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PROJECT ASSISTANCE COMPLETION REPORT

RURAL HOUSING IMPROVEMENT PROJECT

(522-0171)

Final - March 16, 1989

RURAL HOUSING PROJECT ASSISTANCE COMPLETION REPORT

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PROJECT ASSISTANCE COMPLETION REPORT

I. BACKGROUND

In 1981, before this project was authorized, numerous housing studies prepared in Honduras indicated that a severe shortage of adequate housing existed and means to finance housing improvements were not available. In fact, in 1981, 73% of the rural population was living in shelters of two rooms or less. Only 30% had easy access to water and only 18% of the population had latrines or similar human waste disposal systems. At the same time, normal cultural patterns in Honduras supported the idea of making repeated loans to rural families in order to carry out small incremental improvements in their homes.

With this as the basis, A.I.D. justified its involvement in rural housing because improving dwellings completes the link with improved water and sanitary systems to make rural living conditions better.

Although water and sanitation innovations were already being supported by other A.I.D. projects, efforts were to be made under the new rural housing project to ensure that improved water and sanitation systems were an integral part of each dwelling improvement. The Mission also argued that to continue making progress in the areas of agriculture, health and education, it was necessary to address social problems such as housing. The Government of Honduras (GOH) was concerned about the increasing unrest due to poor living conditions in the rural areas and believed that improved housing would provide a tangible demonstration of the GOH's interest in improving the quality of life.

II. PROJECT GOAL AND PURPOSE

The goal of the Project was to provide healthier and more comfortable living conditions for the rural poor.

The purpose of the Project was to establish a system for the sustained improvement of housing conditions for the rural poor. By the end of the Project, the National Housing Institute (INVA) was to have developed its capacity to provide technical and financial assistance to intermediaries such as private voluntary organizations, cooperatives and other Government institutions serving as housing improvement sponsors. The Project was to work with at least twenty organizations with the capability of administering a low interest loan program for housing improvements.

III. PROJECT DESCRIPTION

The Rural Housing Improvement Project was authorized June 1, 1981, providing \$200,000 in grant and \$2.3 million in loan funds. Amendment No. 1, signed on June 29, 1984, made available an additional loan of \$1.0 million and included a component for new home construction. The Project Paper indicated that approximately 280,000 families with below medium income in the rural areas of Honduras would be assisted. The Project Agreement Completion Date, originally June 1, 1986, was extended to

December 31, 1986, and later to March 31, 1987. The project was audited in December 1985 by the Regional Inspector General and all recommendations were satisfied.

During the Life of Project (LOP), INVA provided L623,000 in funds and L2,197,000 of in-kind contributions to the project for a total of L2,820,000.

The following Tables show the major outputs and the overall status of the loan program.

TABLE I

MAJOR OUTPUTS

OUTPUT	INDICATORS	LOP TARGET	ACCOMPLISHMENTS
Home Improvement	Homes Improved	10,000	16,196
	Families Assisted	10,000	16,196
Credit	Improvement Loans	10,000	16,196
	Home Improvements	16,000	18,372
	Construction Loans	280	458

TABLE II

OTHER ACCOMPLISHMENTS AND OVERALL STATUS

As of March 31, 1987, INVA had authorized a total of \$5,035,584 in project funds through signed agreements between INVA and the intermediary agencies. These agreements cover lines of credit for 19 intermediaries. The project cash flow of the total lines of credit follows (as of PACD):

<u>\$ Authorized and Received by PVO's</u>	<u>\$ Subloans to Beneficiaries</u>	<u>Recuperated by PVO's</u>
3,300,000	5,035,584 <sup>1/</sup>	3,291,877

<sup>1/</sup> The PVO's made reflows from the loans available to the beneficiaries for new loans.

IV. PROJECT STATUS

The Rural Housing Improvement Project provided a source of credit for 16,196 rural families in areas that previously had been neglected by the GOH. The target group has its own characteristics that have influenced

the overall success of this project. Since, on the whole, the beneficiaries are rural people dependent on agriculture in one form or other, their financial resources are available on a seasonal basis and are influenced by the success of the harvest. As a result, the number of delinquent loans tends to be low after a good crop harvest and high during the off season. At the conclusion of the project, the range of delinquencies to the PVOs varied widely, averaging 22 percent. This figure compares favorably with similar programs in urban areas in Honduras. The most active PVO, Caritas de Danli, issued 3,983 loans resulting in 6,614 rural home improvements with a line of credit of \$300,000. At the end of the project, the PVO had dispersed \$946,000 and recovered \$759,800. These results are a credit not only to Caritas de Danli but also to INVA in managing the loan portfolio.

