

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
USAID/DOMINICAN REPUBLIC  
AND  
THE REGIONAL URBAN DEVELOPMENT OFFICE FOR  
LATIN AMERICA AND THE CARIBBEAN  
March, 2000**

**BACKGROUND:** For the last two decades, USAID's Regional Housing and Urban Development Office has worked on housing and urban development issues in the Dominican Republic. In the seventies and early eighties, the country was one of the most successful models of private sector finance of low income housing in the region. RUDO also assisted the bilateral USAID missions in a variety of areas, including infrastructure finance and municipal development and decentralization. The assistance was provided to various offices and strategic objective teams, depending on the interests and leadership of the USAID mission directors at the time. The combination of RUDO's own regional activities in the DR, and USAID/DR's bilateral objectives, has built a strong relationship between the two USAID units. Today, as part of USAID Global Center for Excellence, RUDO seeks opportunities to lend its expertise and cross-country experience to missions in exchange for mission support of programmatic activities that address the growing challenge of rapid urban growth and poverty that face all Latin American countries as they enter the 21<sup>st</sup> century.

In early 1998, RUDO's headquarters office in Washington, the Office of Urban Programs, in the Environment Center, Global Bureau, (G/ENV/UP), began assisting the mission with developing projects to be funded under the Agency's newly approved Development Credit Authority (DCA). Several project ideas in the energy sector were developed.

In September 1998, Hurricane Georges swept across the Caribbean causing death and leaving behind destroyed housing, infrastructure, agriculture, and lives. RUDO, then based in Quito, Ecuador, provided USAID/DR with selected technical assistance on the design of its hurricane reconstruction program. Then began a steady stream of assistance to the mission. One of RUDO's principal recommendations was the establishment of a consortium of Dominican institutions working in the housing sector. In early 1999, the Fondo para la Vivienda Popular (FONDOVIP) was established.

RUDO also participated in the wider U.S. government agency coordination process in the aftermath of the hurricane disaster. By request of the mission, RUDO focused on the relationship with the U.S. Department of Housing and Urban Development (HUD), which received funding from the U.S. Congress to assist in the reconstruction effort as well. HUD submitted its first draft work plan for the Dominican Republic in mid-December, 1999.

In October, 1999, RUDO was provided \$500,000 to carry out selected regional activities to aide the missions of Colombia, Dominican Republic, and Honduras in the development and implementation of their bilateral reconstruction programs. RUDO's 30-year plus experience in housing and urban infrastructure development in Latin America provides USAID missions with a long term perspective on the capacity of these three countries to carry out housing programs for the poor, and more importantly, how to leave a sustainable finance and operational system behind to help address future crises and long term housing deficits characteristic plaguing these countries.

In November, 1999, the mission awarded a cooperative agreement for \$7.4 million to the Cooperative Housing

Foundation (CHF) to manage the bilateral USAID funds assigned to housing reconstruction. CHF recently submitted a work plan in which it proposes to channel the funding through a group of local NGOs, to build new and repair existing homes of families affected by the hurricane.

In 1999, RUDO consolidated its Central and South America operations into one office, and relocated its staff from Ecuador, with the exception of one FSN-PSC, to Guatemala City, Guatemala. In November, 1999, RUDO and USAID/DR agreed to establish a formal working relationship through the design of a Memorandum of Understanding. The MOU outlines the areas of mutual programmatic interest of each party, the roles that each plays, and what type of assistance USAID/DR will require from RUDO.

#### **TERMS OF AGREEMENT:**

USAID/DR has called upon RUDO to provide specialized technical and management support to the mission on the reconstruction effort, as well as activities that may use credit schemes, such as the Development Credit Authority (DCA), to enhance the mission's programmatic impact in selected sectors. USAID/DR and RUDO/LAC seek to formally define the roles, responsibilities, and duties of each in this regard by means of this Memorandum of Understanding (MOU). It is the understanding of both parties that this MOU will be binding initially for the anticipated two-year life remaining of the reconstruction program, through the end of CY 2001. After this date, the MOU will be extended upon mutual agreement of the parties.

