

PD-ABC-792  
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PROJECT ASSISTANCE COMPLETION REPORT (PACR)  
FOR  
COOPERATIVE NEIGHBORHOOD IMPROVEMENT AND  
JOB PROGRAM FOR CENTRAL AMERICA

A.I.D. COOPERATIVE AGREEMENT  
NO. LAC-0131-A-00-5046-00

FEBRUARY 1991

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## INTRODUCTION

By the year 2000, the population of Central America is expected to expand from 25 million to 39 million inhabitants. Of these, more than 21 million will live in urban areas. If present trends continue, as many as 12 million people will lack adequate shelter, including substandard housing and access to services such as safe drinking water and sanitary waste disposal. These people will live primarily in illegal urban settlements and in rural areas.

The formal housing construction sector has not been able to provide an adequate supply of housing for lower income families. It is the poor, operating in the informal sector, who are housing themselves. In fact, it is now common for 30 percent to 60 percent of a city's entire population to live in houses and neighborhoods that have been developed informally.

With this difficult situation confronting the region, the Cooperative Neighborhood Improvement and Job Program for Central America was developed under the leadership of the Cooperative Housing Foundation (CHF) in 1985 with a \$10 million cooperative agreement grant from A.I.D. to provide a permanent, private sector system to mobilize and channel resources for low-cost shelter construction and upgraded community development.

The program initially covered Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama, but Panama was subsequently excluded from the program as a result of the political disruption in 1987 when CHF closed its operation there. CHF completed the loan programs committed and in progress before departing Panama; however, uncommitted funds were reallocated among the other CA countries. The program which was authorized as a centrally funded grant has been managed and monitored by LAC/DR/CEN.

## PROGRAM DESCRIPTION

### Goal

The goal of the program was to promote equity and broad participation in development of a credit program for low-income people in Central America. Its objectives were:

- to address equity concerns of low-income people by increasing access to credit for shelter and community improvement and allowing them to participate in the development process in a democratic way; and
- to strengthen the contribution of the non-profit, private sector to improving physical living conditions for low-income families.

### Purpose

The purpose of the program was to develop permanent private sector systems in the countries of the Central American region which could mobilize and channel resources for self-help activities in community development, shelter construction and upgrading, and employment generation. The program completion date was originally scheduled for December 31, 1989 but was later extended to August 31, 1990.

### Strategy

The program strategy envisioned that CHF would work through local nonprofit organizations such as cooperative housing federations, credit union federations, and other non-governmental organizations in Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama. The program would provide technical assistance to strengthen these institutions and would help increase local capacity to mobilize and manage resources and improve cost recovery techniques. A learning-by-doing approach would be employed in which capital assistance would be provided to carry out demonstration loan programs in order to obtain maximum benefits from the technical assistance being provided.

Specific elements of the strategy included:

- the provision of institutional support grants and technical assistance to help local private sector organizations strengthen their capacity to implement housing finance and development activities;
- the provision of capital assistance to finance specific types of activities, including community improvement programs to upgrade services such as water systems, self-help shelter programs to provide home improvement loans and financing for basic housing, and the development of building material production and distribution centers and small businesses in the construction sector;
- the mobilization of local financial and institutional resources for low-cost self-help shelter;
- the development of training programs for use by local organizations to train community leaders;
- the implementation of workshops and conferences on subjects relating to the program; and
- the demonstration of less expensive methods of producing shelter and community services.

#### EXPECTED OUTPUTS

The program's proposed outputs were calculated using the assumption that CHF would obtain additional non-A.I.D. resources to carry out its proposed program at a funding level of approximately \$19.1 million. A.I.D. provided a total of \$17.0 million to the program. The original expected achievements of the program included:

- the provision of improved community services in up to 53 illegal settlements or rural villages benefiting approximately 88, 410 low-income people;
- the creation of the equivalent of a full year's employment for approximately 7,700 people;
- the provision of grants and loans to 14 nongovernmental organizations for demonstration programs in 6 countries;

- the provision of loans to approximately 76 small businesses and building material production centers employing approximately 508 people;
- the completion of approximately 11 demonstration self-help housing cooperatives providing shelter for 756 families or approximately 3,780 people;
- the provision of credit to at least 12 credit unions for home improvement and small business loans benefiting 2,155 families or approximately 10,755 people;
- the implementation of 12 national-level workshops and one regional conference to provide program orientation and information to existing cooperatives and non-governmental organizations;
- the provision of participant training in the United States for more than 40 leaders and technicians from Central American cooperatives' private sector institutions;
- the delivery of technical assistance to 20 local technical service organizations as well as other non-governmental organizations and cooperatives;
- the preparation of regional and country-specific audio-visual materials, manuals, and training publications; and
- the procurement and delivery at the neighborhood level of tools and machinery for modest building material production operations.