Based on the success in making loan funds available to the rural population, INVA submitted a proposal to the Ministry of Finance to obtain financing for a second phase to cover the period 1987 through 1990. Following negotiations with the Ministry of Finance, funding for L4.0 million was approved.

V. EVALUATION

An evaluation was carried out by the Cooperative Housing Foundation (CHF) in February 1985. This project was basically a housing loan project. The evaluations recommendations were, therefore, generally associated with improving accounting procedures. INVA Incorporated all recommendations into its project Implementation procedures.

VI. FINANCIAL STATUS OF PROJECT

	<u>OBLIGATED</u>	<u>COMMITTED</u>	<u>EXPENDITURES</u>	<u>UNLIQUIDATED</u>
GRANT	200,000	183,540	183,540	16,460
LOAN	3,300,000	3,299,999	3,299,999	1
PROJECT TOTAL	3,500,000	3,483,539	3,483,539	16,461

Funds in the amount of \$16,461 remain unexpended. (\$16,460 - grant, \$1.00 - loan). These funds should be deobligated.

VII. SUMMARY OF LESSONS LEARNED

1. One of the project objectives was to make the administrative section of the INVA Rural Housing project self-financing by 1990. Recent reports indicate that this goal is unlikely to be achieved. The design process for programs intended to become self-sufficient must be sensitive to macro-economic factors in the host country that may impede program self-sufficiency.

2. The new-concept project activities took longer to get started than was anticipated. The design of projects for new activities should allow more start-up time than that required for projects involving activities in which the implementing agencies are already experienced.
3. The implementation of this project improved with increased A.I.D. monitoring of PVO financial controls. Projects implemented by PVOs should include, from the onset, sufficient technical assistance to upgrade PVO accounting procedures to A.I.D. standards.

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COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
AS OF 03/22/89

DATE: 03/22/89  
REPORT PAGE NO.: 1  
MISSION PAGE NO.: 1

OPTION NO.: 2

OFFICE CODE: 800  
PROJECT NO.: 5120171.09

OFFICE NAME: OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNN SHELTON

EARMARK	EARMARK CNTL NO./	ORIGINATED/	COMMITTED	DISBURSED	UNLIQUIDATED	ACCUMULATED	UNEXPENDED
DESCRIPTION	DESCRIPTION	DATE			UNLIQUIDATED		UNLIQUIDATED

BUDGET PLAN CODE: LDAA-81-25522-AG18 APPROPRIATION SYMBOL: 72-11M1021

ELEMENT NO.: 1

ELEMENT NAME	DESCRIPTION	ORIGINATED/	COMMITTED	DISBURSED	UNLIQUIDATED	ACCUMULATED	UNEXPENDED
		DATE			UNLIQUIDATED		UNLIQUIDATED
	HOUSING IMPROVEMENT CREDIT		183,539	183,540	183,540	2-	2-
FL-00020	E200173 FULLY LIQUIDATED		2,900	2,900	2,900	0	0
PC-522-0171-86-001	E500762 TRNG COURSE FOR LOAN ADMINISTP		2,342	2,342	2,342	0	0
PIL-522-0171-021	E300416 PER DIEM SEMINAR RURAL HOSG I		1,689	1,689	1,689	0	0
PIL-522-0171-023	E300641 AMEND TO ELIO FLORES CONTRACT		37,258	37,258	37,258	0	0
PIL-522-0171-033	E401094 PURCH OF 20 PROJECT SIGNS		1,000	1,000	1,000	0	0
PIL-522-0171-040	E500283 AMEND # 2 ELIO FLORES CONT.		21,347	21,347	21,347	0	0
PIL-522-0171-043	E300631 TECH ASSIST MARCO A AGUERO		4,987	4,987	4,987	0	0
PIL-522-0171-052	E501151 CONT SERVICES E.FLORES		19,300	19,300	19,300	0	0
PIL-522-0171-055	E700215 CONT. EXT. ELIO FLORES AGREEM		9,235	8,295	8,295	0	0
PIL-522-0171-057	E700255 2 DAY TRAINING SEMINAR		3,229	3,229	3,229	0	0
PIL-522-0171-058	E700742 CONT.EXT.-ELIO FLORES AMEND*6		5,953	5,953	5,953	0	0
PIL-522-0171-059	E701340 TRAINING INVA PERSONNEL		0	0	0	0	0
PIL-522-0171-10	E200171 COORDINATOR PROJECT		16,186	16,186	16,186	0	0
PIL-522-171-14	E200172 TECHNICAL ASSISTANCE		3,125	3,125	3,125	0	0
PIO/C-522-0171-4-10160	E501080 TRANSLATN OPERATOR'S MANUAL		151	151	151	0	0
PIO/T-522-0171-3-10135	E301751 IQC TECHNICAL ASSIST INVA		19,776	18,776	18,776	0	0
PIO/T-522-0171-3-10147	E401236 IQC AUDIO VISUAL PRESENTATION		25,313	25,313	25,313	0	0
PIO/T-522-0171-3-10153	E500170 CONT WITH JAIME BORDENAVE		11,134	11,134	11,134	0	0