RUDO will serve as a technical counterpart to the mission staff responsible for both the reconstruction effort and other mission activities RUDO is providing assistance on. This MOU lists five types or categories of assistance:

- **Technical design and oversight:** RUDO shall provide USDH, FSN, and PSC staff support to key mission offices and teams being assisted. These include, but are not limited to: Program Office, Energy Team, Democracy Team, and Housing Reconstruction Team;
- **Credit expertise for various uses:** RUDO and members of its virtual team from G/ENV/UP will provide credit expertise to develop DCA projects in support of mission objectives;
- **Post-reconstruction housing finance and delivery:** RUDO shall provide short term technical assistance to the mission's Georges reconstruction program, focusing on the long-term institutional development of FONDOVIP. RUDO will assist the mission in coordinating the various emergency assistance and reconstruction projects to ensure maximum efficiency overall.
- **Integrated Community Development :** RUDO will assist USAID/DR with overall guidance on introducing concepts of integrated community development into its reconstruction program and other SO program activities to be determined by the mission.
- **Use of RUDO/LAC and G/ENV/UP IQC mechanisms:** the Sustainable Urban Management (SUM) IQC is one of several instruments that is available for missions to use. RUDO/LAC can assist in preparing terms of reference and in general provide access to these upon request.
- **Other:** additional support activities and mechanisms can be defined as needed in the future.

■ **Category 1: Technical Design and Oversight: USDH, FSN, and PSC Staff Support to USAID/DR**

RUDO/LAC will provide USDH staff support, in particular for matters of program design, management and administration, policy formulation, and technical assistance within these offices' areas of expertise. The individuals in question will include the Director of RUDO/LAC or her designee, and a credit program analyst from G/ENV/UP, based in Washington, who serves as a virtual member of the RUDO/LAC team. The level of in-country support required under this category is anticipated to be 30 person-days per year, and will not exceed 40 person-days per year. These individuals are all AE-funded USDH employees of USAID.

RUDO/LAC FSN and PSC staff will also provide technical assistance and management support as needed. These individuals include the Housing and Urban Development Advisor (AE funded) based in Quito and RUDO's senior urban policy advisor (Program Funded) based in Guatemala. The level of in-country support required under this category is anticipated to be 40 person-days per year, and will not exceed 50 person-days per year.

Scheduling of temporary duty tours by USDH, FSN and PSC support staff will be at the convenience of all offices in question.

■ **Category 2: Credit expertise for various uses**

RUDO offers credit program design services to several bilateral missions in LAC, such as Panama, Guatemala, Haiti, and Ecuador. Now that USAID has its new Development Credit Authority (DCA), RUDO will assist USAID/DR with the design and eventual implementation of DCA-based projects it decides to pursue. At this time, there are two concepts being developed in the energy sector. RUDO will work in tandem with the DCA Credit Review Committee in Washington and offer a team of credit operations experts as well as an expert in infrastructure finance, depending on program design needs. Details of RUDO's assistance in this area will follow.

■ **Category 3: RUDO/LAC Regional Disaster Reconstruction Program**

In late October, 1999, the Latin America and Caribbean Bureau approved the use of \$500,000 of hurricane supplemental funds to provide technical assistance in the areas of finance and investment for housing and urban infrastructure reconstruction in LAC. The funding was assigned to the LAC Bureau's Regional Sustainable Development Office's Democracy team (RSD/DI), under its LAC Regional Decentralization and Democratic Local Governance activity. RUDO/LAC is working in partnership with LAC/RSD/DI to implement the program. The Results Framework for the activity is attached. The program has two objectives: 1) enhance implementation of local reconstruction programs; 2) integrate other donor and private resources in support of municipal development and reconstruction programs.

In the case of the Dominican Republic, the principal goal of this activity will be to develop an "exit" strategy for USAID/DR's housing reconstruction program, now being implemented through the Cooperative Agreement with CHF. USAID/DR will bear primary responsibility for the CHF-implemented reconstruction effort, with guidance from RUDO. RUDO's regional activity will focus on the institutional strengthening of FONDOVIP. Both parties recognize the crucial importance of leaving in place a sustainable finance model for housing and urban infrastructure development after the reconstruction program ends. Both also recognize the importance of making use of the reconstruction activity to leave such a system in place.