FINANCIAL PLAN

A.I.D. provided the following funding to the program:

AID/W Cooperative Grant Agreement (March 31, 1985) \$10,000,000 -

Missions' Buy-Ins (Grants)

Guatemala (Sept. 19, 1986)	2,300,000 -
El Salvador (Sept. 26, 1986)	44,000 -
Belize (March 18, 1986)	175,000 -
Total	<u>\$12,919,000 -</u>

Operating Program Grants (OPG) from CA Missions

El Salvador (program completed)	\$ 885,000 -
Honduras (program completed)	1,300,000 -
Costa Rica (PACD: 2/1/92)	1,600,000 -
El Salvador (PACD: 8/12/91)	326,000 -
Total	<u>\$4,111,000</u>

Total A.I.D. Resources \$17,030,000 -

CHF reports that in addition to the A.I.D. funds, approximately \$2.7 million in local cash counterpart funds were added to the program by collaborating institutions and beneficiary families and an estimated equivalent of \$3.6 million was provided through in-kind inputs such as land and materials.

To these resources should also be added the loan repayments received by CHF which as of August 31, 1990 amounted to about \$3.6 million. Since \$10.3 million has been provided for loans, it is estimated that an amount equal to about twice this figure would be received by CHF in loan reflows through amortization and interest payments, assuming that CHF manages the program for a period of 8-10 years. These loan reflows would continue to be utilized for other loans. CHF has not reported on how long the program will continue to operate and what specific purposes the loan reflows will be used for. AID/W has repeatedly requested CHF to provide this information. (On March 15, 1991 CHF transmitted a report on "Plans and Procedures Regarding Use of Reflows." AID/W concurred with the proposed use of the reflows and, therefore, satisfied the requirement that AID/W would approve CHF's use of loan reflows.)

### PROGRAM ACCOMPLISHMENTS

The program was completed in August 1990 and CHF has been generally successful in meeting most of its planned targets.

CHF reports that as a direct result of CHF's program, almost 9,000 families are enjoying the benefits of improved housing and communities. In addition, more than 100 small businesses are now producing building materials and creating jobs in low-income communities. An overwhelming amount of the employment generated was among low-income families living in the informal sector, as the loan programs were structured to utilize the construction services of local "maestros de obra" and their crews whenever possible.

Table 1 identifies the program's major outputs by country and measures them against original targets. As can be seen, the program far surpassed its planned outputs in numbers of home improvement loans, self-help (core) house construction loans, building material production center loans, number of non-governmental organizations assisted to become technical service organizations, and number of work years generated. In addition, significant numbers of training sessions and workshops were held and participants trained.

The program was unable to meet proposed targets for the number of community improvement loans made and the corresponding number of beneficiaries served. CHF reports that the original assessment of the need for community improvements and infrastructure upgrading was accurate, especially in urban informal settlements, but communities made little demand for loan funds because of donations offered by politicians, church groups, and some international donor agencies. Many promised donations for community projects did not materialize, and when they did, the funds available were minuscule when measured against the need. CHF's final report states that it was extremely difficult to overcome the unrealistic expectations generated by the relatively small number of such projects which were built.

Given the nature of most community improvement/infrastructure upgrading projects, the investment per beneficiary is usually much less than that for core house construction loans or home improvement loans. As a result, the reduced provision of community improvement loans had the effect of reducing the number of individual beneficiaries served by the program.

**Table 1**

**Program Outputs  
Cooperative Neighborhood Improvement and Job Program for Central America  
August 31, 1990**

	Belize	Costa Rica	El Salvador		Guatemala	Honduras		Panama	Total	Planned <sup>a</sup>	% <sup>b</sup>
			Orig.	OPG		Orig.	OPG				
Community improvement loans	0	500	0	158	0	55	0	500	1,213	17,682	7%
Home improvement loans	0	1,002	624	215	1,147	769	896	0	4,653	2,155	216%
Self-help (core) house construction loans	68	147	110	149	945	159	1,012	228	2,818	756	373%
Building material production center loans	1	0	0	0	0	46	76	1	123	76	162%
Technical service organizations assisted <sup>c</sup>	2	3	3	1	7	5	5	2	28	20	140%
Training sessions held	11	26	8	12	29	10	6	1	103	N/A	N/A
Participants trained <sup>d</sup>	125	274	40	300	1,031	400	320	10	2,500	N/A	N/A
Work years generated	20	155	92	60	6,046	3,746	8,635	100	18,854	7,700	245%
Beneficiaries served	340	9,245	4,908	1,820	10,460	6,194	9,681	1,640	44,288	103,473	43%

