

PD-ABT-856
110365

Cooperative Housing Foundation (CHF)
Quarterly Performance Report

Starter Home - *Vivienda Mínima Progresiva* (VMP)
Honduras

Grantee: Cooperative Housing Foundation (CHF)
Cooperative Agreement: 522-A-00-00-00208-00
Reporting Period: April 1, 2001 to June 30, 2001
Submission Date: July 31, 2001

A. Background

CHF was awarded Cooperative Agreement #522-A-00-00-00208-00 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 scheduled for October 29, 1999 to December 31, 2001. The Starter Home program is making 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." Based on the original goals, CHF directly assists 500 families to build permanent core-housing solutions to meet the urgent needs following Mitch. The program was funded with a \$1,367,943 grant from USAID, and CHF is leveraging a total of \$343,000 including the use of \$73,000 of CHF loan capital to constitute a 25% counterpart contribution.

Since the beginning of the program, two amendments have been approved to modify the original cooperative agreement, as follows:

Amendment	Date	Amount by USAID	Number of Houses
1	January 2001	\$ 296 570.00	100
2	June 2001	\$ 110,000.00	35

The total award is now \$1,774,513.00 with a goal of building of building 635 houses nationwide. The project end date remains the same.

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 will meet this goal through an integrated program of credit, self-help and technical assistance.

CHF takes a comprehensive approach to housing in the implementation of this program. Special emphasis is placed on building homes and communities in safe areas or in areas

where risk to the environment and habitants can be mitigated. In many cases, the beneficiary families learn basic homebuilding techniques and the elementary personal-management skills necessary to plan, execute, and supervise the construction of a small house. The program ensures the existence of basic infrastructure, risk identification and access to schools and health clinics.

Specific objectives of the Starter Home program (including Amendments #1 & #2) are:

- **Home Construction:** Build 635 Starter Homes in safe areas, as a direct response to the destruction caused by Hurricane Mitch;
- **Municipal Response:** Help municipalities contribute to an effective democratic process by providing basic housing and infrastructure to hurricane victims in their area;
- **Beneficiary Skills:** Build 635 beneficiary families' skills in program planning and execution, home construction, and personal management; and
- **Process Replication:** 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 continued to concentrate its activities on the five main program stages, as follows:

1. PROMOTION

In order to identify the final communities and 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 in Urraco, Progress, La Lima and others
- Scouting and reviewing of potential sites for the implementation of the program, including temporary shelter settlements
- Media promotion

2. SELECTION

The identification of many of the actual and potential sites is a result of letters of interest from communities that have heard of the program. The first step that CHF takes to qualify

a new community is to review the potential sites for environmental concerns, hazards, basic services, etc.

Once an area is deemed acceptable, the requests of interest are formalized through the program's application form, which is filled out by the applicant with the assistance of CHF staff. The forms are then verified and analyzed for capacity to pay and completion of program requirements. The main activities during this stage are:

- Conduct credit workshops for potential beneficiaries
- Receive, review and verify beneficiary applications
- Analyze each beneficiary's capacity to pay and program eligibility
- Prepare credit contracts for beneficiaries

3. PREPARATION

Simultaneous with stage two, the USAID environmental guidelines document is prepared and sent to USAID for approval. While approval is in process the Starter Home staff works on reviewing the area specific house budget, surveying the materials available in the area, identifying construction material suppliers and establishing the purchasing required through a committee created for this purpose. The core activities during this stage have been:

- Preparing environmental guidelines document
- Conducting self-help construction workshops
- Updating house budget based on new site conditions
- Holding Purchasing Committee meetings
- Verifying quality of materials with suppliers in new area
- Requesting short-term credit with new material suppliers to facilitate purchases
- Preparing materials request schedule
- Bidding process for subcontractors where applicable

4. IMPLEMENTATION

During this stage, construction activities are managed through the field supervisors on the construction sites, and the general administration and financial coordination is handled from the CHF office in Tegucigalpa. The following are the main activities during this stage:

- Recruitment and hiring of local workmanship
- On site construction supervision and quality control
- Construction logistics
- Payment requests for materials suppliers
- Monitoring of the program's financial and administrative activities

5. POST CONSTRUCTION FOLLOW UP

After construction of the homes is completed and the homes are turned over to the beneficiaries, the Starter Home staff is responsible for the follow up of the program's loan portfolio as well as technical assistance in credit, and servicing or construction matters as may be required by the beneficiaries. The main activities are:

- Award ceremonies
- Posting of loan payments
- Preparation of credit reports
- Visits to beneficiaries in arrears
- Project evaluations
- Technical assistance with any construction follow up or home expansion

D. Current Buy-Ins

None

E. Current Sub-Contracting Activities

None

F. Performance

1. STARTER HOMES COMPLETED

Number of completed houses this quarter:	50
Number of completed houses to date:	450
Number of houses currently under construction:	6
Number of applications approved and ready to start construction:	92
Number of applications in selection process:	<u>87</u>
Total (real and potential beneficiaries):	635

2. OCCUPANCY

The following table shows the Starter Home Program occupancy status after 60 days of completion according to the latest field evaluation:

STARTER HOME OCCUPANCY STATUS BY JUNE 30, 2001

CITY / COMMUNITY	PROJECT	# HOMES	VACANT HOMES AFTER 60 DAYS	OCCUPANCY RATE
CHOLUTECA	GRACIAS A CRISTO	16	0	100%
OROCUINA	DISPERSED	32	9	72%
SAN LORENZO	DISPERSED	64	2	97%
AGUA BLANCA	GETSEMANI	140	4	97%
GUAYMITAS	LA ESPERANZA	71	< 60 DAYS	N/A
EL PORVENIR	EMMANUEL	112	< 60 DAYS	N/A
TOTAL OF HOMES		435		
TOTAL OF HOMES > 60 DAYS		252		
GENERAL VACANCY >60 DAYS			15	
GENERAL OCCUPANCY RATE				94%

N/A : Not applicable, starter homes were transferred to beneficiaries May 10, 2001.

Average percentage of homes occupied 60 days after completion: 94%

Fifteen (15) out of the 252 houses built and turned over more than 60 days ago, are not yet occupied by the beneficiaries. Of the fifteen (15) families who have not occupied their houses before the 60-day deadline, three (3) families have reported personal difficulties such as illness, pregnancy or accidents, four (4) families have expressed their desire to enlarge the house before they move in and the remaining eight (8) families are waiting for the completion of the potable water system in Orocuina which is several months behind schedule.

Although CHF aimed for and continues to aim for 100% occupancy at 60 days after completion, the current 94% rate is not considered a problem at this point. CHF aimed at 100% occupancy at 60 days because it wanted to attend to the families with the most urgent needs first. Although a family might have lost its home to Mitch and be in need of a home, if the house is not immediately occupied, the immediate need for shelter is obviously being satisfied through other means.

Each uninhabited house case is being analyzed individually with the goal of reaching the 100 % occupation rate as soon as possible. As stated in the CHF proposal, high occupancy rates for housing programs after natural disasters are good indicators that the right houses are being provided for the right people. The few disbursed cases in this program indicate that CHF's program is benefiting those who need it. Unfortunately, many housing projects in Honduras have occupancy rates of lower than 50%.

Although CHF would have preferred to see 100% occupancy in Orocuina, the result of the project outweighs any negative perception with respect to occupancy. CHF finished the construction of the homes in early November 2000, and the beneficiaries were expecting the support of local authorities to expand the water system to their area. As time passed and without any response from the municipality, the beneficiaries organized themselves into a Development Committee to solve their own needs. This small group of families

requested a donation from a local NGO for 2.4 kilometers of PVC pipe to connect the Vista Hermosa neighborhood with Orocuina's water distribution tank. They also collected the necessary funds to pay for pipe installation as well as the digging and closing of the ditches. Because of the beneficiaries' efforts, the potable water system for Vista Hermosa, Orocuina will soon be a reality and all the Starter Homes in the project will be occupied increasing the program's overall occupancy rate to 98%.

