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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

Mr. Paul Gabele
Country Director
Cooperative Housing Foundation (CHF)
Condominio Balam Quitzé No. 10
Paseo General Escalón
San Salvador

April 28, 1992

SUBJECT: Operational Program Grant
No. 519-0333-G-00-0123-00
Amendment No. 2

Dear Mr. Gabele:

Pursuant to the authority contained in the Foreign Assistance Act of 1961 as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby amends the above referenced Operational Program Grant dated January 12, 1990, as previously amended, with the Cooperative Housing Foundation (hereinafter referred to as "CHF" or "Grantee"), by extending the Project Assistance Completion Date to December 31, 1992 and by adding the sum of \$1,039,000 to provide continuing support to the Cooperative Housing Foundation to carry out its housing construction project for families whose homes and communities were affected by the October 10, 1986, earthquake in San Salvador. Accordingly, Attachment 1, entitled "Schedule," and Attachment 3, entitled "Illustrative Financial Plan" of the Grant are hereby amended to reflect the addition of funds and the changes contained in Annexes I and II to this letter.

This addition of \$1,039,000 which is effective April 1, 1992, brings the total amount obligated and total estimated amount of this Grant to \$1,462,300. The Grantee is not authorized to expend or incur costs in excess of the amount obligated without prior approval from A.I.D. The obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of the project activities through December 31, 1992.

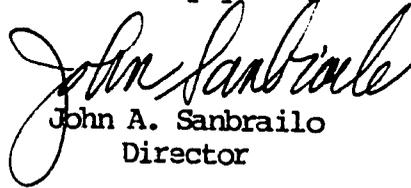
These funds are being made available to the Cooperative Housing Foundation on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule," and Attachment 3, entitled "Illustrative Financial Plan," modified herein.

Except as herein amended all other terms and conditions of the Grant remain in full force and effect.

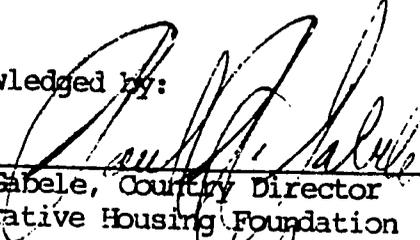
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Please sign the original and two (2) copies of this letter to acknowledge receipt of this Grant Amendment, and return the original and one (1) copies to A.I.D. El Salvador, and retain one (1) copy for the Cooperative Housing Foundation.

Sincerely yours,


John A. Sanbrailo
Director

Acknowledged by:


Paul Gabele, Country Director
Cooperative Housing Foundation

Date: 28 April, 1992

ATTACHMENTS

- Annex I: Changes to the Schedule
- Annex II: Changes to the Program Description
- Annex III: Changes to the Illustrative Financial Plan

FISCAL DATA

Appropriation:	72-11M1037 72-118/91037
Budget Plan Code:	LESA-87-25519-KG13 (\$1,039,000) LES8-88-25519-KG13 (\$ 423,300)
Project No.:	519-0333
Total Estimated Amount:	\$1,462,300
Previous Obligation:	\$ 423,300
Total This Obligation:	\$1,039,000
Total Obligated to Date:	\$1,462,300
Funding Source:	USAID/EL SALVADOR

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ANNEX I
Changes to the Schedule
Attachment 1 of the
Operational Program Grant

Except as herein modified, all terms and conditions of the original Schedule remain in full force and effect.

"A. GOAL AND PURPOSE

1. Goal

The goal of this Grant is to provide support to CHF to carry out a housing construction program for low-income families whose homes were adversely affected by the October, 1986, earthquake in San Salvador.

2. Purposes

a) To construct approximately 530 new apartments for low-income former residents of rental housing (mesones) in approximately 8 centrally located sites in El Salvador.

b) To promote mortgage loans through Savings and Loan Institutions so that approximately 530 former residents of mesones may purchase the new apartments.

c) To construct approximately 300 basic self-help homes for earthquake victims in two selected communities, including basic infrastructure, public services and community facilities."

B. PERIOD OF THE GRANT

Section B.1. is hereby deleted in its entirety and the following substituted therefor:

"1. The effective date of this Grant Amendment is February 12, 1990. The expiration date of this Grant is December 31, 1992."