EARMARKED TOTALS > > > 183,540

UNEARMARKED BALANCE 2-

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USAID / HONDURAS  
COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
AS OF 03/22/89

DATE : 03/22/89  
REPORT PAGE NO.: 2  
MISSION PAGE NO.: 2

OPTION NO.: 2

OFFICE CODE: 300  
PROJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNN SHELDON

EMARK CDC NO.	EMARK CNTL NO./ DESCRIPTION	OBLIGATED/ EMARKED	COMMITTED	DISBURSED	UNLIQUIDATED UNLIG/EAR	ACCUMULATED	UNEXPENDED UNLIG/EAR
	BUDGET ALLOWANCE TOTALS > > >	183,538	183,540	183,540	2-	0	2-
	GRANT TOTALS > > >	183,538	183,540	183,540	2-	0	2-

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 COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
 AS OF 03/22/89

DATE : 03/22/89  
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OPTION NO.: 2

OFFICE CODE: 800  
 PROJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
 PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNN SHELTON

EARMARK DESCR.	EARMARK CNTL NO./ DESCRIPTION	OBLIGATED/ ENCUMBERED	COMMITTED	DISBURSED	UNLIQUIDATED OBLIGATIONS	ACCUMULATED	UNEXPENDED OBLIGATIONS
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BUDGET PLAN CODE: LDAA-81-35522-AL19 APPROPRIATION SYMBOL: 72-11M1021.

ELEMENT NO. :	ELEMENT NAME:						
1	HOUSING IMPROVEMENT CREDIT	1,877,335	1,377,334	1,377,334	1	0	1
PIL-522-0171-013	E200960 ADVANCE TO MIN OF FIN.	0	0	0	0	0	0
PIL-522-0171-015	E201023 CARITAS DE STA RITA-YORO CRED	60,000	60,000	60,000	0	0	0
PIL-522-0171-015 & 028	E201022 CARITAS DE MORAZA-YORO CREDIT	73,750	78,750	73,750	0	0	0
PIL-522-0171-015 & 028	E201024 HERMANDAD DE HONDURAS--CREDIT	125,000	125,000	125,000	0	0	0
PIL-522-0171-017	E201025 CARITAS DE OLANCHITO--CREDIT	75,000	75,000	75,000	0	0	0
PIL-522-0171-018	E200812 3 CONTRACTORS	15,016	15,016	15,016	0	0	0
PIL-522-0171-020	E300637 SUBPROJECT CEVER/INVA CREDIT	99,906	99,906	99,906	0	0	0
PIL-522-0171-022	E300638 CEDEN ATLANTIDA-COLON CREDIT	33,135	33,135	33,135	0	0	0
PIL-522-0171-022	E300639 CARITAS-DANLI CREDIT	150,000	150,000	150,000	0	0	0
PIL-522-0171-022	E300640 ASJC SN JOSE O/CHOLUT CREDIT	150,000	150,000	150,000	0	0	0
PIL-522-0171-025	E300916 CARITAS DE VICTORIA CREDIT	75,000	75,000	75,000	0	0	0
PIL-522-0171-025	E300917 COOP AHORRO Y CRED PINALEJO L	75,000	75,000	75,000	0	0	0
PIL-522-0171-025	E300918 FEDERAC HOND COOPERAT CREDIT	150,000	150,000	150,000	0	0	0
PIL-522-0171-025	E300915 INC FUNDOS CUBAS & VELASQUEZ	0	0	0	0	0	0
PIL-522-0171-027	E301437 AMERICAS MAND A MAND CREDIT	50,313	50,313	50,313	0	0	0
PIL-522-0171-031	E400400 CARITAS DE PARAISO CREDIT	150,000	150,000	150,000	0	0	0
PIL-522-0171-035	E401798 HERMANDAD DE HONDURAS	25,000	25,000	25,000	0	0	0
PIL-522-0171-035	E401799 CARITAS - OLANCHITO	75,000	75,000	75,000	0	0	0
PIL-522-0171-037	E500040 SOCIEDAD BUENA FE CREDIT	100,000	100,000	100,000	0	0	0
PIL-522-0171-044	E500732 ALFALIT CREDIT	0	0	0	0	0	0
PIL-522-0171-049	E503018 IGLESIA EPISCOPAL DE HONDURAS	71,484	71,484	71,484	0	0	0