*Note:* In the interest of accuracy and clarity, the data shown here lists the number of loans provided to beneficiary families. For example, under the program, a loan might be provided to a credit union federation, which in turn might make loans to three of its affiliated credit unions, which in turn might make loans to 300 credit union members. For purposes of this table, this data would be recorded as separate loans to 300 beneficiary families. Data indicating the number of beneficiaries served represents individuals and is based on an average family size of five.

<sup>a</sup>The planned outputs were based on the assumption that the program would leverage a total of approximately \$19.1 million in capital assistance funding. Actual total capital assistance funds obtained and loaned were approximately \$11.3 million.

<sup>b</sup>The failure to accomplish 100 percent of the planned community improvement loans is a direct result of the volume of funds donated by politicians, church groups, and international development organizations specifically for community improvements. The program simply could not compete, and funds were reallocated to other program components. This phenomenon in turn resulted in an inability to serve the planned number of beneficiaries, which included over 88,000 expected to benefit from community improvement loans.

<sup>c</sup>This category includes those technical service organizations dedicated exclusively to the development of low-cost housing as well as those organizations with whom the program worked to create a limited capability but for whom housing is not their exclusive focus.

<sup>d</sup>This category combines the number of participants trained in the United States, at regional training sessions, and at in-country training activities. The bulk of training took place at relatively small sessions at the local level.

CHF further reports that in addition to the more easily quantifiable outputs produced by the program--and of greater long-term significance--is the increased capability of local non-governmental organizations and cooperatives to deliver credit and develop a range of shelter solutions for low-income families. In implementing the program, CHF collaborated with 28 national federations, national technical service organizations, or regional institutions, as well as at least 80 additional institutions represented by their cooperative affiliates or membership organizations. The program successfully demonstrated a means of increasing the effectiveness of the informal shelter delivery system by providing technical assistance to strengthen grassroots institutions and injecting badly needed credit to accelerate delivery of shelter.

#### MONITORING & EVALUATION

Paragraph E (3) of the Cooperative Agreement states that A.I.D. will periodically conduct evaluations of the program. One such mid-term program evaluation was performed by the Planning and Development Collaborative International (PADCO). It was initiated in October 1987 and completed in April 1988. This evaluation raised several critical questions regarding the program and CHF's method of implementation. The following are observations by PADCO:

- CHF implementation record compare very favorable with local public sector shelter institutions and A.I.D. missions experience with similar projects. However, given the same level of administrative and TA resources, any public or private sector institution could achieve the same ratio in project implementation.
- Capital Assistance Funding is defined as total funds less TA & Administrative costs.
- Because of lack of standard operational guidance vehicles such as a project paper and/or operational and annual workplans, it has proven difficult to make a judgement as to whether specific project goals and objectives have been met.
- CHF's documentation is not clear as to what are CHF's future plans; to continue as a long-term financial agent or to transfer responsibility to cooperative credit union or PVOs.

- CHF has not undertaken any neighborhood programs for the improvement of services. Reason given was that CHF was unfamiliar with local implementing agencies, particularly the public sector's role in the provision of services. This resulted in a reduction in projected beneficiaries which again will decrease the cost effectiveness of a program already top-heavy in administrative costs.
- The missions are generally not very well informed regarding the details of the CHF program. CHF reporting has not provided AID/W with sufficient information to properly monitor the program.
- Establishment of a self-sustaining private sector program, as originally envisioned, is in question and there is no specific plan to accomplish this objective. Specific project activities in providing credit for home improvement and new core housing for medium-income families have a very positive impact.

In conjunction with this evaluation, Price-Waterhouse performed a financial review of the project and recommended improvement in reporting and accounting.

Needless to say, CHF did not take these observations lightly and strongly contested many of the findings of the evaluation.

AID/W records indicate that CHF undertook some program changes as a result of the evaluation, i.e., CHF complied albeit with delays with the requirement to submit quarterly performance reports to AID/W. However, only toward the end of the program did CHF finally report adequately on progress toward achieving program outputs. CHF's financial reporting was never satisfactory.