C. AMOUNT OF GRANT AND PAYMENTS

Section C is hereby deleted in its entirety and the following substituted therefor.

"1. The total estimated amount of this Grant is \$1,462,300, subject to the availability of funds which will encompass a period from the effective date of this Amendment until December 31, 1992.

"2. A.I.D. hereby increases the amount obligated under the Grant by \$1,039,000 bringing the total cumulative obligation to date to \$1,462,300 for program expenditures during the period specified in B.1. and as shown in the Annex III, entitled "Illustrative Financial Plan."

"3. Payment shall be made to the Grantee in accordance with the procedures set forth in paragraph 3, entitled "Payment - Letter of Credit" of Annex IV, Standard Provisions for U.S. Grantees and Subgrantees."

D. ILLUSTRATIVE FINANCIAL PLAN

Section D is hereby deleted in its entirety and the following substituted therefore.

"The Illustrative Financial Plan for the total life-of-project funding is set forth in Annex III to this Grant Amendment. Revisions to this plan shall be made in accordance with the Standard Provisions of this Grant entitled "Revision of the Grant Budget." The total Grant Budget of \$1,462,300 may not be exceeded."

I. INDIRECT COST RATE

Section I is hereby deleted in its entirety and the following substituted therefor:

"CHF's provisional indirect cost rates are estimated as follows:

<u>Type</u>	<u>Rate</u>	<u>Period</u>	<u>Base</u>
Provisional (A&B)	96%	From February 12, 1990 until July 31, 1991	Direct salaries and fringe benefits of U.S. employees
Provisional (A)	142.22%	From August 1, 1991 until amended	Direct salaries and fringe benefits of U.S. employees
Provisional (B)	139.29%	From August 1, 1991 until amended	Direct salaries and fringe benefits of U.S. employees

(A) Home Office (B) Field

"The actual (final) rate will be the amount established by the AID/W upon completion of the audit of CHF worldwide AID contracts.

"Should the actual rate be higher than the estimated, the Grantee shall adjust line items within the Grant so as not to exceed the total amount for administration of the Grant, that is, \$646,300. Conversely, if the actual rate is lower than the estimated indirect cost rate, CHF will reimburse the U.S. Government for the net difference. See Annex III - Illustrative Financial Plan."

ANNEX II
Changes to the Program Description
Attachment 2 of the
Operational Program Grant

Attachment 2 of the original Operational Program Grant, entitled "Program Description," is hereby amended by deleting it in its entirety and substituting the following in its place.

"A. GOAL AND PURPOSES OF GRANT

1. Goal

The goal of this Grant is to provide support to CHF to carry out a housing construction program for low-income families whose homes were adversely affected by the October, 1986, earthquake in San Salvador.

2. Purposes

a) To construct approximately 530 new apartments for low-income former residents of rental housing (mesones) in approximately 8 centrally located sites in El Salvador.

b) To promote mortgage loans through Savings and Loan Institutions so that approximately 530 former residents of mesones may purchase the new apartments.

c) To construct approximately 300 basic self-help homes for earthquake victims in two selected communities, including all the basic infrastructure, public services and community facilities.

B. ACTIVITIES

CHF will coordinate with other institutions providing services where CHF is active in housing construction, to ensure that activities are complementary and do not overlap.

1. Development and Construction of Apartment/Houses

A total of US\$1,693,800 is budgeted for this Component and will be obtained from the Savings and Loans Association (SLA) under the Housing Credit Component of the Earthquake Reconstruction Project No. 519-0333. CHF will promote and implement the construction of approximately 530 apartments for low-income earthquake victims on approximately 8 sites approved by A.I.D. and the DGR. Project designs will be subject to A.I.D. approval as part of the Project Implementation Plan (PIP) and Actions Plans. The projects will be developed in centrally located sites in San Salvador. Because off-site infrastructure such as sewage, water, and drainage are not included in this Grant, CHF will coordinate with other organizations responsible for the provision of infrastructure.

Prior to project execution, socio-economic surveys will be developed, which will determine the financial and economic capacity of those families acquiring the new apartments.

CHF will identify and purchase appropriate sites and complete construction of the apartments using a combination of paid skilled labor and self-help by future residents. CHF will also be responsible for developing plans and specifications for the construction work using its own staff or contracting with professional architects and engineers.