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DATE : 03/22/89  
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OPTION NO.:

OFFICE CODE: 800  
PRGJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNN SHELDON

EARMARK NO.	EARMARK CNTL NO./ DESCRIPTION	OBLIGATED/ EARMARKED	COMMITTED	DISBURSED	UNLIQUIDATED OBLIG. EAB	ACCUMULATED	UNEXPENDED OBLIG. EAB
BUDGET PLAN CODE: LDAA-81-35522-AL19 APPROPRIATION SYMBOL: 72-11M1021.							
PIL-522-0171-053	E602930 LINE OF CREDIT FOR AMPROSAFE	150,000	150,000	150,000	0	0	0
PIL-522-0171-054	E603494 LINE CRED CARITAS EL PARAIZO	150,000	150,000	150,000	0	0	0
PIO/C-522-0171-4-10126	E301314 3000 WATER SEAL LATRINES	19,730	18,730	18,730	0	0	0
EARMARKED TOTALS > > >		1,977,364					
UNEARMARKED BALANCE		1					

BUDGET PLAN CODE: LDAA-81-35522-AL19 APPROPRIATION SYMBOL: 72-11M1021.

ELEMENT NO. : 2 ELEMENT NAME: TRAINING							
PIL-522-T043-11	E200174 INTERAGENCY AGREE/INVA & INFO	303,988	303,988	303,988	0	0	0
PIL-522-T043-16	E200181 DESIGN BOOKPING & ADMIN SYSTE	0	0	0	0	0	0
EARMARKED TOTALS > > >		303,988					
UNEARMARKED BALANCE		0					

ELEMENT NO. : 3 ELEMENT NAME: COMMODITIES							
PIL-522-T043-14	E200182 8 VEHICLES LOCAL PROCUREMENT	88,945	88,945	88,945	0	0	0
PIO/C-522-0171-4-10150	E401546 PURCH OF 2 CHEROCKEES	29,682	29,682	29,682	0	0	0
EARMARKED TOTALS > > >		118,627					
UNEARMARKED BALANCE		0					

ELEMENT NO. : 4 ELEMENT NAME: CONTINGENCY & INFLATION							
EARMARKED TOTALS > > >		0	0	0	0	0	0
UNEARMARKED BALANCE		0					

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COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
AS OF 03/22/39

DATE : 03/22/39  
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OPTION NO.: 2

OFFICE CODE: 800  
PROJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: KURAL HOUSING

PROJECT OFFICER: LYNN SHELDON

EARMARK  
CODE

EARMARK CNTL NO./  
DESCRIPTION

OBLIGATED/  
EARMARKED

COMMITTED

DISBURSED

UNLIQUIDATED  
OBLIGATED

ACCUMULATED

UNEXPENDED  
OBLIGATED

BUDGET PLAN CODE: LDAA-31-35522-AL19 APPROPRIATION SYMBOL: 72-11M1021.

