

El Salvador: Slum Rehabilitation “LAS PALMAS“

Ex-post evaluation

OECD sector	16220 Low-cost housing	
BMZ project ID	1996 65 522	
Project-executing agency	Fundación Salvadoreña de Desarrollo y Vivenda Mínima (FUNDASAL)	
Consultant	GITEC Consult GmbH	
Year of ex-post evaluation	2004	
	Project appraisal (planned)	Ex-post evaluation (actual)
Start of implementation	7/1996	4/1997
Period of implementation	3 years	5 ½ years
Investment costs	EUR 9.3 million	EUR 8.6 million
Counterpart contribution	EUR 1.6 million	EUR 2.4 million
Financing, of which Financial Cooperation (FC) funds	EUR 7.7 million	EUR 6.2 million
Performance rating	1	
• Significance / relevance	1	
• Effectiveness	1	
• Efficiency	2	

Brief Description, Overall Objective and Project Objectives with Indicators

The objectives of the project “Slum Rehabilitation Las Palmas” were i) to improve housing conditions and the housing environment and ii) to strengthen the resident community to encourage proper use and maintenance of the material infrastructure. In this way, the project was to contribute to improving the living conditions of the residents of Las Palmas (overall objective). The target group comprised the approx. 5,400 residents of Las Palmas, almost all of whom are poor or extremely poor.

Four indicators were defined to measure achievement of the project objectives:

- Indicator 1: 90% of the residents are supplied with water and dispose of their waste via centralized sanitary networks (drinking water, sewage and waste collection);
- Indicator 2: The improved infrastructure (especially drinking water and sewage systems) operates trouble-free and is adequately maintained, and sufficient fees are charged for its use (at the least, recovery of the respective operating expenses);
- Indicator 3: The repayment rate for the interest-free loans granted for sanitary facilities is at least 90%;
- Indicator 4: 90% of the loan-financed home improvements were carried out appropriately and the corresponding repayment rate is at least 80%.

Project Design / Principal Deviations from the original Project Planning and their main Causes

The project design was based on a self-help-oriented, integral approach to rehabilitate the poor neighborhood of Las Palmas. Most of the work was organized by community teams (*ayuda mutua*), for which the resident organization was given training and support in the form of social work. The *ayuda mutua* arranged for one person to assist each family for two days each week during the construction period. Based on both the experience of the project-executing agency and the results of the user survey, the project was shown to have been highly accepted by the residents and recognized as a means of self-help and community strengthening.

The project-executing agency was the “Fundación Salvadoreña de Desarrollo y Vivienda Mínima” (FUNDASAL), which was founded in 1968 for the purpose of encouraging human development potential in the sense of taking responsibility for one’s own actions and thoughts. Further goals are to improve housing conditions and to provide poor people with social services. FUNDASAL’s actions are not subject to instructions from or other influence by the state. FUNDASAL has been recognized since 1970 as a non-profit foundation. Its seat is in San Salvador.

FUNDASAL founded an independent implementing unit especially for the project and staffed it with qualified personnel. The unit’s office is directly in the project area. As a result of the range of measures and the extensive participation by the target group, the project was highly complex, and a consulting firm was assigned to provide support with overall project guidance. The consultant cooperated closely with the project-executing agency’s implementing unit, providing it with operational support for a number of items (handbooks, draft agreements, form templates, brochures etc.). Above all, the consultant helped with the loan component and the design for the new buildings to be constructed.

The project implementation period as of July 1996 was extended by 2 ½ years compared to the project appraisal and ended up lasting 5 ½ years. Reasons for the delays included additional planning for flood protection along the Río La Lechuza and for the earthquake that occurred in January 2001, which damaged the multi-story housing blocks – that had already been half completed - so heavily that they had to be torn down and required either technical adjustments or reconstruction.

