

SEMI-ANNUAL PROGRESS REPORT
FOR THE PERIOD OF MARCH
THROUGH AUGUST 1978
AID/OTR-G-1583 (HONDURAS)

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Office for International Development
Washington, D.C. 20523

Purpose

The purpose of this report is to comply with the Reporting Requirements Section of the FCH Global Operational Program Grant (OPG), AID/otr-G-1583, which states that, "The Grantee will submit semi-annual progress reports for each project during the period of the grant...."

Background

The Global OPG was obligated on 31 August, 1977. In accordance with the Program Description of the Grant Agreement, FCH entered into an Agreement with Honduran National Housing Institute (INVA), the Honduran Federation of Housing Cooperatives (FEHCOVIL), and the Metropolitan Council for the Central District of Tegucigalpa (CMDC) in September of 1977, pursuant to which technical assistance in the planning and implementation of three demonstration sites and services housing projects was to be provided.

A precondition to the fielding of the Honduras resident technician was the approval of financing for at least one of the demonstration sites and services projects. Final approval for the funding of the two FEHCOVIL projects was given by the Central American Bank for Economic Integration (CABEI) in March of 1978. To establish the basis for providing adequate local support to the FCH resident technician, USAID Honduras prepared a Project Agreement to which INVA, the CMDC, USAID, and the Superior Council for Economic Planning (CONSUPLANE) were parties. This Agreement was executed in March, 1978.

AID concurred with FCH's nomination of C. Lindsay Elmendorf as the resident technician for the Honduras OPG, Elmendorf began to work on the OPG as of 1 March, 1978, and on 26 March, 1978, he arrived in Honduras to initiate in country OPG activities.

Program Status

Land for the two projects which will be developed by FEHCOVIL (by name, Zapote Norte and Centroamericana) was sold by the CMDC to FEHCOVIL on May 8 1978, The sale was conditioned to the use of the land for shelter projects to serve low income families.

The loan agreement for the two FEHCOVIL demonstration site and service projects was signed on 26 May 1978. Signing the agreement were representatives of CABEI, the CMDC which is guaranteeing the loan, FEHCOVIL and the two cooperative housing associations whose members will live in the projects: the Zapote Norte Housing Cooperative and the Centroamericana Housing Cooperative.

On its own initiative, and prior to the signing of the loan with CABEI FEHCOVIL had begun to carry out site preparations for both the projects. As of the end of this reporting period, approximately one hundred units had been initiated at Zapote Norte, and site preparations were nearly completed for Centroamericana.

The CMDC put FEHCOVIL in touch with a number of patronatos (as organized pressure groups are called in Honduras) and from them FEHCOVIL drew most of

the members of the housing cooperatives, selecting families on the basis of need, willingness to participate, and economic status. FEHCOVIL has been providing a continuing program of cooperative orientation and education to these families to prepare them for their move to the new community.

An important element of the training program has been the savings component, as it is necessary for each family to have saved the required down-payment prior to moving to the new home.

INVA's request for the financing for the Faldas del Pedregal project was approved by CABEI on April 25, 1978. Initially CABEI had wanted a government guaranty for the loan, but this issue has been resolved and CABEI will settle for the security offered by a first mortgage on the entire project.

Project Status

A detailed work plan for the technical assistance to be provided by FCH through the OPG was prepared in June by Mr. Elmendorf with assistance from Mr. Owens, OPG Project Manager. The work plan was developed in consultation with INVA, FEHCOVIL, CMDC and AID, and copies of the work plan were duly distributed to all interested parties.

The activities scheduled during the reporting period have, for the most part, been undertaken. In the areas of requested assistance, the following has been achieved:

INVA

Inter-institutional coordination: *A significant advance in coordination*

has been achieved, as detailed in Training of Personnel, below.

Mortgage Servicing: FCH proposed the name of a short-term consultant to assist INVA establish the collection procedures for this demonstration site and service project to AID for concurrence. Because RHIDD/ROCAP has recently had a financial management advisor working with INVA, it was decided to give RHIDD/ROCAP and INVA a chance to review the management advisor's work before scheduling the assistance of the mortgage servicing advisor.

Project Direction and Administration: Work was initiated on this area during the reporting period. Again, this is an area in which RHIDD/ROCAP is providing technical assistance to INVA, and the FCH efforts are being coordinated with those of RHIDD/ROCAP.

Community organization: Work was initiated on this area during the reporting period. Reorganization of the division of INVA responsible for this activity has been undertaken, with the close collaboration of the FCH resident Technician. Substantial attention has been given to this activity in the training activity described below.

Social Programs: Work was initiated on this area during the reporting period. Work in this area is closely related to that described above. Also, further activities in this area are being planned for the next reporting period.

Training of Personnel: The FCH Resident Technician planned, programmed, and executed a training program which was largely funded by the OPG. The program made it possible for personnel from INVA, FEHCOVIL, the CMDC and the Municipality of San Pedro Sula to visit Guatemala and El Salvador to study social interest housing projects carried out by the Guatemalan National Housing Bank (BANVI) and the Salvadorean Foundation for Development and Minimum Housing (FSDVM). The OPG funded the travel costs of ten Hondurans: 5 from INVA, 3 from FEHCOVIL, and 2 from the CMDC. INVA financed the expenses of an additional 5 technicians and the Municipality of San Pedro Sula covered the travel costs of its chief planner. Project design, community organization, social programs, project management and administration, and unit expansion were the areas concentrated upon by the Hondurans.

Land use: Assistance in this area is scheduled for later.

FEHCOVIL

Community organization: Work was initiated on this area during the reporting period. See Training of Personnel, above.

Training of Personnel: See training of Personnel, above.

Social Programs: Work was initiated on this area during the reporting period. See Training Of Personnel, above. Also, discussions have been initiated to study the feasibility of introducing small-scale industries as economic components of the housing cooperatives.

CMDC

Project Implementation: Work was initiated on this area during the reporting period. Considering the relationship between the CMDC and FEHCOVIL on the Zapote Norte and Centroamericana housing projects, this area of work is well advanced. Furthermore, significant advances in communication and coordination are expected to follow the training visit to Guatemala and El Salvador. It is worth noting that there are several other projects which are not the direct objects of technical assistance under the FCH OPG in which FEHCOVIL and the CMDC are collaborating on project implementation.

Social Programs: Work was initiated on this area during the reporting period. Same comments apply in the case of the CMDC as are given for FEHCOVIL, above.

Land use: Assistance in this area is scheduled for later.