CHF's final program completion report dated January 25, 1991 does not describe and address several important issues, such as when CHF would begin an orderly phase-out of its technical assistance and pass increasing responsibility to the local private sector organizations to carry on the program as the reflows become available for new projects. The model for the new delivery system has not been described.

The following questions have been raised several times to CHF: What happens to the loan reflow money? What is it used for? What percentage of the reflow is used for administration costs? CHF has never answered these questions satisfactorily.

As part of the closeout process of the Cooperative Agreement and in order to obtain feedback from the CA missions regarding their opinions on the success and lessons learned from this program, a cable was sent to all CA missions in November of 1990 requesting their inputs. Only two missions, Belize and Costa Rica, responded to the cable. (Outgoing and incoming cables are attached to this report.)

Both reply cables gave the impression that information on the program was not readily available, which may explain why only two missions responded. Both missions stated that the program's basic goals were met and that CHF had been effective in establishing a delivery system for shelter programs for low income families. However, the sustainability of the delivery systems, which was one important objective of the program, was not accomplished because CHF did not transfer the responsibility to the local institutions.

#### LESSONS LEARNED

There are some lessons to be learned from this program that might be relevant to programming, design, and implementation of other similar projects:

- The program has successfully demonstrated that local non-profit organizations in the the private sector can mobilize and channel donor resources for loans for shelter construction and housing improvement to low-income families who did not have access to credit from the formal banking system.
- Because of the program's heavy emphasis on field implementation of shelter construction, community developments, and TA for small private sector organizations, A.I.D. management of the overall program should not have been located in Washington. A regional institution, such as ROCAP or RHUDO, would provide a better choice for a centralized management. Besides AID/W suffers too many turnovers of personnel which affect continuity of management.

- It is not crucial for a program such as this to have a more hands-on type of A.I.D. monitoring; however, a closer oversight of CHF's activities would have been more effective. Since the Cooperative Agreement was approved and managed in AID/W, the CA missions believed that the agreement did not provide for their direct involvement in detail project design, and as such, there was little interaction among the missions and CHF although the agreement specifically calls for missions' approval of program activities.
- The design of a program such as this, which spans over five years, should have incorporated checkpoints or milestones throughout the LOP which could be easily verified. This would have facilitated the monitoring of the program. A listing of planned EOPs without a time table is not sufficient.
- The program did not accomplish its objective of providing community improvements such as communal water and sanitation facilities. CHF blamed lack of administrative and TA resources for not succeeding. It could be noted that to approach the problem of infrastructure on a piece-meal basis which the program proposed, tends not to be effective.

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REVISED: 4/1/91:EDITS 4/2/91:EMarkeset:geb

APPENDIX A

1. Cable from AID/W to Central American missions requesting missions' response to the success and lessons learned.
2. Response from mission in San Jose, Costa Rica.
3. Response from mission in Belize.

DATE 11/14/90

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OUTGOING  
TELEGRAM

M. Silverman  
J. Bourgault  
T. Delaney  
~~S. Duster~~  
E. Markeset

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JR

B) HAS CHF IMPLEMENTED THE PROJECT ADEQUATELY AND EFFICIENTLY? DOES CHF HAVE IN PLACE AN EFFECTIVE DELIVERY SYSTEM FOR SHELTER PROGRAMS FOR LOW INCOME FAMILIES? IS THIS DELIVERY SYSTEM OF LOCAL COOPERATIVE HOUSING FOUNDATIONS SUSTAINABLE THROUGH THE USE OF REFLOWS FROM HOME IMPROVEMENT LOANS AFTER CHF TERMINATES ITS OPERATIONS?

C) HAS CHF BEEN SUCCESSFUL IN WORKING THROUGH NON-PROFIT PVOS AND NGO COOPERATIVES TO REACH LOW INCOME FAMILIES WITH CREDIT AND TECHNICAL ASSISTANCE TO SUPPORT, STRENGTHEN, AND ACCELERATE THE INFORMAL HOUSING PROCESS?

D) ARE THE REFLOWS GENERALLY BEING UTILIZED FOR NEW PROJECT ACTIVITIES OR TO COVER CHF'S ADMINISTRATIVE COSTS?

E) ANY LESSONS LEARNED FROM THIS PROJECT THAT YOU WOULD LIKE TO SHARE?