When the original plans fell through, CHF was tempted to build the water system itself, but instead decided to monitor the situation and help push it along. This example of Vista Hermosa, Orocuina is worth mentioning as it clearly shows what beneficiaries can achieve when they organize themselves and are left to their own initiative and means to solve their problems.

3. CONSTRUCTION: AVERAGE COST AND HOME IMPROVEMENT STATUS

To date 450 Starter Homes have been built. The following table shows the historical evolution of the construction costs per project:

No.	Community / City / Department	Built Solutions	Average Cost per House US\$	Total Invested US\$
1	Gracias a Cristo, Choluteca	16	1,460	23,360.00
2	Alto Verde, San Lorenzo	64	1,560	99,840.00
3	Orocuina, Choluteca	32	1,415	45,280.00
4	Agua Blanca Sur, El Progreso	140	1,633.40	228,676.00
5	El Porvenir, Cortés	127	1,418.36	180,131.72
6	Guaymitas	71	1,704.00	120,984.00
Total to this date		450		698,271.72

The latest cost estimate indicates that the average construction cost per house is US\$ 1,551.71, which is US\$ 91.71 higher than the US\$ 1,460.00 per unit estimated in the program's proposal. This amount represents a mere 6.3% increase over the original per unit budget which is significantly lower than one would expect considering the added features of the home and increases in construction material costs. CHF has been able to manage the budget well by negotiating good prices, keeping tight control over material loss and maintaining efficiency in construction. The Starter Home staff will continue to work diligently to maintain the constructions cost within reasonable margins guaranteeing the execution of the program as planned.

CHF takes great pride in the sense of ownership that the majority of beneficiaries of the Starter Home program have demonstrated. This sense of ownership is reflected in the

house improvements completed by the beneficiaries. Periodically, CHF sends out supervisors to qualify and quantify these improvements in all the communities where the program has been implemented. This evaluation not only helps CHF to report on how the program has benefited the families, but also, it gives the technical staff ideas on home design changes and suggestions for improvements for other families.

Improvements are considered all permanent changes done to the house by the beneficiary with the purpose to better its original conditions. Some of the most common improvements are wall plastering, protection bars on the windows, flooring, fences, porches or sidewalks, water reservoirs, electric wiring and painting. Additionally, CHF considers house enlargements to be all expansion projects involving permanent materials that are covered by a roof. To date more than 88 % of the original Starter Homes show either improvements or enlargements. This percentage is considerable since many families have only recently taken possession of their home and are currently making monthly payments to CHF.

According to the last field visit, the improvements and/or enlargements to the Starter Homes are summarized as follows:

TYPE	PERCENTAGE
Enlargement	12%
Improvement (Significant) ¹	14%
Improvements (Simple) ²	48%
None	12%

4. QUALITY CONTROL

As mentioned in previous reports CHF is committed to guaranteeing the quality of the materials used for the construction of the houses. Periodically material tests and quality certificates are requested from providers. In addition, CHF engineers visit production plants or production sites to verify the quality of input materials and the techniques and procedures used during the manufacturing process.

Furthermore, CHF cares about the quality of the services related to housing developments where the Starter Home program has been implemented. The program has started a campaign of cleaning, gauging and monitoring the quality of water in all wells supplying water to the benefited communities.

The intention of this campaign, besides confirming the quality the consumed water in the community, is to verify the potential equipment needed in order to guarantee a suitable water supply for the beneficiaries. The following is an example of the results of a recent assessment made in Colonia Emmanuel, El Porvenir.

