

HONDURAS

SECTOR:	Urban Development
PROJECT NAME:	Post-Hurricane Housing Program (1037/SF-HO)
TOTAL COST:	\$11.50 million
FINANCING:	
IDB	\$10.39 million
LOCAL	\$ 1.16 million
DATE OF APPROVAL:	June 9, 1999

GENERAL DESCRIPTION: This emergency loan seeks to facilitate the resettlement of low-income people made homeless by Hurricane Mitch and to establish the basis for long-term development of the housing sector, through the instrument of a demand-side subsidy. The four components are: (a) a complementary subsidy for housing; (b) institutional development of the Complementary Housing Fund; (c) housing reconstruction support; and (d) technical assistance for housing policy and institutional reform.

The first component will offer small grants directly to households to facilitate their resettlement. The proposals financed with the grants will be developed by local institutions, generally NGOs, private groups or municipalities (project formulators). To be eligible for subsidy, the projects must provide for each participating household, at minimum, access to a plot of land, water, latrine, and materials to erect or rehabilitate a minimal housing unit. Beneficiary families will select between different projects offered by different formulators, and bring their complementary subsidies with them. Some funding will be available to facilitate projects in areas where project formulators need special assistance. In these cases, consultants will help agencies design and implement the resettlement projects.

The second component develops the Complementary Housing Fund and sets up the institutional arrangements and procedures for Fund operations at both the national and local levels. Organizational arrangements of the Fund at the national level involve: (a) management and governance structure (including external consultative group); (b) a technical unit to receive projects prepared by the local committees and to manage resource assignment; (c) financial management and control systems (including designation of local Fund Administrator to issue the complementary subsidy); and (d) management information system (MIS) for program reporting. Organizational arrangement of the Fund at the local level, in five pilot areas, includes: (a) formulation of a project; (b) local review of the project; (c) supervision of project implementation (including resettlement and issuance/registration of property titles); (d) contracts and disbursement of funds; and (e) outreach and promotion with municipalities and project formulators.

The third component finances two activities that support the local housing reconstruction process: (a) environmental management through the development of a strategy for mapping areas considered to be too high-risk in terms of natural hazards to be inhabitable; and (b) an Information Clearinghouse for Housing Reconstruction. The Fund will exclude from program benefits all projects located in areas mapped as uninhabitable. In addition to funding the development of the maps, the component will finance development of informational material for project formulators and the public. The Information Clearinghouse will be an independent NGO that will receive, maintain, and make available information on the housing sector and reconstruction.

The fourth component finances the contracting of a minimal technical team for the Unit for Housing Programs and Projects, established by the Secretary of Public Works, Transport, and Housing (SOPTRAVI) to help it perform its role as the policy and regulatory agency for the housing sector.

CONSULTANTS: In component one, project facilitation contracts will be let to involve experienced consultants in helping agencies design and implement, as needed, the resettlement

projects to be subsidized. In component two, a local consulting firm will be contracted to help the Fund Manager establish the Complementary Housing Fund at the national level, setting up and refining operating procedures for institutional development. Through the MIS Unit, a management services contract will be let, through national competitive bidding, to facilitate program reporting. Also under the second component, consultants will be hired to facilitate Fund operations, particularly operations in the five pilot areas.

Component three will finance the contracting of consultants to prepare municipal maps delineating uninhabitable areas (those whose high vulnerability to natural hazards cannot be mitigated by low-cost, community measures) for all municipalities requesting participation in the complementary housing subsidy program, beginning with the five pilot municipalities. The process will involve: (a) development of guidelines for risk mapping; (b) preparation of municipal maps showing natural hazards and priority environmental protection areas; and (c) delineation of uninhabitable areas, which will involve the participation of local government officials, technicians, and the population in defining what is acceptable risk for human settlement. Funds from component three will also enable SOPTRAVI to contract the NGO that will function as an Information Clearinghouse.

Component four will finance the contracting of a technical team, consisting of four housing specialists for 12 months, to staff SOPTRAVI's new policy unit. The team will plan and implement a strategy for developing a national housing policy, including defining, preparing terms of reference for, and contracting technical studies, workshops, and other activities necessary to make recommendations for policy and regulatory reform. The technical studies to be contracted include analyses of: (a) the housing market for low-income households in Honduras; (b) housing finance and mortgage market development; (c) land markets, tenure, and registration of low-cost housing lots; and (d) the legal and institutional arrangements necessary for the housing sector.

Independent consultants will be hired to conduct quarterly performance evaluation studies on a sample of housing projects financed by the Fund. Outside consultants will also be engaged to perform a final evaluation. In addition to the normal annual audit, a firm of independent auditors will be engaged to audit concurrently, on a quarterly and annual basis, the financial statements of the project and the use of Bank funds. Furthermore, before the presentation of any disbursement request to the Bank, the firm of independent auditors will examine and certify the documents supporting the disbursement.

For two of the consultancy contracts, the Bank proposes that standardized bidding procedures be set aside and, instead, that its simplified international competitive selection procedures for projects in emergency situations be applied. With the exception of the MIS contract in the second component, which will use national competitive bidding, private bidding will be used for all other consulting contracts. The two emergency exceptions are the consulting contract for setting up and initiating the Complementary Housing Fund, and the consulting contract for the setting up of the Information Clearinghouse.

GOODS AND EQUIPMENT: Office equipment, furniture, and vehicles will be procured through private bidding without prequalification.

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