to be modified and adapted to the country socio-economical context (instability, inflation, change currency to US dollar, collapse of certain banking sector) during the process of implantation there where problems to compromise loans to target groups, difficulties to establish prices of houses, the cost estimates couldn't be realistic, people lost their loans in real terms, between others these situation should make collapse the programme, but the monitoring of the UCP, allow appropriate adjustments to maintain its sustainability, including the commitment of the private sector.

Now, the support of the programme also needs a quality management of the privates themselves, the programme has some control over IFI participation, is implementing some actions to as sure the urban developers participation, and the ET participation but still it isn't enough, probably the competence and training could increase the quality offer.

The programme anticipate internal (UCP), external (Private adviser enterprise), and IDB evaluation, all of these activities give a fresh- view of the situation and go-

on of the programme, the analysis of the indicators gives a measurable view of context, the recommendations are taken into account.

In that sense, the evaluation shows some problems and changes necessary. Those depending of the programme decisions could be done immediately, others depending of the macro-economical situation of the country, or of political decisions, needs other strategies to improve, (for example, lobbying to involve the concern people in the decisions), and also in many cases more time to arrive to agreements.

Some of the problems, which still subsist, are:

Legal and institutional modernization of the housing market

The changes proposal in municipal management (taxes according real value of properties) achieve the objectives of the SIV-Programme has the agreement of the involved entities but the political decisions of the “Congreso Nacional” (National Legislative Congress), delay the results³.

To flexible standards trough the “Ordenanza de urbanización y Vivienda Progresiva” (Ordinance of Progressive Urban and Housing Development) is accepted by the medium and little municipalities, the Quito and Guayaquil ones has other priorities at the moment.

Economical housing law, and the tenure law, are still in analysis even are the most important theme to support the programme in future.

Environmental Control Programme is still planning and concerted with the municipalities to be implanted.

Deepening of mortgage offer

The crisis of the economy and the financial system of Ecuador didn't let growth the credit mortgage offer in accordance to the requirements of the programme, only 34% of beneficiaries have mortgage credits of cooperative credit institutions, banks, or “mutualistas” (private saving and credit institutions for housing), the constructors are given some credit themselves (18%); the problem not depends only of the financial institution itself, the regulation of the Superintendencia de Bancos (Banking Control Institution) and the “Junta bancaria” (Bank Association) can't facilitate changes of interest rates according with this kind of credits, and the possibility of the creation of new specialized institutions in finance low- income housing credits in this conditions is impracticable at the moment, but the Finance Consultant IPC is making proposals to give this opportunity.

The long-term credit housing, credit rediscount by the Second Level Finance Entities, CFN, or BEV, is in process of implementation only 4 finance institutions (1 million US dollars) used rediscount line of BEV until now. Finance consultant IPC is given advice to improve its capability.

CTH, enterprise concern in hypothecating portfolio is still changing its procedures to accept credits lower than 10,000 US dollars.

The Instituciones auxiliares (auxiliary credit entities, non regulated credit institutions, like credit cooperatives) are becoming a supporting element to provide credit and in the participation of the families.

Highlighting the Demand for Housing Improvement



Figure 4: Urban Housing Improvement in Loja-Ecuador, before and after the process

³ Cambios al Marco regulatorio Municipal (Changes to Regulatory municipal frame) have the agreement of the President, Finance Ministry, Consejo Nacional de Modernización, Conam, (National council of modernization) and Asociación de Municipalidades, AME (Association of Municipalities).

The actual amount of the subsidy seems not enough to take out of deficit the houses in some cases, specially in the big cities where the construction is more expensive, and the credit offer is still low.

Subsist problems of slow payment of the incentive, which affects the building process, the final cost, and wear down the families and constructors (ET), and could affect the quality of the housing improvement.

The request documents and premises takes time, the facilitating participation of municipalities is still low, in some cases they don't know how (little and medium) and in others they don't want to accept minimize standards (big municipalities, like Quito and Guayaquil).

The ET (constructors), aren't completely qualified to advice, plan and build efficiently to this sector of population, in some cases are detected bad focusing of the beneficiaries, no priority definition of the housing improvement, and some times building failures, their own management make expensive their participation in the programme. Some of them considered the housing improvement as "one more job" and don't give the necessary time to work in it.

In the sense that their profits are very low, they need to be extremely efficient in their management.

The GTZ, has an agreement with the MIDUVI, to support the ET training, since January/2001, the seminars are going on in themes like organizing the demand, self management, cost analysis and taxes matters, in short term be designed the training project in constructive and technical aspects. All of those will give the ET the tools to be more efficient

Highlighting the Demand for New Urban Housing



Figure 5: Santa Marianita (684 housing solutions), New Urban Housing programme in Quito-Ecuador

In the market of low-income housing there are no much offer low than 4,406 US dollars per unit⁴, the incentive does not seem enough to complete the total amount of the purchase, the credit offer is limited. There are necessary initiatives both technical and financial, to increase the offer and to reduce the cost of houses.