4. YOUR RESPONSES TO THESE QUESTIONS WILL BE UTILIZED IN THE PREPARATION OF THE PROJECT ASSISTANCE COMPLETION REPORT TO BE SHARED WITH ALL CENTRAL AMERICAN MISSIONS. PLEASE ADDRESS YOUR RESPONSES TO THE ATTENTION OF ED MARKESET LAC/DR/CEN PREFERABLY BEFORE NOV. 20, 1990. EAGLEBURGER

DRAFTED BY: AID/LAC/DR:EMARKESET:AFS:59580  
APPROVED BY: AID/LAC/DR:PBLOOM  
AID/LAC/DR:JEVANS  
AID/PRE/H:JHAGGER (DRAFT) AID/LAC/DR:MSILVERMAN  
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FM SECSTATE WASHDC  
TO AMEMBASSY GUATEMALA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY MANAGUA  
AMEMBASSY PANAMA  
AMEMBASSY BELIZE

UNCLAS STATE 375268

AIDAC ALSO GUATEMALA FOR ROCAP

E.O. 12356: N/A  
TAGS:

SUBJECT CLOSEOUT OF COOPERATIVE AGREEMENT NO LAC-0131-A-00-5046-00 WITH COOPERATIVE HOUSING FOUNDATION (CHF) PROJECT NO: 579-0012 COOPERATIVE HOUSING INITIATIVE

1. LAC IS IN THE PROCESS OF CLOSING OUT THE SUBJECT PROJECT AND WOULD APPRECIATE RECEIVING MISSION'S RESPONSE TO THE QUESTIONS LISTED BELOW REGARDING THE SUCCESS AND THE LESSONS LEARNED FROM THIS PROJECT THAT MIGHT BE RELEVANT TO PROGRAMMING, DESIGN AND IMPLEMENTATION OF OTHER ACTIVITIES.

2. BACKGROUND: IN MARCH OF 1985 A.I.D. AWARDED A GRANT OF DOLS. 10 MILLION TO THE COOPERATIVE HOUSING FOUNDATION (CHF) TO SUPPORT DEMOCRATICALLY ORGANIZED SELF-HELP SHELTER AND COMMUNITY IMPROVEMENT PROJECTS FOR LOW-INCOME FAMILIES IN BOTH URBAN AND RURAL AREAS THROUGHOUT CENTRAL AMERICA. CHF'S COOPERATIVE AGREEMENT WAS AMENDED TO ADD ADDITIONAL FUNDS THROUGH BUY-INS INTO THE AGREEMENT FROM USAID MISSIONS IN EL SALVADOR, BELIZE AND GUATEMALA BRINGING THE TOTAL TO DOLS 12.9 MILLION. THE ORIGINAL PACD WHICH WAS DECEMBER 31, 1989, WAS

EXTENDED TO AUGUST 31, 1990: IN ADDITION TO THE ORIGINAL GRANT AND ITS AMENDMENTS, OPERATIONAL PROGRAM GRANTS (OPGS) TO FUND EXPANSION OF THE PROGRAM IN A GIVEN COUNTRY HAVE BEEN IMPLEMENTED WITH THE MISSIONS IN EL SALVADOR, HONDURAS, AND COSTA RICA. THESE OPGS DO NOT FORM PART OF THE ORIGINAL GRANT AND THE BUY-INS FROM THE MISSIONS AND HAVE PACDS WHICH WILL EXPIRE IN FYS 91 AND 92.

3. PLEASE RESPOND TO THE FOLLOWING QUESTIONS:

4. HAS THE PROJECT BEEN A SUCCESS IN YOUR COUNTRY? HAVE THE GOALS BEEN MET? HAS CHF REPORTED ADEQUATELY ON THEIR ACTIVITIES IN YOUR COUNTRY?



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**INCOMING TELEGRAM**

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TO SECSTATE WASHDC 2425

UNCLAS SAN JOSE 14017

AIDAC

FOR EO MARKESET LAC/DR/CEN

E.O. 12356: N/A  
SUBJECT: CLOSEOUT OF COOPERATIVE AGREEMENT  
- NO. LAC-0131-A-00-5046-00 WITH CHF PROJECT  
- NO. 579-0012 COOPERATIVE HOUSING INITIATIVE

REF.: STATE 375268

PLEASE EXCUSE THE DELAY IN RESPONDING, BUT INFORMATION ON SUBJECT PROJECT WAS NOT READILY AVAILABLE. RESPONSES ARE PEGGED TO THE QUESTIONC IN SECTION 3 OF REFTEL.