The following measures were performed under the project:

- a) Expansion or rehabilitation of the material infrastructure (drinking water supply and sewage disposal, surface drainage, power supply and waste disposal);
- b) Modernization of the road and route network;
- c) Erosion and flood control measures near the river “Río La Lechuza”;
- d) Improvement of the community facilities (such as the community hall, health care station, nursery, washyard) and relocation of the sports field;
- e) Construction of 77 new, simple apartments;
- f) Extension of loans for sanitary connections and home improvements;
- g) Training and sensitization of the residents with regard to self-help work and the maintenance of the expanded infrastructure;
- h) Legalization of the real estate property and issue of individual ownership titles;
- i) Project documentation and public relations;
- j) Consulting services.

Key Results of the Impact Analysis and Performance Rating

Altogether, FUNDASAL is judged to be a competent project-executing agency in technical, administrative and financial terms that carried out the project properly. Through a combination of community work, direct services by FUNDASAL and awards to third parties, the measures were performed very cost-efficiently. Yet, the cost per household was high, due mainly to the expensive erosion and flood control measures and the necessary reconstruction of the simple apartments after the earthquake.

Overall, the operation of the entire new infrastructure has been trouble-free through today. 100% of the households are connected to the water supply and sewage disposal system, power

grid and waste collection system. The houses are being maintained by the residents, who have since invested substantial volumes of their own funds. These signs of acceptance and also the highly advanced consolidation of the social structures in the slum of Las Palmas do not indicate any risk that the target group may be forced out of the residential area.

An economic return on the capital invested cannot be calculated because the impacts expected from the project are mostly of a social and socio-economic nature. The main focus is on satisfying the basic need for "humane housing." Along the way the project helped the residents of Las Palmas to strengthen their ability to pursue their social and economic interests, and it encouraged them to participate in activities organized by the resident organization aiming to improve the living conditions and impart basic knowledge. All those surveyed during the ex-post evaluation stated that their living conditions clearly improved as a result of the project.

The project initially benefited men and women in equal measure. However, since women traditionally work at home, the sanitary measures benefited women above all. In addition, women played an active role in the implementation and organization of the *ayuda mutua* and are active still today in the local and land councils (for instance, the local council of Las Palmas is currently chaired by a woman).

Both the complementary training and sensitization measures carried out by FUNDASAL and the *ayuda mutua* had positive impacts as they helped strengthen the community structure - which was also expressly stated as one of the goals. The accountability of the residents with regard to infrastructure maintenance was trained and the assertive ability of the resident representatives was reinforced.

The removal of the latrines, the erosion and flood control measures, the regulated water supply and sewage disposal, and the since regulated waste collection are all having positive effects on the densely populated residential area of Las Palmas. The sacrifice of additional land for the construction of new buildings was compensated by the creation of a new sports field as free land and the demolition of houses in risky areas.

Owing to the extensive positive changes brought about by the project throughout the entire implementation period as well as afterwards, and due to the professional public relations, the project kept attracting the interest of the general public, both nationally and internationally. Examples included newspaper articles, events in the project area, organized tours and presentations at international events. A great success in this field was the praise by the World Bank and the UNDP when the project was declared to be one of six best practice examples for multi-sector approaches to reduce poverty.

The risks listed in the project appraisal report are, from today's point of view, as follows: the construction on the land formerly used as the sports field was not critical because a new field was built at the location of the former dump. Also, 77 families were relocated into new homes. The risk of insufficient participation by the target group became irrelevant owing to the excellent mediation work by FUNDASAL and the resultant general acceptance of the *ayuda mutua*. The operating risks tied to water supply and sewage disposal were minimized through the assumption of system operation by the urban water utility ANDA.

Apart from better hygiene conditions, another excellent project result was the transfer of ownership rights to the target group. By legalizing the land, the residents of Las Palmas can be sure of having a place to live on a long-term basis. It also gives them the possibility to take out mortgages in the future.

Based on a combined assessment of all impacts and risks described above, we have arrived at the following rating of the project's developmental effectiveness:

Effectiveness

The project objectives – to improve the housing conditions and the housing environment and also to strengthen the resident community in order to encourage proper use and maintenance of the material infrastructure - were accomplished in full. The housing and living environment of the residents of Las Palmas and also housing security improved considerably, and the target indicators were all met. The home improvements that were carried out and the installed house

connections were not adequately measured by the target indicator, yet they reached a good level due to high investments by the target group. In view of the reliable operation and the bearable financial burden for the stakeholders, the project's sustainability is given (**sub-rating: 1**).