The maximum cost per unit will be \$4,000 including land, house, and infrastructure costs. The average unit price will be \$3,333.

CHF will facilitate and promote mortgage loans for 530 families who qualify as low-income earthquake victims, under Grant Agreement No. 519-0333 between A.I.D. and the GOES. The \$1,693,800 in loan funds will be channelled through Savings and Loan institutions designated by CHF, via the Financiera Nacional de la Vivienda (FNV). These funds may also be used for short-term construction loans to CHF. Reflows will be handled according to the procedure stipulated in Section VI.C. of the Memorandum of Understanding signed between the GOES and CHF. Prior to the commencement of credit promotion activities, CHF will sign a Memorandum of Understanding with the Savings and Loan institution which will describe loan facilities and procedures satisfactory to both parties and to A.I.D.

2. Self-Help Housing

CHF will develop approximately 300 units of self-help housing in two selected communities approved by A.I.D. and the DGR. The cost for each unit is approximately \$1,700. The units will be delivered as completed housing units but are designed so that the owners will be able to expand and improve over the years according to each family's financial capability and space needs. Funds for infrastructure construction of services such as water, sewage and electricity for these units are included under this Grant Amendment. Participating families will contribute with self-help labor or up to \$175 in cash. Some exceptions will be made for unwed women who are heads of households and under or unemployed, elderly and those who may be infirm or chronically ill and unable to work.

Funding for the construction of these houses and related community services will be provided through CHF as part of the Grant (see Annex III, Illustrative Financial Plan, page 2). This is a change from the method used in the construction of the apartments described in B.1. above, where project funds for construction were channeled through the Savings and Loan Associations. The reason for the change is that the 300 units of self-help housing are for very low income families in a relocation area, who do not have sufficient income to qualify for housing credit. The beneficiaries will contribute with self-help labor and will pay for their lots over time. However, they will not be required to repay the cost of materials, skilled labor, infrastructure or community facilities.

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3. Community Facilities

CHF will also implement community construction projects in these two communities which will benefit approximately 2,400 persons. The projects include the construction of community centers, clothes washing and bathing facilities and recreational areas.

4. Project Development

Reflows from the previous Grant Agreement 519-0333-G-00-8036-00 with CHF will be initially used for the purchase of land and other recoverable costs under the project development phase. The total amount of these reflows is estimated at approximately \$412,000.

These funds will finally be invested as follows:

- a) Approximately \$116,100 to subsidize the purchase of housing for very low-income families for the period February 12, 1990 through March 31, 1992.
- b) Approximately \$65,900 to cover CHF's local administrative costs for the period February 12, 1990 through March 31, 1992.
- c) All remaining reflows are to be deposited upon recovery in the special BCR account to be used for contingencies in the Earthquake Reconstruction Project as mutually agreed upon by the GOES and USAID.
- d) CHF will also collect up to 1,400 Colones (\$175) from those participating families (not excepted) who are not able to contribute their total required hours of self-help labor. These funds will also be deposited in the same BCR special account.

CHF will provide up to \$170,000 from their own funds for working capital (construction financing) in the construction of 55 apartments. Once the project is completed, CHF will recover this working capital in the form of local currency (colones) as the long term mortgage loans are provided through the savings and loan system.

5. Administration and Operational Costs

To carry out the design, planning and development activities required for this Grant Agreement, CHF will use up to the total of \$646,300 provided in grant funds herein and \$65,900 in reflows for local administrative and operational expenses (i.e. salaries, technical assistance, transportation, etc.), as shown in Annex III - Illustrative Financial Plan."

Annex III
 Changes to Attachment 3, Illustrative Financial Plan
 Operational Program Grant No. 519-0333-G-00-0123-00
 Cooperative Housing Foundation (CHF)
 (US DOLLARS)