¹ Three or more improvements done to the original house

² One to two improvements done to the original house

SERVICIO AUTONOMO NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS

HOJA DE RESULTADOS

LABORATORIO REGIONAL DE CALIDAD DE AGUA
SANA EL PROGRESO, YORO. TEL 647 44 02

INF. No.: 3094

RECOLECTOR DE MUESTRA MARIO NOVOA AGENCIA CHF
FECHA DE MUESTRA 18-06-2001 HORA 11:10 AM NOMBRE DE FUENTE _____
COMUNIDAD COLONIA EMMANUEL
MUNICIPIO SAN MANUEL DEPARTAMENTO CORTES

TIPO DE FUENTE		SITIO DE MUESTREO			
POZO	X	POZO		CISTERNA	
MANANTIAL		PRESA		OTRO	X
QUEBRADA		TANQUE			
		RED			

ANALISIS BACTERIOLOGICO				FECHA: 18-06-2001 HORA: 3:00 PM			
COLIFORMES FECALES				COLIFORMES TOTALES			
ml Filtrados	No. Col. Contadas	ml Filtrados	No. Col. Contadas	ml Filtrados	No. Col. Contadas	ml Filtrados	No. Col. Contadas
10	0						
Coliformes Fecales / 100 ml : 0				Coliformes Totales / 100 ml :			

ANALISIS FISICO QUIMICO				FECHA: 18-06-2001			
PARAMETRO	UNID.	NORMA	RESULTADO	PARAMETRO	UNID.	NORMA	RESULTADO
TEMPERATURA	°C	18-30	27.6	NITROGENO NITRATO	mg/L	25**	1.5
TURBIEDAD	NTU	1-5 *	1.32	NITROGENO NITRITO	mg/L	0.1-3.0	0.005
CONDUCTIVIDAD	µS/cm	400	1590	NITROGENO AMONIACO	mg/L	0.05	0.07
COLOR VERDADERO	UCV	1	-	NITROGENO ORGANICO	mg/L	-	-
COLOR APARENTE	UC	-	11	CLORURO (Cl ⁻)	mg/L	25	78
PH		6.5-8.5	7.4	FLUORURO (F ⁻)	mg/L	-	0.65
TOTAL SOL. DISC. ELT.	mg/L	1000	795	FOSFATO (PO ₄ ³⁻)	mg/L	-	0.57
ALCALINIDAD TOTAL	mg/L	-	83	SULFATO (SO ₄ ²⁻)	mg/L	25	88
ACIDEZ	mg/L	-	-	CLORO LIBRE (Cl ₂)	mg/L	0.5	-
DUREZA TOTAL	mg/L	400	208	CLORO TOTAL (Cl ₂)	mg/L	-	-
DUREZA DE CALCIO	mg/L	-	-	BRIXIDO CARBONO	mg/L	-	-
CALCIO (Ca ²⁺)	mg/L	100	83.3	OXIGENO DISUELTO	mg/L	-	-
MAGNESIO (Mg ²⁺)	mg/L	30	30.47	DBO	mg/L	-	-
SODIO (Na ⁺)	mg/L	25	-	DEMANDA CLORO	mg/L	-	-
POTASIO (K ⁺)	mg/L	10	-	% DE CLORO	%	-	-
MANGANESO (Mn)	mg/L	-	-	D. OPT. POLIMERO	mg/L	-	-
ALUMINIO (Al)	mg/L	-	-	D. OPT. CAL	mg/L	-	-
HIERRO TOTAL (Fe)	mg/L	0.3	0.09	D. OPT. AL-SO ₄	mg/L	-	-
				MATERIA ORGANICA	mg/L	-	-

OBSERVACIONES: El analisis bacteriológico no presenta contaminación fecal. En el analisis fisico quimico aparece por arriba de la norma de calidad la conductividad, cloruro y sulfato.


ANALIZADO

NORMA NACIONAL DE CALIDAD DE AGUA (LA GACETA 4 DE OCTUBRE 1997)
* OPS RECOMIENDA < 1 NTU PARA CLORAR EL AGUA
** INFLUYE SOBRE LA SALUD

5. EMPLOYMENT GENERATED

A Starter Home takes an average of 10 days to build with the range being between 8 and 12 days. During construction, each house is managed by a foreman and built by two bricklayers, one experienced helper and one unskilled laborer provided by the beneficiaries. For each house built, an average of 1.67 person-months of local employment is generated.