RUDO will provide technical assistance to FONDOVIP to assist it with developing alternative sources of finance

for housing and serviced lots, and with becoming a bridge to longer term financing for mortgages for families living in areas vulnerable to hurricane or other natural disaster phenomena. RUDO will develop an MOU with FONDOVIP which shall outline the types of technical assistance required and the steps for FONDOVIP to take to become self-sustaining. Components expected to be included are: 1) a housing demand and needs assessment to better target resources; 2) development of a manual on "Community Involvement in Self-Help Construction Methods" based on the Carvajal Foundation method developed in Colombia 15 years ago; 3) feasibility study of financing options for low income housing projects in the DR; 4) an operations manual for FONDOVIP outlining its organizational structure, financial structure, and target group, among other elements. The MOU will outline both USAID's (RUDO) and FONDOVIP's financial contributions to the program.

RUDO will be responsible for all the contracting actions which use the LAC/RSD/DI funds designated for this activity.

Upon request, RUDO will assist the mission with coordinating with other USG efforts in housing and urban reconstruction. The Department of Housing and Urban Development (HUD) and the Overseas Private Investment Corporation (OPIC) are planning activities in the DR in housing.

■ **Category 4: Use of RUDO and G/ENV/UP IQC mechanisms and networks:**

RUDO will assist the mission with accessing the Global Bureau's Sustainable Urban Management IQC for technical services it may require over the life of this MOU. RUDO will be developing other contracting mechanisms for the region that may be of interest as well. In addition, RUDO supports a unique network of Latin American housing and urban development institutions active now for more than 15 years. The network includes housing and construction industry representatives, environmental NGOs working in poor urban communities, and representatives of the municipal sector. Some of the more prestigious universities in the region are members of the network as well, providing it with an educational objective and institutional sustainability.

■ **Category 5: Other**

RUDO and the mission will periodically review the need for any other forms of assistance that may be provided.

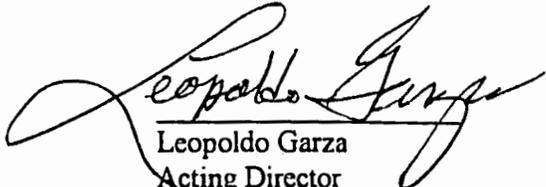
**REVISIONS:** RUDO/LAC manages other types of support activities and mechanisms that may be of future interest to USAID/DR as implementation of its DCA or reconstruction activity progresses. Additional support activities may be incorporated into this MOU at any time through an exchange of letters in which the terms and conditions of these additions are specified in a manner similar to that shown in Categories 1 to 5, above. Likewise, this agreement may be amended to modify the activities presently incorporated.

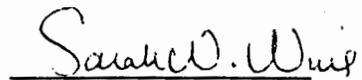
**ACTION PLAN:** As soon as possible following the execution of this MOU, the first Action Plan will be jointly prepared and agreed by the parties hereto. The Action Plan will present a time line and schedule of activities that are expected to be undertaken within the following year, with rough projections into future years through the end of the reconstruction program. During the first year it is expected that most of the emphasis will be placed on the support mechanisms outlined in Categories 1 through 3, with additional, mutually agreeable categories to be added as needed during implementation of the program. The Action Plan will be updated annually during the Program Reviews or more often as circumstances warrant.

**ANNUAL REVIEW:** During the course of each fiscal year, the Director of RUDO/LAC and the Mission Director, or their designees, will conduct a joint program review, during which they will assess activities conducted under

the MOU to date and devise a mutually acceptable action plan for the coming fiscal year. This action plan will outline the anticipated interventions and actions to be carried out by RUDO/LAC in support of the programs, define anticipated funding levels, and specify a time line according to which implementation will occur.

**CONCLUSION:** By signing below, all parties indicate their acceptance of the terms and conditions of this Memorandum of Understanding and agree to abide by them to the fullest of their ability.

  
Leopoldo Garza  
Acting Director  
USAID/Dominican Republic  
Date: 3/31/00

  
Sarah Wines  
Director  
RUDO/LAC  
Date: 4/3/00

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