Significance / Relevance

The integral slum rehabilitation approach, which provided for a high level of participation by the target group, was shown to be easy to implement. It also made a vital contribution to improving the living conditions for the target group. Las Palmas was a successful pilot project with model character in the field of home improvement in El Salvador. It is already being copied in other FC projects. As it was an individual project, it did not have any capacity-building effects on Salvadoran housing policy or on the activities by other donors. However, by all means the project is regarded as a best practice example. Owing to its model character, we rate the project's significance/relevance overall as high (**sub-rating: 1**).

Efficiency

The project concept, which was based on self-help and the award of contracts for technical work, as well as the economical working methods of the project-executing agency helped minimize the production costs of the infrastructure measures. However, in this project very high grant elements of EUR 7,000 per family were offered. They considerably exceeded the reference figures for comparable projects in El Salvador (e.g. the IDB provides approx. EUR 3,000). The grants have, however, already been reduced for the follow-up project Los Manantiales. Since some positive environmental measures were also covered by these high grant elements (closure of the wild dump, erosion and flood control), we judge the production efficiency to be satisfactory overall. The measures reached the target group directly and equally. We consider the allocation efficiency to be good. Taking the two sub-criteria into consideration, we rate the project's efficiency as satisfactory (**sub-rating: 2**).

In consideration of the sub-criteria mentioned above, we rate the developmental effectiveness of the project as high overall (**overall rating 1**).

General Conclusions applicable to similar Projects

When an experienced, sensitive project-executing agency prepares the population accordingly, self-help-oriented approaches can be highly suitable for slum rehabilitation projects, and they can ensure the desired counterpart contribution by the target group. In the areas in which assistance was provided (larger infrastructure measures that were performed by professional firms) where the main aim was to improve the housing environment, the assistance by the population seemed to work very well. Nevertheless, there was more potential in the field of home improvement, which was based almost solely on voluntary assistance. Here, greater incentives for making home improvements should be offered (e.g. awarding a prize for the best ideas that can be implemented with the available funds), the housing loan component should be as simple as possible (especially the forms) and tied to feasible security requirements, and there should be more positive advertising of the loan offers – all this will make the target group less anxious about taking out a loan.

A cap should be set beforehand on the grants offered to each family, and the individual measures should be designed accordingly. To achieve this, the definition of reference limits needs to be discussed with the government and with other donors.

Legend

Developmentally successful: Ratings 1 to 3	
Rating 1	Very high or high degree of developmental effectiveness
Rating 2	Satisfactory degree of developmental effectiveness:
Rating 3	Overall sufficient degree of developmental effectiveness
Developmental failures: Ratings 4 to 6	
Rating 4	Overall slightly insufficient degree of developmental effectiveness
Rating 5	Clearly insufficient degree of developmental effectiveness
Rating 6	The project is a total failure

Criteria for the Evaluation of Project Success

The evaluation of the "developmental effectiveness" of a project and its classification during the ex-post evaluation into one of the various levels of success described in more detail below concentrate on the following fundamental questions:

- Are the project objectives reached to a sufficient degree (aspect of project **effectiveness**)?
- Does the project generate sufficient significant developmental effects (project **relevance** and **significance** measured by the achievement of the overall development-policy objective defined beforehand and its effects in political, institutional, socio-economic and socio-cultural as well as ecological terms)?
- Are the funds/expenses that were and are being employed/incurred to reach the objectives **appropriate** and how can the project's microeconomic and macroeconomic impact be measured (aspect of efficiency of the project conception)?
- To the extent that undesired (**side**) **effects** occur, are these tolerable?

We do not treat **sustainability**, a key aspect to consider for project evaluation, as a separate category of evaluation but instead as a cross-cutting element of all four fundamental questions on project success. A project is sustainable if the project-executing agency and/or the target group are able to continue to use the project facilities that have been built for a period of time that is, overall, adequate in economic terms, or to carry on with the project activities on their own and generate positive results after the financial, organizational and/or technical support has come to an end.