

Cooperative Housing Foundation
Quarterly Performance Report

Starter Home – Vivienda Mínima Progresiva (VMP)
Honduras

Grantee: Cooperative Housing Foundation
Cooperative Agreement: 522-A-00-00-00208-00
Reporting Period: July 1, 2000 to September 30, 2000
Submission Date: October 31, 2000

A. Background

CHF was awarded a Cooperative Agreement by USAID for the construction of 500 Starter Homes (Viviendas Mínimas Progresivas) in response to the devastation wrought by Hurricane Mitch in late October 1998. The Cooperative Agreement was effective October 29, 1999, and the Project Assistance Completion Date is scheduled for December 31, 2001. The Starter Home program will make recognizable, significant and measurable contributions to the achievement of USAID/Honduras' Hurricane Reconstruction Special Objective, and will directly contribute to the Intermediate Result, "Permanent Housing Developed for Dislocated Families." CHF will directly assist 500 families in building permanent core housing solutions to meet the urgent needs following Mitch. The program is funded with a \$1,367,943 grant from USAID. CHF will leverage a total of \$343,000 including the use of \$73,000 of CHF loan capital to constitute a 25% counterpart contribution.

B. Expected Results

The program goal is to help families in Honduras build basic core housing units, Starter Houses, in safe areas thus directly improving the living and sanitary conditions of those citizens who were directly affected by Mitch. CHF expects to meet this goal within 12 months, through an integrated program of credits, self-help and technical assistance.

CHF will take a comprehensive approach to housing in the implementation of this program. Special emphasis will be placed on building homes and communities in safe areas or in areas where risk to the environment and habitants can be mitigated. The beneficiary families will learn basic homebuilding techniques and the elementary personal-management skills necessary to plan, execute, and supervise the construction of a small house. The program will be designed ensuring the existence of basic infrastructure, risk identification and access to schools and health clinics. Specific objectives of the Starter Home program include:

- **Home Construction:** To build 500 Starter Homes in safe areas in 12 months, as a direct response to the destruction caused by Hurricane Mitch.
- **Municipal Response:** To help municipalities contribute to an effective democratic process by providing basic housing and infrastructure to hurricane victims in their area.
- **Beneficiary Skills:** To build 500 beneficiary families' skills in program planning and execution, home construction, and personal management.
- **Process Replication:** To promote a democratic, community-based self-help methodology in municipalities that can be replicated in future development initiatives.

C. Current Core Activities

During this quarter the Starter Home program has concentrated its activities in the programs five major stages, as follows:

1. PROMOTION

In order to identify the communities and programs potential beneficiaries, the Starter Home staff intensified the promotion campaign throughout the country. This stage included activities such as:

- Interviews with key municipal and institutional officials
- Information workshops for potential beneficiaries and community leaders
- Scouting and reviewing of potential sites for the implementation of the program, including temporary shelters settlements
- Media promotion through local radios and TV stations, as well as national newspapers

2. SELECTION

The requests of interest are formalized through the programs applications form, which is filled by the applicant with the assistance of CHF staff. The forms are reviewed and information verified prior to approval. The main activities of this stage are:

- Conducting credit workshops for potential beneficiaries
- Receiving, reviewing and verifying beneficiaries' applications
- Preparing credit contracts for beneficiaries

3. PREPARATION

Simultaneous with stage two, the Environmental Guidelines document is prepared and sent to USAID for approval. While approval is in process the Starter Home staff works on the reviewing of the house budget (local labor costs, design modifications for the area, etc.), surveying the materials available on site, identifying construction materials suppliers and the establishment of the purchasing process through a Committee created for this purpose.

A bidding process was successfully established at the end of this quarter in order to subcontract the construction of part of the starter homes to be built in the communities within the Municipality of El Progreso. The core activities during the Preparation Stage have been:

- Environmental guidelines
- On site land inspection
- Self construction workshops
- Individual house budget update
- Purchasing Committee meetings
- Verification of quality of materials
- Credit request to materials suppliers
- Materials request schedule
- Bidding process for subcontractors

4. EXECUTION

This stage includes the on-site construction activities and the financial coordination that is managed from the national office in Tegucigalpa.