Total number of person-months of employment generated to date: 886 Months

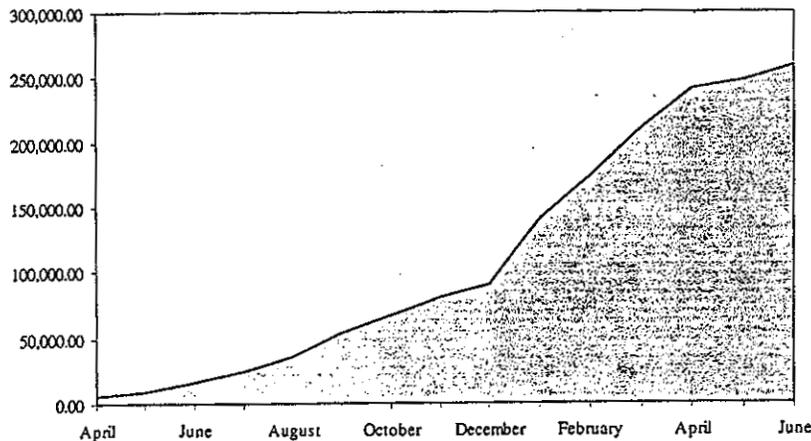
The following table shows the CHF personnel involved in the management, coordination and construction of the Starter Homes:

Title	Number	Status
Program Manager	1	Permanent CHF Staff
Technical Manager	1	
Assistant engineer	1	
Manager assistant	1	
Administrative assistant	1	
Credit promoter	1	
Assisted Self-help construction promoter	1	
General services	2	
Foremen	1	Subcontracted personnel
Bricklayers	32	
Experienced helper	16	
Unskilled labor	16	Beneficiaries

6. COUNTERPART CONTRIBUTION

Accumulated to June 30 th	US\$ 258,201.70	Counterpart Provided by:
DISTRIBUTION		
Land value	76.0%	Beneficiaries
Training workshops	0.60 %	Beneficiaries
Unskilled labor (beneficiaries)	9.00 %	Beneficiaries
Construction equipment	0.60 %	Beneficiaries / Municipalities
Construction materials	12.0 %	Beneficiaries / Municipalities
Construction permits	1.80 %	Municipalities
TOTAL	100 %	

The following chart shows the historical growth of the Starter Home counterpart contribution.



After the construction of 450 Starter Homes the average counterpart contribution per house is US\$ 573.78. CHF has a counterpart commitment to this project of 25% of the amount funded by USAID for a total of \$343,000 including \$73,000 of cash contribution from CHF. Based on the average cost of homes to date, the number of homes completed and the counterpart reported to date, CHF is reporting 95 % of the expected counterpart without the cash contribution from CHF.

In addition to planned counterpart, CHF has received two recent donations from private donors in Honduras. One from a private group is for approximately \$4,800 for construction materials, and the other is from a local bank, BGA, for approximately \$650 for playground equipment.

7. CREDIT

The following table shows the Starter Home program credit portfolio at June 30, 2001.

STARTER HOME CREDIT PORTFOLIO BY JUNE 30th , 2001

DEPARTMENT	CITY / COMMUNITY	PROJECT	# LOANS	AMOUNT US \$	TOTAL US \$
CHOLUTECA	CHOLUTECA	GRACIAS A CRISTO	16	815.00	13,040.00
	OROCUINA	DISPERSED	32	815.00	26,080.00
VALLE	SAN LORENZO	DISPERSED	64	815.00	52,160.00
YORO	AGUA BLANCA	GETSEMANI	140	730.00	102,200.00
	GUAYMITAS	LA ESPERANZA	71	960.00	68,160.00
CORTES	EL PORVENIR	EMMANUEL	112	730.00	81,760.00
TOTAL			435		343,400.00

Although 450 houses have been built to date, 15 of them have not been transferred to the beneficiaries as of the writing of this report and therefore do not yet makeup part of the active loan portfolio.