ELEMENT NO. : 99

ELEMENT NAME: TO BE DISTRIBUTED

0 0 0 0 0 0

JV78 ADVANCE FUND 171

E301426  
ADVANCE OF FUND PROJ 0171

0 0 0 0 0 0

EARMARKED TOTALS > > >

0

UNEARMARKED BALANCE

0

BUDGET ALLOWANCE TOTALS > > >

2,300,000 2,299,999 2,299,999 1 0 1

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COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
AS OF 03/22/89

DATE : 03/22/89  
REPORT PAGE NO.: 6  
MISSION PAGE NO.: 6

OPTION NO.: 2

OFFICE CODE: 900  
PROJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNN SHELDON

EARMARK OCC. NO.	EARMARK CNTL NO./ DESCRIPTION	OBLIGATED/ EARMARKED	COMMITTED	DISBURSED	UNLIQUIDATED OBLIG./EAS	ACCUMULATED	UNEXPENDED OBLIG./EAS
BUDGET PLAN CODE: LOAA-84-35522-AL13 APPROPRIATION SYMBOL: 72-11M1021.							
ELEMENT NO. : 1							
ELEMENT NAME:	HOUSING IMPROVEMENT CREDIT	1,000,000	1,000,000	1,000,000	0	0	0
PIL-522-0171-044	E501083 CORPOR MUNICIPAL CAMPAMENTO	0	0	0	0	0	0
PIL-522-0171-045	E500909 CONSTRUCT PHASE CARITAS DANLI	150,000	150,000	150,000	0	0	0
PIL-522-0171-045	E500910 MEALS FOR MILLIONS FOUND CRDT	70,000	70,000	70,000	0	0	0
PIL-522-0171-043	E501735 SAN JOSE OBRERO/CHCLUTECA	150,000	150,000	150,000	0	0	0
PIL-522-0171-043	E501730 COOP IND MAESTROS CARPINTEROS	150,000	150,000	150,000	0	0	0
PIL-522-0171-049	E503019 ASOC INSTITUTO EVANGELICO HON	75,000	75,000	75,000	0	0	0
PIL-522-0171-049	E503020 ASOC HERMANDAD DE HONDURAS	100,000	100,000	100,000	0	0	0
PIL-522-0171-049	E503021 CARITAS DE DANLI	150,000	150,000	150,000	0	0	0
PIL-522-0171-049	E503022 IGLESIA EPISCOPAL DE HONDURAS	78,516	78,516	78,516	0	0	0
PIL-522-0171-55	E604307 CONT.-CEVER (CENTRO EDUC VOCA	50,000	50,000	50,000	0	0	0
PIL-522-0171-55	E604308 CONT.-AMERICAS MANO A MANO	26,484	26,484	26,484	0	0	0
EARMARKED TOTALS > > >		1,000,000					
UNEARMARKED BALANCE		0					
BUDGET ALLOWANCE TOTALS > > >		1,000,000	1,000,000	1,000,000	0	0	0
LDAN TOTALS > > >		3,300,000	3,299,999	3,299,999	1	0	1
PROJECT EARMARKED TOTALS > > >		3,483,539					
PROJECT UNEARMARKED BALANCE		1-					
TOTAL PROJECT OBLIGATIONS > > >		3,483,538	3,483,539	3,483,539	1-	0	1-

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COMPREHENSIVE PIPELINE REPORT BY BUDGET ALLOWANCE  
AS OF 03/22/89

DATE : 03/22/89  
REPORT PAGE NO.: 7  
MISSION PAGE NO.: 7

OPTION NO.: 2

OFFICE CODE: 800  
PROJECT NO.: 5220171.00

OFFICE NAME : OFFICE OF DEVELOP. ENGINEERING  
PROJECT TITLE: RURAL HOUSING

PROJECT OFFICER: LYNNE SHELTON

EARMARK  
ACC. NO.

EARMARK CNTL NO./  
DESCRIPTION

OBLIGATED/  
EARMARKED

COMMITTED

DISBURSED

UNLIQUIDATED  
OBLIG./EAP

ACCUMULATED

UNEXPENDED  
OBLIG./EAP

OFFICE TOTALS > > >

3,483,538

3,483,539

3,483,539

1-

0

1-

MISSION TOTALS > > >

3,483,538

3,483,539

3,483,539

1-

0

1-