The constructor sector is growing-up promoting employment to non-skilled labour and reactivating the economy based in the SIV-Programme, but the selling of houses in plains, in project (the most common way of purchase) could be a risk in case of fraudulent procedure of the promoters/constructors.

The offer of housing programmes is concentrated in the mayor cities, Quito and Guayaquil, in the other cities; the common solution is individual housing.

The market of land to this kind of projects is becoming speculative; there need initiatives to control it.

Promoters aren't efficiently prepared to work to low-income clients, traditional building and traditional management makes final costs non accessible to the target people, they need new initiatives to optimise procedures, timing/cost analysis, use of other kind of strategies like self-help housing, standardization and proper use of local materials.

The IFI training by IPC (Financing Consultant Agency) is given new perspectives of credit offer.

⁴ 4,406 US dollars is the average of suitable price house according with the income declared by target people and their credit possibility.

Promotion, Administration and Programme Follow-up

Programme promotion had been realized as it was planned, centred around the target population, including promotion events, printed materials, videos, etc

Programme administration provides, facilitates and finances the activities.

Programme follow-up is done by UCP inside, Urbana Consultores makes external evaluation and also periodical monitoring and evaluation with the IDB are anticipated, in all cases the proper indicators have given a real idea of the process, recommendations or necessary changes.

The procedures of incentive payment have some administrative failures in central MIDUVI and in provinces, because of fault of technical aids like computers and systematic follow-up, actually the UCP to increase payment of incentives is creating a computerized system to technificate procedures at national level.

In general the programme in quantitative terms is successful, seems a contradiction in this analysis to say that in one hand the SIV-Programme is successful, and in the other show some brakes to its implementation, the programme is still new and a real support of the government and private sector involved will make it sustainable.

Actors Participation in the SIV-Programme

The SIV-Programme considered a partnership between government and the private sector, including NGO, the principal actors involved and their roles according with the needs of the programme are:

International Agencies

The Interamerican Development Bank, IDB, gives a long term loan with preferential interest to start the programme, actually is negotiating a new loan to continue with the programme with the Ecuadorian Government until it be sustainable itself, the monitoring results support that, also makes temporary monitoring and evaluation of the programme, with its agreement is possible to make changes in the programme procedures.

Central Government

Established the Housing policy, as part of its development policies, is responsible of the necessary changes in laws and procedures to develop housing for low-income people, legal environment, finance (including loan compromise with IDB, national budget counterpart, sustainability in long-term through the fund for economical housing), appropriate use of materials and techniques of housing, land tenure, and training.

At the Programme level, is represented by the MIDUVI, and the Ministry is responsible of planning, implementation, monitoring and evaluation of the programme, including the payment of the incentives, directly.

Programme Administration

In that sense and according with the programme design the Ministry delegate to UCP, the responsibility of the programme administration: implementation, monitoring and evaluation in the country level, as a transitory staff, with the compromise to transfer the responsibility and know-how to the MIDUVI directly in almost three years, including training to the participants to strength their efficiency.

To realize the implementation the UCP has a responsible for each component and in my case I'm responsible of the Sub-component of Improvement of Urban Housing.

Local Government

The Province MIDUVI Directions are responsible of the SIV-Programme, with their specific professionals in control and payment of the incentives and of housing development, as facilitators of the process.

At the local level the municipalities achieve the changes that are needed, standards, land titling and property registration, as well as in the transactions needed to obtain the necessary permits to develop new urban settlements, and for housing improvement.

Second Level Finance Entities

Support the provision of long-term credit through a housing rediscount line in CFN, or BEV, to the private finance sector (IFI or Auxiliary Finance Institutions), when they give such kind of credits to the housing purchase or housing improvement.

Private sector

Promoters

Private land owners, demand organizers, housing promoters, and professionals in construction business; promote, supply, build and sell new houses.

Technical Support Entities, ET

Including NGO, promote, supply and build housing improvement and in some cases build new houses, as individual houses.

IFIs, Finance Institutions

Including auxiliary finance institutions, canalise the target people participation, saving and loans to low-income housing and improvement of urban housing.

CTH Titling Mortgage Corporation

Support the mobilisation of long-term financial resources in the secondary market (in future).

The Community

Target people according to the programme definitions and rules could participate and be beneficiaries of the housing incentive, their participation could be individual or in group, is the most important part of the programme, needs to be training, and be informed of the process, is the most vulnerable actor, in sense that any failure in the process finally affect their economy and possibility to own a new house or improve the existing house.

People should have enough tools to know their rights and possibilities to solve their housing needs. The compromise of the government and of the SIV-Programme is to assure their transparent, simple, free, equal and participatory intervention.

Analysis

Each actor has specific responsibilities in context of the programme, for the UCP the principal task is to ensure that all resources mobilized even public or private contribute to the implantation of the programme, monitoring the activities of them in such a way to be providers of quality products, new houses or housing improvements, as it be a new experience in the country, to the privates working for low-income people, both financial and constructor sector.

During the process there are some problems detected as:

Central Government involvement is not strong yet, takes time to make commitments (Congress political decisions, municipalities commitments and flexibilization of standards and permissions, facilitating finance procedures and long term support)

People is not efficiently prepared, even in terms of demand and supply, training to the participants needs be reinforced, there is a problem of resistance to change their roles, in the MIDUVI, Municipalities, also BEV (is not still quite prepared to be Second Level Finance Institution).