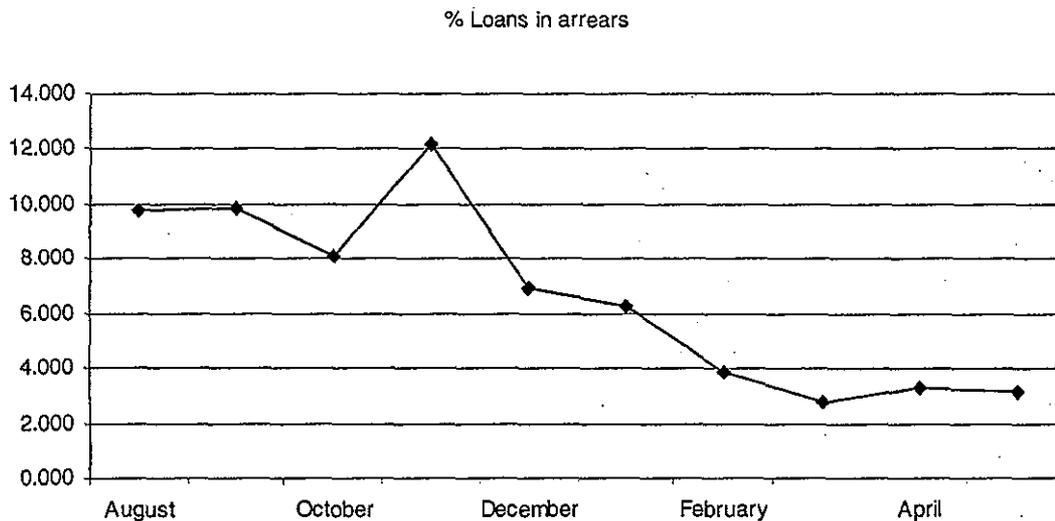
Of the 435 borrowers, 38 (8,73%) have cancelled their loans in full ahead of schedule.

The loan amount in La Esperanza Guaymitas includes both the cost of the house and the full cost of the land. This is different from the majority of the cases where the beneficiaries provided the land.

The loan repayment rate on June 30, 2001 was 97%, slightly lower than the goal of 98%. Considering that this is a disaster response program, 97% is very respectable. There are still some outstanding issues with credit recovery in the south, but fortunately, these

beneficiaries have begun making their payments in a timelier manner. One can see from the chart below that the repayment rate was extremely low in October and November as beneficiaries tested the system to see if CHF would really try to recover the loans. Even after numerous workshops, promotion and provision of program policies, many people probably assumed that CHF would not take the credit commitments seriously. In only one case has a person demonstrated lack of capacity to pay, and this was due to illness. This result is important as CHF selects the families carefully to provide for those in need without over burdening a family with credit they cannot afford.

The historical tendency of the program's loans in arrears is shown in the following chart:



CHF has started promoting new loans for improvements or expansions of the Starter Home to all the beneficiaries who have cancelled their loans. The reflows from the original home loans will be used to cover capital, and the interest to cover the costs associated with loan disbursement and monitoring.

As proposed originally, new loans are offered to the beneficiaries once they have paid off the home so that they may expand or improve the home in a relatively short period. The program's staff will be responsible for receiving, evaluating, approving and supervising the home improvements for these new loans.

8. CONSTRUCTION STATUS SUMMARY

The following table contains a complete update of the program's construction status.

No.	Community / City / Department	Projected Solutions	Built Solutions	Houses Under Construction	Project Under Development
1	Gracias a Cristo, Choluteca	16	16		
2	Alto Verde, San Lorenzo	64 ³	64		
3	Orocuina, Choluteca				
	Vista Hermosa	11	11		
	Sinai	8	8		
	Plazuela	4	4		
	Elizabeth	2	2		
	Los Encuentros	1	1		
	Los Cedritos	2	2		
	Villa San Pablo	3	3		
	El Centro	2	2		
4	Agua Blanca Sur, El Progreso	140	140		
5	El Porvenir I	112	112		
6	Guaymitas I	71	71		
7	El Porvenir II	21	15	6	
8	Guaymitas II	125		0	125
9	Urraco	54			54
TOTAL to June 30, 2001		635	450	6	179

9. NEW SITE/BENEFICIARY IDENTIFICATION

Although there are still numerous flood victim families in Honduras without access to new housing, the requirements of the Starter Home program do not always facilitate the quick delivery of homes. That said the same program restrictions ensure quality homes in safe locations for families that really need them while promoting self-sufficiency instead of dependency.

