

Paper to be presented at the Urban Research Symposium 2003

Title of paper: "Housing Information System: A simulation model for strategic decision-making applied in Venezuela"

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Please indicate the topic(s) and theme(s) which your proposal addresses (check all that apply):

<u>Topic</u>	<u>Theme</u>
<u> </u> Strengthening the sources of (and reducing barriers to) urban incomes and livelihoods	<u> X </u> Urban economic growth and poverty reduction
<u> </u> Enhancing welfare through human and social development, safety and security	<u> X </u> Information and planning
<u> X </u> Housing and urban services	<u> </u> Governance
<u> </u> Land access and land use	<u> </u> Financing

Abstract:

Housing Information System: A simulation model for strategic decision-making applied in Venezuela

This paper describes an instrument which has been successfully used in Venezuela for the facilitation of decision-making relating to spatially focused poverty reduction policies and programs.

Maximization of benefits for poor people is one of the problems faced by poverty reduction policies and programs. Such maximization must be based on policy implementation within the context of the places where the poor people live. The concept of "focusing" consists mainly of two dimensions: the vertical dimension and the horizontal or spatial dimension. The vertical dimension refers to the identification of target-groups as candidates for being the object of poverty reduction policies. The spatial dimension relates to the identification of places or sites where poverty reduction policy implementation is necessary.

Because of scarcity of resources for policy implementation, criteria for prioritization must be applied. Similarly, the identification of priority groups within the targeted sector of a particular policy must be addressed. Methods and tools for this purpose are needed to help planners to assess problems and issues, and to convey knowledge to support strategic decision-making. On the other hand, a stable institutional mechanism is required that allows the formulation, the pursuit and the evaluation of projects according to the policy.

The PREVI simulation model was developed to help identify places where policy benefits should receive priority within the targeted group. This instrument has been applied to the housing sector and it can also be used for services such as water supply, sewage disposal, solid waste, education, health, cultural and recreational facilities.

In Venezuela, the PREVI model operates on the different programs of the housing sector through the National Council of Housing (Consejo Nacional de la Vivienda, CONAVI). The Venezuelan housing policy is made up of six programs; half of which are totally subsidized. The other half consists of

financial assistance to families for housing purchases or for shelter repair and upgrading. These programs are based on a progressive subsidy combined with low-interest credit programs. In order to benefit the poorest groups, subsidies are inversely related to the family's income.

PREVI's information system incorporates demographic and socio-economic data among other relevant local characteristics. It uses two basic indicators. The first one is the amount of housing requirements in a given municipality in terms of the absolute number of houses needed. The second one is the importance which this housing requirement has vis-à-vis the total number of families in the municipality. Based on these two indicators, statistical clusters are defined. Municipalities belonging to the farthest cluster from the origin are the ones perceived to be in the most critical situation.

Once these clusters are established, PREVI calculates the financial resources necessary to cover these requirements. This economic estimate can be contrasted to the budget contemplated in the policy or program for that municipality. Additionally, planners can simulate with this instrument the impact which different budget scenarios would have on the target population. In this manner, the policymakers can decide on the best allocation and investment plan in order to maximize the expected benefits.

Although CONAVI's experience with the use of PREVI is reported to have been useful, continuity in the use of this instrument has been subject to changes in that agency's management team. This has resulted in the need to re-initiate the learning process on more than one occasion.

This experience shows that poverty reduction policies need, among other elements, both stable institutional mechanisms and adequate planning tools. PREVI has proved to be an excellent instrument for planning. Municipalities of Lara, Guárico and Cojedes States were analyzed with this model. However, it has been inserted in an unstable institutional environment where its possibilities can not be fully exploited. It is important to notice that it is not enough to count on strong planning tools if the institutional environment in which they operate is weak. Venezuelan institutional weakness has become the biggest obstacle for the implementation of poverty reduction policies.