To have specialized trainers to training in the specific procedures in housing to low-income people even in financial and constructor/promoter sector is difficult in Ecuador, also the traditional way of working could be a brake, there are only isolated proposals of use of new technologies or proper use of local materials.

As a new experience, to provide quality products the privates should be training in the way of ensure their participation in a long term, as it be a “good business” to work with low-income families.

The increase of construction costs without a proportional increasing of the salaries could diminish the target people to participate and the credibility of the SIV-programme.

The beneficiaries could be cheat even in the purchase of the new urban houses and in the improvement of urban houses, they still don't have enough capability to choose and see the real quality of houses and amenities, and also to obtain the legal and technical documents needed.

The analysis concludes that the programme is highly relevant in the socio-economical context of housing in Ecuador, with an important impact on it, even if there are some recommendations to be attend because the implantation is in process, the rules have enough flexibility to be adapted to surrounding changes.

Conclusions and Recommendation

- Central and local government involvement should be stronger to create the adequate legal environment and flexibilization to facilitate the programme implantation and the long-term financing.
- The programme needs a stable socio-economical situation of the country to maintain its credibility and to increase the participation of the private sector.
- The consolidation of the SIV-programme depends of the creation of the national fund for housing as a financial long-term support.
- The analysis concludes that the programme is highly relevant in the socio-economical context of housing in Ecuador and has making a great impact in it.
- The planning, implantation, monitoring and evaluation have enough flexibility to be adapted to surrounding changes.
- Seems necessary to improve new alternatives, both financial and technical, to reduce housing costs to attend the people who can't accede to the actual market offer, like self help housing or be accepted solutions like "plot with services" by the programme definition.
- Also it would be necessary to analyse increase the incentive for new housing and housing improvement, and evaluate if is better to reduce the number of them and increase the quality of houses and focalisation of beneficiaries.
- Reinforce community participation in the sense of management of the communal property (maintenance, make commitments of mutual responsibility, and creating methods to solve interest conflict s)
- Keep community permanent informed and ensure the possibility of control and inspect the housing or improvement of housing, going-on.
- Promote the participation of NGO with people out of the actual new housing market.
- Controls and supervisions even are necessary, could create a gap to corruption and in sense of transparency of the programme, the awareness and training of the actors, and the competence between them, will be the best quality controller of the products.
- Research, professional training and technology transfer support with national or international assistance involving university cooperation, NGO or International Cooperation to design, support and develop the suitable strategies.
- Improve and support research in universities and technological institutions in traditional technologies, properly use of local materials, new technologies suitable to low-income housing.
- **Training is the main strategy to ensure the quality offer of housing and credit, to the professionals working to low-income housing, considering the need to use resources properly; in that way I'll tray to summarize some of the training possibilities to be develop.**

Professional Training

- Training in handling groups and assuring clients, assuring in some cases the community compromise and participation
- Training in construction management:
 - Time scheduling
 - Cost estimates
 - Quality control
 - Constructive aspects (materials, durability, maintenance)
 - Functional aspects (comfort)
 - Administrative aspects (management methods in building planning and construction)
 - Temporal aspects (time scheduling)
- Training in administrative management (legal, taxes, solve conflicts)
- Training in financial management (analysis of procedure costs building and administration, analysis of affordable credits for the entity and the clients)
- Follow of post-construction (maintenance, community participation)

Training and Advice to Incentive Beneficiaries

- Skills technical construction (participation or supervising)
- Legal skills matters (property, contract aspects, cost estimates, rights and responsibilities)
- Economical matters (access to micro credits, mortgage credit plans, saving possibilities)
- Particular in new houses, in sense of aims to choose the house based in technical concepts of quality of function, materials and amenities.
- Training and advice the beneficiaries of the housing improvement incentive in practical and specific way to improve the knowledge, skill technical construction becoming themselves construction supervisors.

Improvement of the Procedures of Incentive Payment:

- Train to MIDUVI technicians and provide technical facilities to work, computers, computer programs to pursuit the different stages of the procedures.
- To be trainers to the beneficiaries, ET and constructors/promoters, according with local needs

Training to the Financial Institutions:

- Possibilities of financial offer of credits to low income people
- Evaluation of operative costs of low -income credits and postulation of the incentive beneficiaries
- Refinancing system in CFN/BEV of the credits given to low income housing

Training of the Municipalities to Achieve the Needed Changes

- Facilitate procedures and reduce taxes to promote urban development programs housing, housing improvement, and to facilitate land titling and property registration.

Technology Transfer

- The technology transfer may be done by practical exercise, printed material and uses of audio-visual techniques

Research, training and technology transfer should be designed in short term, medium term and long term, and be supported by existing experiences from other countries.

Contacts with international agencies, universities, technological institutes shall be done to establish train programs, research or transference of technology, although we have a lot of job to do from now, the commitment with the SIV-Programme and with the people is there, and the developmental issues should be taken advantage of, in our country.

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