I. ADMINISTRATIVE COSTS

<u>LINE ITEMS</u>	<u>PRIOR OBLIGATION</u>	<u>THIS OBLIGATION</u>	<u>TOTAL OBLIGATION</u> <u>UNDER THIS OPG</u>	<u>ADDITIONAL COSTS FOR</u> <u>ADMINISTRATION (FROM REFLWS)</u>
A. SALARIES				
Field: Country Director	96,500	39,700	136,200	
Home: Project Manager	22,502	6,500	29,002	
Short Term Tech.	4,167	0	4,167	
Secretary	3,525	1,300	4,825	
Subtotal	126,694	47,500 <u>1/</u>	174,194	
B. CONSULTANTS	7,150	9,375	16,525	
C. TRAVEL AND TRANSPORTATION				
H/E Shipping/Storage	17,637	5,000	22,637	
Air Fares	7,100	2,000	9,100	
Local Travel	1,900	0	1,900	
Per Diem	6,400	500	6,900	
Subtotal	33,037	7,500	40,537	
D. ALLOWANCES				
Housing	17,200	6,750	23,950	8,460
Post Differential	11,100	6,000	17,100	0
Subtotal	28,300	12,750	41,050	8,460
E. OTHER DIRECT COSTS				
Local Hire Staff: 1/				
- Secretary/Amd. Ass.	13,050	3,713	16,763	6,896
- Project Coordinator	10,800	7,250	18,050	5,240
- Technical Supervisor	9,750	5,813	15,563	4,648
- Receptionist	0	2,400	2,400	3,408
- Messenger	0	1,475	1,475	1,984
- Janitor	0	1,475	1,475	1,984
- Field Technician (3)	0	13,912	13,912	0
- Tech. Ass./Procurem.	0	3,975	3,975	0
- Accountant (Part T.)	0	2,412	2,412	0
- Promoter	0	3,975	3,975	0
- Social Worker (2)	0	5,075	5,075	0
Telecommunications	3,600	2,100	5,700	2,720
Postage/Courier	1,500	750	2,250	960
Copying/Printing	1,800	1,850	3,650	1,280
Supplies	900	1,250	2,150	1,440
Rent/Utilities	27,000	11,750	38,750	15,200
Insurance	4,196	1,650	5,846	2,400
Furniture/Equipment	3,750	1,350	5,100	800
Vehicle Repairs/Fuel	10,500	4,850	15,350	5,600
Miscellaneous	3,600	2,450	6,050	2,880
Subtotal	90,446	79,475	169,921	57,440
F. INDIRECT COSTS	137,673 <u>2/</u>	66,400 <u>3/</u>	204,073	
TOTAL ADMINISTRATIVE COSTS	423,300	223,000	646,300	65,900 *

1/ Represents an average 10% increase over current salaries for remainder of the Grant.

2/ 96% of Direct Salaries and Fringe Benefits of U.S. employees.

3/ 142% (Home Office) and 139% (Field) of Direct Salaries and Fringe Benefits of U.S. employees.

II. CONSTRUCTION COSTS

A. CONSTRUCTION OF 300 SELF-HELP HOUSES

1. House construction (approximately \$1,750/unit)	\$	525,000
2. On-site infrastructure/urbanization (\$310/unit)	\$	93,000
3. Indirect costs (institutional fees, equipment, maintenance, depreciation, etc.)	\$	51,000
4. Contingency (3%)	\$	20,000
SUBTOTAL	\$	<u>689,000</u>

B. OFF-SITE INFRASTRUCTURE

1. Sewage disposal and/or treatment (including design)	\$	80,000
2. Water supply	\$	13,000
3. Contingency (5%)	\$	5,000
SUBTOTAL	\$	<u>98,000</u>

C. COMMUNITY FACILITIES

1. Recreation areas	\$	6,000
2. Community centers (2)	\$	16,000
3. Washing facilities (2)	\$	5,600
4. Contingency (5%)	\$	1,400
SUBTOTAL	\$	<u>29,000</u>

TOTAL CONSTRUCTION COSTS	\$	816,000
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III. TOTAL COST OF THE PROJECT

<u>LINE ITEM</u>	PREVIOUS OBLIGATION	THIS OBLIGATION	TOTAL
A. ADMINISTRATIVE COSTS	\$ 423,300	\$ 223,000	\$ 646,300
B. CONSTRUCTION COSTS	\$ 0	\$ 816,000	\$ 816,000
GRAND TOTAL	\$ 423,300	\$ 1,039,000	\$ 1,462,300

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UNITED STATES OF AMERICA A. I. D. MISSION
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SAN SALVADOR, EL SALVADOR, C. A.