All the program beneficiaries have been identified, but issues surrounding available land have slowed down the construction process. Even though the number of houses built this month was less than expected, CHF will be able to meet the program's goals before the end of the cooperative agreement.

³ Dispersed houses throughout this district.

El Porvenir II

To date 15 houses have been built during a second construction stage in Emmanuel neighborhood of El Porvenir. The beneficiaries have signed up for the program at a slow rate making the continuous construction of houses difficult and less efficient. The slow response probably has to do with families needing to save money to prepare their land for construction. The community board of Emmanuel has stated that many more families are interested in the Starter Home Program so CHF continues to promote in the area.

For the families who have signed contracts with CHF the construction of 21 more houses is expected during the first days of July.

Guaymitas II

In Guaymitas, El Progreso the number of families, victims of hurricane Mitch in need of a permanent house, is still significant. To date, 92 families have completed their application for a Starter Home, and 25 more requests are in the review and approval process. Based on experience CHF expects that many more families will apply once construction begins.

Unfortunately, Starter Home staff has not been able to begin construction as the plans to purchase the land fell through only days before the purchase was to have taken place. CHF had wished to replay the successful experience in La Esperanza, in which the land, with previous authorization of USAID, was bought by CHF, the urban design was a CHF responsibility and the preliminary construction works (earth movement and leveling) were completed by the local municipality.

The search for new sites in Guaymitas continues, and many potential sites have been visited. At this moment the Starter Home staff is analyzing two possible sites further and expects to make a decision on one in early July.

Urraco

Representatives from the Colonia San Juan, Urraco located 42 km northwest from El Progreso recently visited the CHF office requesting to participate in the Starter Home Program. In this community, 54 families, victims of the hurricane Mitch, are making payments on recently purchased land and are in need of a permanent housing solution.

Although 42 km outside of Progreso would normally present a challenge to CHF with respect to loan collection, an exception was made in this case as the local employer for these families has agreed to manage payroll deductions for housing payments as it did with the purchase of the land. All the potential beneficiaries in Urraco work for COBAHSA, Compañía Bananera Hondureña S.A. and therefore have stable work.

In view of the interest shown by the people of Urraco and the positive aspects that this project presents, the Starter Home staff has already conducted information and credit workshops for the potential beneficiaries. The USAID environmental guidelines review has been prepared and will soon be submitted to USAID for approval. As soon as approval is received, the construction of these 54 homes will begin.

La Lima, Cortés

The Guaruma project in La Lima, Cortés mentioned in the last quarterly report was discarded in early May due to misunderstandings among the potential beneficiaries of Barrio Guadalupe.

G. Lessons Learned or Reinforced

The will and capacity of the people as well as private or public institutions to contribute to development or humanitarian projects like the Starter Home program is often underestimated.

As mentioned earlier in this report, the counterpart contribution coming from the program beneficiaries as well as local authorities is up to \$258,201.70, an amount that is truly significant considering that these funds come from people or communities with limited resources. CHF expects to exceed the 25% counterpart commitment of this cooperative agreement.

CHF has also learned that there are local organizations and private individuals that are eager to demonstrate their social responsibility. This can be seen with the donation received from individuals through the Center of Design, Architecture and Construction (CEDAC) to finance the construction of septic pits for the Starter Homes in La Esperanza, Guaymitas, and the donation from BGA to furnish playground equipment.