A. PROJECT GOAL: PROJECT GOALS WERE MET. ALL FUNDS WERE DISBURSED AND 231 NEW CORE CONSTRUCTION UNITS WERE CONSTRUCTED, 1,172 HOMES WERE IMPROVED AND ONE COMMUNITY IMPROVEMENT

PROJECT WAS COMPLETED. THE SIGNIFICANT FOCUS ON HOME IMPROVEMENT WAS CHF'S RESPONSE TO A FELT NEED IN THE RURAL ZONES WITH LITTLE COVERAGE BY OTHER ENTITIES. DUE TO LIMITED FUNDING THE NUMBER OF PROJECTS COMPLETED, ABOUT 4 PERCENT OF RURAL HOUSING UNITS, IS SMALL COMPARED TO NATIONAL PRODUCTION. SATISFACTORY QUARTERLY ROTS WERE SUBMITTED THROUGHOUT THE LIFE OF PROJECT.

B. THE PROJECT WAS ADEQUATELY IMPLEMENTED AND HAD ITS UNIQUE FEATURES, SUCH AS USE OF PEACE CORPS VOLUNTEERS TO WORK WITH COOPERATIVES ON EVALUATION, APPROVAL AND IMPLEMENTATION THUS ENHANCING THE EFFICIENCY OF ADMINISTRATION OF PROJECTS. THE PROJECT WAS SO EFFECTIVE, IT WAS USED AS THE BASIS FOR A MISSION DOLLAR FUNDED OPG IN FEB 1990 BASED ON THE SAME MODEL.

A DELIVERY SYSTEM IS IN PLACE, HOWEVER IT WAS NOT MADE SUSTAINABLE WITH PROJECT REFLAWS BECAUSE CHF STAYED IN THE PICTURE. ONE OF THE OBJECTIVES OF THE FOLLOW ON GRANT IS TO ESTABLISH THE SUSTAINABILITY OF THE MODEL AND HAVE CHF TERMINATE ITS OPERATIONS. HOWEVER, CHF CONTRIBUTED TO THE STRENGTHENING OF FEDECREDITO THE NATIONAL COOPERATIVE FEDERATION AND AFFILIATE CREDIT UNIONS. MOREOVER, WHEN THE NATIONAL HOUSING SYSTEM WAS INITIATED, FEDECREDITO AND AFFILIATED CREDIT UNIONS WERE RELIED ON HEAVILY AS CHANNELS OF BANHVI

FUNDING. MANY OF THE INSTITUTIONS CONTINUE TO PROVIDE SHORT-TERM HOME IMPROVEMENT LOANS WITH REFLAWS MADE AVAILABLE BY CHF. HOWEVER, CHF STILL MANAGES THE REFLAWS.

C. CHF HAS BEEN QUITE SUCCESSFUL IN WORKING THROUGH TWO COOPERATIVE FEDERATIONS AND TWENTY-TWO LOCAL ORGANIZATIONS. ALL WERE PRIVATE NGOS OR PVOS. AVERAGE RATES OF DELINQUENCY ARE REPORTED TO BE .05 PERCENT. TOTAL PROJECT BENEFICIARIES WERE 11,000, OF WHICH 43 PERCENT WERE WOMEN.

D. REFLAWS HAVE BEEN USED AS FOLLOWS: 19.5 PERCENT OF THE PROJECT REFLAWS HAVE BEEN REPROGRAMMED AND 7.5 PERCENT ARE BEING PROGRAMMED IN ONGOING PROJECTS; 41.4 PERCENT WERE USED TO COVER CHF EXPENSES; AND 31.6 PERCENT WERE SENT TO CHF HEADQUARTERS.

E. LESSONS LEARNED. THE MODEL HAS BEEN REPLICATED IN SEVERAL OTHER COUNTRIES. ITS WEAKNESS, HOWEVER HAS BEEN THE LACK OF ESTABLISHMENT OF A LOCAL NGO TO ALLOW PHASE OUT OF CHF. PERHAPS MORE EMPHASIS COULD HAVE BEEN PLACED BY AID ON THIS REQUIREMENT. IN ANY CASE THE MISSION PROJECT HAS ESTABLISHED THIS AS ONE OBJECTIVE OF THE PRESENT PROJECT.  
HOMME

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TELECOMMUNICATIONS CENTER**

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FVA-01 APO-07 APSP-02 APFP-02 PVC-02 ES-01 STHR-01  
STRD-01 SDB-02 APEM-02 AMAD-01 LAPS-02  
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54,000 PER YEAR AND THIS IS INSUFFICIENT FOR NEW PROJECT ACTIVITIES AND RESULTING ADMINISTRATIVE COSTS. CHF/BELIZE HAD NOT ANTICIPATED THE REFLOWS TO BE OF SUFFICIENT MAGNITUDE FOR CONTINUED OPERATIONS AS THE NUMBER OF LOANS IS RELATIVELY SMALL AND THE PAYBACK PERIOD IS OVER A 12 TO 15 YEAR PERIOD.