MEMORANDUM

DATE: March 27, 1992

TO: Laura McGhee, Grant Officer

FROM: David S. Kitson, D/IRD *DSK*

SUBJECT: Earthquake Reconstruction Project No. 519-0333, Amendment to Operational Program Grant No. 519-0333-G-00-0123-00 with the Cooperative Housing Foundation (CHF) - Justification of Non-Competitive Award

Handbook 13, Chapter 2, Section 2B3 provides that "competition is not required for, among other things: assistance awards based on an unsolicited application when the Project Office certifies, based on explanatory findings and determines that the proposal (1) was not solicited by USAID; and (2) is unique, innovative, or proprietary, and acceptance would be fair, reasonable, and would represent appropriate use of USAID funds to support or stimulate a public purpose; or follow-on assistance awards intended to continue or further develop an existing assistance relationship."

On February 12, 1990, the Mission Director signed the subject OPG for \$326,000 providing support to the Cooperative Housing Foundation (CHF) to carry out a housing construction project for approximately 450 families whose homes and communities were adversely affected by the October 10, 1986, earthquake in San Salvador. The OPG was amended on July 15, 1991 increasing the grant budget to \$423,300 and extending the completion date to March 31, 1992.

In early January 1992, CHF requested USAID and GOES consideration for an extension of the grant through December 31, 1992 to construct an additional 300 houses in two communities. An Action Memorandum (for the Director) was prepared (dated January 24, 1992) which was cleared by all offices represented on the Project Implementation Committee (PIC) and then approved by the Director on February 14, 1992. The approved Memorandum provided that between \$1.5 M and \$2.0 M in Project 519-0333 funds could be reprogrammed to allow additional construction of self help housing by PVO's during CY 1992.

Based on the above facts, the Technical Office (IRD/ER) hereby certifies that the proposal from CHF for the assistance under consideration was not solicited by USAID, that competition was not

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required since the Grantee is considered to have exclusive and predominant capability, based on experience, specialized facilities and technical competence, and has an existing relationship with the cooperating country, other voluntary agencies and beneficiaries. Also, this is an amendment to an existing assistance award to continue an on-going assistance relationship.

Approved 3/30/92

Drafted: CDean, DDIR/ER/ACMejia, PRJ	Date: <u>3/30/92</u>
Cleared: CBrady, IRD/ER	Date: <u>3/13/92</u>
RWitherell, ADD/IRD	Date: <u>3/31/92</u>
DSKitson, D/IRD ^{for}	Date: <u>4/5/92</u>
DArnold, CONT	Date: <u>4/22/92</u>
SLaFoy, PRJ	Date: <u>4/24/92</u>
JLovaas, DDIR	Date: <u>4/24/92</u>

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4/15/92

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

MEMORANDUM OF NEGOTIATION

DATE: March 31, 1992

TO: Laura McGhee, Agreement Officer

FROM: Charles C. Brady, IRD/ER 

SUBJECT: Amendment Number 2 to Operational Program Grant No. 519-0333-G-00-0123-00 with the Cooperative Housing Foundation (CHF)

On February 12, 1990, USAID and CHF signed an Operational Program Grant (OPG) in the amount of \$326,000 for the purpose of providing financial support to CHF to implement a housing reconstruction program in San Salvador. On July 15, 1991 Amendment No. 1 was signed increasing the total amount of the Grant to US\$423,300 and extending the expiration date to March 31, 1992.

On February 14, 1992 the Director approved the Action Memorandum dated January 29, 1992 which recommended reprogramming from \$1.5 M to \$2.0 M in Project 519-0333 funds to extend and expand the activities of three PVO's (CHF, Habitat and World Relief) in response to their unsolicited proposals.

On March 18, 1992, USAID received a request from the GOES (see attached letter from the Minister of Planning) to approve Amendment No. 2 to the Memorandum of Understanding (MOU) between the Dirección General de Reconstrucción (DGR) and CHF, and to amend the subject OPG accordingly.

The main elements to be incorporated in Amendment Number 2 are:

- 1) To increase the number of housing units from 530 to 830;
- 2) To provide \$816,000 for the construction of the 300 additional units complete with infrastructure, public utilities and community facilities;
- 3) To provide an additional \$223,000 for administrative, operational and supervisory costs;
- 4) To authorize a nine-month extension of the Agreement ending December 31, 1992.