- Recruitment and hiring of local workers
- On-site construction supervision and quality control
- Construction logistics
- Payments requests for materials suppliers
- Managing the program's financial and administrative aspects

5. POST CONSTRUCTION FOLLOW-UP

After the homes are turned over to beneficiaries, the Starter Home staff is responsible for the on-site follow up of the program's loan portfolio as well as technical assistance in credit management and other construction assistance required by beneficiaries. The main activities are:

- Inauguration ceremonies
- Payment collections
- Credit reports to head office
- Credit follow-up visits to beneficiaries
- Technical assistance to beneficiaries on home expansion or improvement

D. Current Buy-Ins

None

E. Current Sub-Contracting Activities

The Starter Home project was designed to contract with local contractors to build the Starter Homes. In this manner, CHF deals with one person or a small company per house, or group of houses, and is not responsible for hiring and managing the entire construction crew. In all cases, the contractors must agree to work with beneficiary labor.

F. Performance

1. STARTER HOMES COMPLETED

Number of completed houses this quarter:	49
Number of completed houses to this date:	80
Number of houses currently under construction ¹ :	32
Number of applications approved and ready to start construction ² :	145
Number of applications under selection process ³ :	170
Total (real and potential beneficiaries)	427

¹ Orocuina, Municipality of Orocuina, Choluteca.

² Agua Blanca Sur and Guaymitas, Municipality of El Progreso, Yoro.

³ El Porvenir, Municipality of San Manuel, Cortés

2. OCCUPANCY

Percentage of homes occupied 60 days after completion: 95%

Four (4) out of the eighty houses built and turned over so are not yet occupied by the beneficiaries. In these four (4) cases the number of family members to live in the house is very large and the families must expand the house before all can move in. The expansion works are in progress and the beneficiaries are expected to move in as soon as the works are completed.

CHF's goal is to reach a 100% occupancy rate in 60 days for all sites. This is considered a key impact indicator of post-disaster housing where occupancy rates are historically low. Although a 95% occupancy rate at 60 days is lower than the program's standard, it is says and will reach 100% in the short-term.

3. CONSTRUCTION: AVERAGE COST AND HOME IMPROVEMENTS

As reported last quarter after the first round of construction, the Starter Home budget increased by US\$ 136.00 per house over the initial estimated cost of US\$1,460.00. This increase was mostly due to the improved sanitation facility, which technically could be covered under the infrastructure line item. That said the Starter Home technical staff worked to reduce the budget to at least to the proposed cost of US\$ 1,460.00 by negotiating better prices while maintaining quality. To this date and after four rounds of construction the average starter home cost per house has been reduced to US\$1,415.00, which is US\$45 less than expected. This is particularly impressive considering the design improvements that have been implemented.

As the program expands throughout the country new materials are being studied and tested considering the program budget as well as the needs and desires of local beneficiaries. For example, the Starter Home up-coming projects in the northern region of Honduras will use metal beams and roofing instead of wood and clay tiles.

The overall design of the home continues to be a success, which is measured by the beneficiaries' positive response to the completed homes and the number and rate at which the homes are improved by the beneficiaries.

4. EMPLOYMENT GENERATED

The Starter Home takes an average of 10 days to be built. During construction each house is managed by a foremen and built by two bricklayers, one experienced helper and one unskilled labor provided by the beneficiaries. For each house built, there is an average of 1.67 person-months of local employment generated.

Total number of person-months of employment generated: 133.60⁴

The following table shows the CHF personnel involved in the management, coordination and construction of the homes in the different project sites:

⁴ Accumulated to September 30, 2000

Title	Number	Status
Program Manager	1	Permanent
Technical Manager	1	
Assistant engineer	1	
Manager assistant	1	
Administrative assistant	1	
Foreman	1	
Credit promoter	1	
Assisted Self-help construction promoter	1	
General services	2	
Foremen	16	Contracted
Bricklayers	160	
Experienced helper	80	
Unskilled labor	80	Beneficiaries

5. COUNTERPART CONTRIBUTION

Accumulated to September 30th	US\$ 53,657.04
DISTRIBUTION	
Land value	80.00 %
Training workshops	02.04 %
Unskilled labor (beneficiaries)	10.80 %
Construction equipment	04.68 %
Construction materials	01.58 %
Construction permits	00.90 %
TOTAL	100 %

6. CREDIT

Number of loans in repayment:	80
Average amount of loan:	US\$ 815.00
Additional approved credits:	177
Repayment Rate:	98%

7. TRAINING

During this quarter more than 394 potential program beneficiaries received training and information through credit and construction workshops. The following are pictures of two communities participating in CHF workshops.