INFO LOG-00 ARA-00 CIAE-00 DODE-00 EO-00 L-03 /006W  
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4. CHF/BELIZE HAS BEEN VERY SUCCESSFUL IN WORKING THROUGH NON-PROFIT PVOS AND NGO COOPERATIVES. CHF/BELIZE HAS PROVIDED QUALITY TECHNICAL ASSISTANCE TO SEVERAL LOCAL ORGANIZATIONS (E.G., BELIZE CREDIT UNION LEAGUE, BELIZE ASSOCIATION FOR RURAL DEVELOPMENT, DEVELOPMENT FINANCE CORPORATION, AND THE BELIZE NATIONAL DEVELOPMENT FOUNDATION). ACTIVITIES IN THIS AREA APPEAR TO HAVE BEEN PARTICULARLY SUCCESSFUL AND THERE IS CLEAR INDICATION THAT THE CHF/BELIZE PROGRAM HAS SIGNIFICANTLY ACCELERATED THE INFORMAL HOUSING PROCESS. AN EXCELLENT RELATIONSHIP WAS ALSO ESTABLISHED WITH THE GOB, WHICH HAS SHOWN INCREASING INTEREST AND SUPPORT FOR ACTIVITIES OF THIS NATURE.

P 211916Z NOV 90  
FM AMEMBASSY BELIZE  
TO SECSTATE WASHDC PRIORITY 3508  
INFO RUEHKG/AMEMBASSY KINGSTON

UNCLAS BELIZE 05721

AIDAC

FOR LAC/DR/CEN, EO MARKESET  
KINGSTON FOR RHUDD, WILLIAM GELMAN

5. THE CHF/BELIZE DIRECTOR DID NOT BELIEVE THERE WERE ANY NEW LESSONS LEARNED IN THE IMPLEMENTATION OF THIS PROJECT. HE NOTED THAT THE IMPLEMENTATION SCHEDULE HAD BEEN OVERLY OPTIMISTIC BUT THAT GENERALLY THE SCHEDULE HAD BEEN ADHERED TO AFTER ADJUSTMENTS HAD BEEN MADE.

E.O. 12356: NA  
SUBJECT: CLOSEOUT OF COOPERATIVE AGREEMENT NO. LAC-0131-A-00-5046-00 WITH COOPERATIVE HOUSING FOUNDATION (CHF) PROJECT NO: 579-0012 COOPERATIVE HOUSING INITIATIVE

REF: STATE 375268

6. THE CHF/BELIZE DIRECTOR BELIEVED SPECIAL MENTION

1. CHF ACTIVITIES IN BELIZE UNDER THE SUBJECT COOPERATIVE AGREEMENT FOCUSED ON FIVE PRIMARY ACTIVITIES. THEY ARE AS FOLLOWS:

SHOULD BE MADE REGARDING THE FOLLOWING.

- (A) INSTITUTIONAL DEVELOPMENT ACTIVITIES TO ENABLE LOCAL ORGANIZATIONS TO BETTER SERVE THEIR MEMBER

- (A) CHF WAS ABLE TO DEMONSTRATE THAT WITH

COOPERATIVES AND TO CARRY OUT CHF CAPITAL PROGRAMS.

IMAGINATIVE DESIGN AND MORE APPROPRIATE USE OF CERTAIN TYPES OF CONSTRUCTION MATERIALS SIGNIFICANT COST REDUCTIONS COULD BE ACHIEVED. THE DIRECTOR'S INFORMATION SHOWED THAT THE CHF THREE BEDROOM MODEL COULD BE BUILT AT A COST 44 PER CENT LESS THAN THAT OF THE OPEN MARKET PRICE AND THE TWO BEDROOM MODEL WITH A COST SAVINGS OF 29 PER CENT.

- (B) LOANS AND GRANTS TO PRIVATE COMMUNITY GROUPS TO ASSIST THEM TO UNDERTAKE COMMUNITY IMPROVEMENTS SUCH AS COMMUNAL WATER AND SANITATION FACILITIES AND COMMUNITY CENTERS.