H. Environmental Issues

All of the Starter Home sites have been reviewed for potential negative environmental impact problems. In addition, other environmental issues such as access to quality water and appropriate sanitation facilities are considered. CHF prepares a formal environmental impact assessment for each project site. This assessment is later reviewed and approved by USAID before construction can begin.

The ideal situation is that of the La Esperanza project in Guaymitas where each of the 71 houses built were provided with individual potable water connections, as well as septic pits. The ease and success of this project is attributed to the concentration of the houses in one area and the combination of multiple efforts among the local municipality, the community board, the beneficiaries, private donors and CHF. When the houses are concentrated in one area, CHF has more control of the solutions to be proposed and the completion of them.

In previous projects the conditions were different from the one described in La Esperanza, Guaymitas, as the houses were disbursed over a large area with each land owner having different circumstances with which to deal. Although CHF reviewed and confirmed the existing and/or eminent infrastructure for each house built, the provision of the infrastructure was the responsibility of others. In view of the fact that the program closes within the next six months, the program staff is reviewing the actual situation in each project in order to identify any high-priority necessities that may remain and that can be

satisfied with the integrated participation of CHF, the beneficiaries and the local community.

I. Next Quarter Goals

- Complete the construction of 635 Starter Homes
- Maintain a 98% or higher repayment rate on the loan portfolio
- Reach a 100% occupancy rate in all projects

J. Starter Home Program in the News

CHF in the news is a compilation of news articles published during this quarter by Honduran national media in relation to the Starter Home Program.

S T A R T E R H O U S E P R O G R A M	May 10, 2001 CHF inaugurated two Starter Home projects and one HOGAR Program project on May 10, 2001.
	CHF and the La Esperanza project in Guaymitas, El Progreso, Yoro were honored with the presence of the President of the Republic of Honduras, Ing. Carlos Flores Facussé, and the US ambassador to Honduras, Frank Almaguer. Also in attendance were officials from USAID, the local government and international visitors.
	The inaugurations were covered by almost all mass media at the national level.
	Friday – May 11, 2001 Newspaper: La Prensa
	<i>Ambassador Frank Almaguer affirms when inaugurating two CHF housing projects: "These projects represent the type of integral development that my government supports with the national reconstruction effort in Honduras."</i>
	Friday – May 11, 2001 Newspaper: El Herald
<i>President Flores inaugurates two CHF housing projects: Colonia Renacer, in La Guacamaya, which consists of 110 houses, and Colonia La Esperanza, in Guaymitas, with 71 housing solutions, both in El Progreso, Yoro</i>	
Friday – May 11, 2001 Newspaper: La Tribuna	
<i>During a housing inauguration speech, President Flores shared the words of the Director of CHF in Honduras, Lisa Pacholek, recognizing the effort of the beneficiary families and the success of the projects.</i>	
Monday – May 21, 2001 Newspaper: La Tribuna Section Reconstructing Honduras	
<i>The President of the Hondurans inaugurated 181 houses constructed with funds donated by the Government of the United States and that will benefit thousands of people in the Department of Yoro, affected by Hurricane Mitch.</i>	

**I
N
T
H
E
N
E
W
S**

Other media coverage of the May 10th inauguration ceremonies:

Week from the 7 to the 11 of May, 2001

RADIO: Radio América Morning Newsreel

TV – CHANNEL 7 – ABRIENDO BRECHA NEWSREEL

EVENING NEWS: 7:00 to 8:00 PM

TV – CHANNEL 6 – EVENING NEWS: 5:00 to 7:00 PM

**Directed by: RUBÉN QUIRÓZ, VANESA BOGRÁN Y GERMAN
MIRANDA**

Newspaper La Prensa – Valle de Sula Section – May 1st, 2001

D. Starter Home program - CHF grants loan to Getsemaní Cooperative

Displaced people from the Colonia Getsemaní, community of Agua Blanca Sur, El Progreso, Yoro, receive a loan of 1.2 million Lempiras from CHF. The loan was given to Getsemaní Cooperative for the partial payment of the land where CHF has participated with the cooperative and the beneficiaries to build new homes.