8. CONSTRUCTION STRATEGY

CHF opened a field office in the city of El Progreso, Yoro in September for the Starter Home staff. This office will provide the necessary administrative and logistical support to move ahead on program promotion, selection, construction and supervising activities for the three major projects that CHF intends to start in October in the northern area of the country. A shared office with minimal CHF staff will remain open until the final few homes in the south are completed.

In order to achieve the program's goal, it is intended that from this month on, several teams will build houses in different projects simultaneously. CHF as well as a local subcontractor will be responsible for the house construction in selected communities. Direction and supervision of the construction activities will always be a major responsibility of the Starter Home staff.

G. Lessons Learned

Even in a small country such as Honduras, the needs and desires of people regarding housing change from one community to the other. As mentioned in last report, CHF encourages the beneficiaries to participate in the reconstruction of their lives through the construction of their core or starter house. As the programs moves from one community to the other the potential beneficiaries are persuaded during the information and credit workshops to express their opinions about the design and construction materials used in the starter home. By listening to them and taking into account their suggestions, CHF encourages an active role for the beneficiaries, which promotes ownership of the program and long-term sustainability.

H. Environmental Issues

So far the Starter Home program has been implemented in areas that have already been developed reducing the need for major environmental risk mitigation measures as reported in the 2nd quarter report. The following tables contain the aspects that have been considered in the environmental analysis regarding the provision of standard services and maintenance for the upcoming starter home projects throughout the country.

Location	Agua Blanca Sur, El Progreso 14 Km. South of El Progreso, Yoro
Potential Beneficiaries:	200
USAID Environmental guidelines:	Approved
Environmental license:	In Process

Service	Responsible
Potable water	Municipality/beneficiaries (project currently under construction)
Sanitation facilities	CHF, septic latrines for beneficiaries Pending funding for permanent sewer system
Solid waste disposal	Community Municipality (future project)
Transportation	Existing public services (buses and taxis)
Cooking	A workshop concerning improved stoves will be given by CHF to beneficiaries as well as other residents.
Road improvement	Municipality
Energy	Beneficiaries through ENEE (National Energy Service)
Education	Ministry of Education in nearby existing schools. A day care and a primary school are to be built by beneficiaries.

Location Guaymitas, El Progreso
16 Km. North of El Progreso, Yoro

Potential Beneficiaries: 65

USAID Environmental guidelines: In process

Environmental license: In Process

Service	Responsible
Potable water	Municipality/beneficiaries (project currently under construction)
Sanitation facilities	CHF, septic latrines
Solid waste disposal	Self management in communal disposal
Transportation	Existing public services (buses and taxis)
Cooking	A workshop concerning improved stoves will be given by CHF to beneficiaries as well as other residents.
Land purchase / Road improvement	Municipality
Energy	Beneficiaries through ENEE (National Energy Service)
Education	Existing public schools.

Location Orocuina, Choluteca
24 Km. North of Choluteca

Potential Beneficiaries: 32 (disperse)

USAID Environmental guidelines: In process

Environmental license: In Process

Service	Responsible
Potable water	Existing system in one area and a well to be built by the beneficiaries
Sanitation facilities	CHF, septic latrines
Solid waste disposal	Self management in communal disposal
Transportation	Existing public services (buses and taxis)

Land purchase / Road improvement	Beneficiaries / Municipality
Energy	Beneficiaries through ENEE (National Energy Service)
Education	Existing public schools

I. Next Quarter Goals

- Identify and approve the final selection beneficiaries to complete the 500 house goal
- Complete the building of 300 houses
- Maintain a 98% or higher repayment rate on the loan portfolio