- (B) THERE WAS INITIALLY CONSIDERABLE RESISTANCE TO THE TWO AND THREE BEDROOM HOUSES AS ALMOST ALL CLIENTS WANTED LARGER HOUSES. CHF/BELIZE DEVELOPED A WORKSHOP INTENDED TO SHOW CLIENTS THE RELATIONSHIP BETWEEN SIZE AND COST AND MONTHLY PAYMENTS. ONCE THIS RELATIONSHIP WAS FULLY UNDERSTOOD, THE SMALLER HOUSES WERE PREFERRED OVER THE LARGER ONES.

- (C) LOANS TO PRIVATE SECTOR ORGANIZATIONS AND INDIVIDUALS TO ESTABLISH BUILDING MATERIAL PRODUCTION CENTERS THAT WOULD CREATE NEW JOBS AND PROVIDE BUILDING MATERIALS FOR HOUSING IMPROVEMENT OR CONSTRUCTION.

- (C) HOUSING CONSTRUCTION WAS INITIATED DURING A CONSTRUCTION BOOM IN BELIZE AND IT WAS IMPOSSIBLE TO INTEREST THE LARGER COMPANIES IN THE CONSTRUCTION OF A FEW HOUSES WHEN OTHER LARGER CONTRACTS WERE POSSIBLE. CHF/BELIZE CONSEQUENTLY WORKED WITH SMALLER CONSTRUCTION COMPANIES AND THIS WORK ASSISTED MANY IN GETTING OFF THE GROUND. TODAY, SEVERAL OF THOSE SMALLER COMPANIES ARE NOW COMPETING FOR AND WINNING LARGER CONTRACTS.

- (D) HOUSING CONSTRUCTION

- (D) PRIOR TO THE CHF CONSTRUCTION, IT HAD BEEN STANDARD PRACTICE IN BELIZE FOR CONTRACTORS TO RECEIVE

- (E) TECHNICAL ASSISTANCE AND TRAINING FOR LOCAL COOPERATIVES, NEIGHBORHOOD GROUPS AND GOVERNMENT COOPERATIVE OFFICIALS.

2. DISCUSSIONS WITH THE CHF/BELIZE DIRECTOR AND A REVIEW OF IMPLEMENTATION REPORTS INDICATE THAT THE ACTIVITIES REFERRED TO ABOVE HAVE BEEN SUCCESSFULLY CARRIED OUT AND THAT THE PROJECT ACHIEVED ITS BASIC GOALS. CHF/BELIZE HAS SUBMITTED REPORTS ON A REGULAR BASIS AND IT APPEARS TO HAVE ADEQUATELY IMPLEMENTED THE PROJECT.

REGULAR PAYMENTS REGARDLESS OF THE AMOUNT OF WORK ACTUALLY COMPLETED. CHF BEGAN A SYSTEM WHEREBY PAYMENTS WOULD BE MADE BASED UPON THE AMOUNT OF WORK COMPLETED. THIS PROCESS IS NOW BECOMING STANDARD BUSINESS PRACTICE. THE RESULT IS THAT CONTRACTORS ARE NOW MORE CONSCIENTIOUSLY CONDUCTING COST ANALYSIS AND THERE IS ADDITIONAL INCENTIVE TO COMPLETE WORK AS

3. CHF/BELIZE HAS ESTABLISHED AN EFFECTIVE DELIVERY SYSTEM FOR SHELTER PROGRAMS FOR FAMILIES BELOW THE MEDIAN INCOME LEVEL BUT IT IS NOT SUSTAINABLE THROUGH THE REFLOWS FROM HOME IMPROVEMENT LOANS. CHF/BELIZE WILL CEASE OPERATIONS AND CLOSE ITS OFFICE ON NOVEMBER

30, 1990. REFLOWS ARE CURRENTLY APPROXIMATELY DDL\$

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INCOMING  
TELEGRAM

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SCHEDULED. APPARENTLY, CONSTRUCTION COSTS ARE  
DECREASING AS A RESULT OF COST ANALYSIS.

7. BASED UPON OUR CONVERSATIONS WITH THE DIRECTOR OF  
CHF/BELIZE AND OUR REVIEW OF REPORTS, IT APPEARS THAT  
CHF HAS BEEN VERY RESPONSIVE TO AGREEMENT OBJECTIVES  
AND REQUIREMENTS. SCASSA

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