

MD-ABZ-352

**Cooperative Housing Foundation  
Quarterly Performance Report**

**Program SAF- Financial Administrative Services  
HONDURAS**

Contractor: Cooperative Housing Foundation  
Agreement: 522-C-00-01-00311-00  
Reporting Period: **OCTOBER-DECEMBER 2003**  
Date: January 30, 2003

**Narrative**

**Background**

USAID contracted with CHF to provide financial and administrative services for four components of the Sustainable Improvements to Family Health Program (The Program) which is implemented by the Secretariat of Health (SOH) and the Autonomous National Water and Sewage Service (SANAA). This contract was renewed and signed on February 3, 2003 and covers a time period of 24 months.

*The Contract* provides administrative and financial support for *the Program*. *The Program* contributes to the joint USAID/Government of Honduras (GOH) "Sustainable Improvements to Family Health." Specifically, the components included in this Statement of Work are:

- Increased Use of Child Survival Services through Health Reform
- Increased Use of Quality Reproductive Health and Family Planning Services
- Increased Use of STI/AIDS Prevention Practices
- Increased Use of Malaria, Dengue and TB Prevention and Control Services

In order for the MOH and SANAA to effectively implement these and other activities that may be mutually agreed to under *The Program*, it is crucial that CHF facilitate the disbursement of the USAID funds in a timely and appropriate manner.

**A. Expected Results**

The overall objective of this contract is to provide financial and administrative services for four components of the Sustainable Improvements to Family Health program which is implemented by the MOH and (SANAA). CHF will be responsible for the management of USAID resources going to MOH operating units and to SANAA, including all disbursements, advances and expense reports, accounting, procurement and contracting, timely management of USAID funds for activities, and assurance of compliance of the above-mentioned activities with the procedures and norms of USAID.

## **B. Current Core Activities**

- CHF continued attending meetings with USAID, the SoH personnel and Cooperative Agencies, which helped the organizations to better understand and identify the problems with the Program's execution. These timely meetings contributed to CHF making more sound decisions regarding the administration of Program funds.
- CHF continued having its monthly meeting with the SAF work team which helps provide better service to its customers. During these meetings, each team member expresses his/her concerns, achievements and commitments regarding CHF and the Program.
- CHF continued to meet with SoH personnel as required. This includes visits to areas and regions.

## **ACTIONS TAKEN TO INCREASE SOH AND SANAA SATISFACTION**

- A follow-up monthly expense report along with a reminder letter was drafted and sent to Region Directors and the Central Unit Program counterparts to assure that the expense reports are presented to CHF promptly.
- CHF maintained open communication channels with USAID, which along with their support enables CHF to provide a more efficient and effective customer service.
- Meetings with USAID, SoH and CHF aimed at solving problems in a timely manner, improved Program implementation.
- CHF continued to improving on the monthly purchasing and financial implementation report to assure that the SoH has a more useful administrative tool.

## **C. Current Buy\_Ins**

None

## **D. Current Sub-Contracting Activities**

None

## **E. Performance**

- The implementation, sub-advance and advance reports continued to serve the Secretariat of Health as good decision making tools.
- Follow-up monthly expense reports sent to Central Unit Program counterparts was an effective approach to reduce the Program's pending expense reporting.

Also, the reminder letter related to the purchasing deadline sent to Sanitary Units was a success. By doing so and the extra effort put by SAF work-team, it was the first time that CHF ended the calendar year with all requests adding to L.5 million (\$280,000) processed in less than three working weeks in December due to the holiday season.

- CHF continued training Regions 1, 2 and 5, on Administrative Procedures, with the objective of improving program implementation.
- The L.44 million (\$ 2.45 million) were legalized by the Secretariat of Health and The Secretariat of Finance is in the process of entering data into their system.
- Purchasing and Accounting staff attended Central Unit events and regional evaluation meetings, which are aiming to better understand better units' concerns, making employees more aware of the impact of the work on program implementation, leading to improved customer service.
- CHF-SAF quarterly Program implementation reached L.14.6 million (\$ 811,000) equivalent to 29% of the annual budget and 1,578 processed transactions.
- The procurement of goods and services were processed on time due to CHF actions including the reminder of purchasing deadlines sent to the sanitary units. This will assure that all requests are processed and the acquisition of goods and services are received before the end of the Government of Honduras fiscal year, March 31, 2004.
- The total Program implementation for the last 9 months has been L.36.5 million (US\$2.03 million) equivalent to 71% of the Program year budget. The accumulated transactions processed, reached 3,531. Considering that there is an estimated average quarterly implementation of 24%, for first time in the Program's history, it is expected that at least 95% of the annual budget will be spent.

## **F. PROBLEMS/ISSUES AND RESOLUTIONS**

**Program/Issue:** Visits and financial spot check reviews to focus regions.

**Resolution:** The program manager and program accountant conducted field trips to Regions, finding similar administrative weaknesses including delay of expense reporting, lack of area director support and lack of proper administrative skills. Several administrators did not have the basic administrative requirements needed to manage funds.

Based on the administrative challenges that Regions faced and considering that there are just three months remaining in the current fiscal year, CHF-SAF will continue to monthly visits the Regions to see to it that the administrators follow the appropriate administrative

guidelines. These visits, along with spot checks and prompt administrative support, have shown to greatly expedite the program implementation.

**Program/Issue:** Municipal Implementation

**Resolution:** 92% of the 103 municipal plans were implemented. Based on this trend, it can be assumed that 100% of the municipal plans will be implemented

**Program/Issue:** CHF-SAF overall performance

**Resolution:** Due to the effort that CHF has placed on the program, along with the know-how, experience and commitment to providing good customer service, Secretariat of Health satisfaction has increased tremendously. This was shown through the Sanitary Units' bi-monthly evaluation and since the Secretariat of Health did not express any dissatisfaction about CHF services.

**Program/Issue:** Collection of sales taxes in remote areas

**Resolution:** Collecting the sales tax in remote areas has been a tremendous challenge to CHF due to new government regulations. However, the continuous effort put by CHF-SAF on educating suppliers located in these areas about the new government regulations, has improved tax collection for this quarter.

**Program/Issue:** Program Funds legalization

**Resolution:** Due to CHF efforts to legalize L. 44 million (US\$2.45 million), this process is in its final stage. After several new requirements for the Secretariats of Health and of Finance, the funds are legalized by the Secretariat of Health and balanced with the Honduran government fiscal year records. Once the SoH legalized the funds, CHF submitted the documentation to the Secretariat of Finance, which is making the appropriate data entry in their records to close the issue. CHF-SAF is monitoring this final stage and as soon as the legalization is completed, CHF will promptly inform USAID.

This legalization has been a very challenging task for CHF due to the constant changes in policies and procedures for the different governmental offices involved in the process. However, the efforts had been positive since CHF accomplished the task with great success. CHF efforts will focus on improving the process for provision of the counterpart funds, provided by the government for the next fiscal year, making them easier to access in comparison with previous years when the funds were not legalized.