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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

HOUSING GUARANTY PAPER

Proposal and Recommendations  
For the Review of the  
Development Loan Committee

CAMEROON - HOUSING INVESTMENT GUARANTY

AID-DLC/P-2116

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

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June 23, 1975

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Cameroon - Housing Investment Guaranty

Attached for your review are the recommendations for authorization of a housing guaranty not to exceed ten million dollars (\$10,000,000) assuring against losses of not to exceed one hundred per centum (100%) of loan investment and interest by an eligible U.S. Investor or Investors (Investor) acceptable to A.I.D. to finance urban development and housing projects in Cameroon.

This Housing Investment Guaranty is scheduled for consideration by the Development Loan Staff Committee on Wednesday, June 25, 1975; please note your concurrence or objection is requested at the meeting or by close of business on that date. If you are a voting member a poll sheet has been enclosed for your response.

Development Loan Committee  
Office of Development Program  
Review

Attachments:

Summary and Recommendations  
Project Analysis  
Annexes A - F

Rec'd 1975  
for  
HS

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Exchange Rate - U.S. \$1.00 = CFAF 210

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT PAPER FACESHEET**  
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (PUT APPROPRIATE BOX)  
 ORIGINAL     CHANGE  
 ADD     DELETE

PP  
 3

2. COUNTRY/REGIONAL ENTITY/GRAANTEE  
Central and West Africa Regional

3. DOCUMENT REVISION NUMBER  
 NA

4. PROJECT NUMBER  
 625-11-803-XXX

5. BUREAU  
 A. SYMBOL: AFR    B. CODE: SD

6. ESTIMATED FY OF PROJECT COMPLETION  
 FY 78

7. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)  
 Cameroon Low Income Housing

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION  
 A. INITIAL MO. YR. 7 6    B. FINAL FY 77

9. SECONDARY TECHNICAL CODES (MAXIMUM SIX CODES OF THREE POSITIONS EACH) (to be done)

10. ESTIMATED TOTAL COST (0000 OR EQUIVALENT, \$) = \_\_\_\_\_

| A. PROGRAM FINANCING   | FIRST YEAR |        |          | ALL YEARS |        |          |
|------------------------|------------|--------|----------|-----------|--------|----------|
|                        | H. FX      | C. L/C | D. TOTAL | E. FX     | F. L/C | G. TOTAL |
| AID APPROPRIATED TOTAL |            |        |          |           |        |          |
| (GRANT)                | ( )        | ( )    | ( )      | ( )       | ( )    | ( )      |
| (LOAN)                 | ( )        | ( )    | ( )      | ( )       | ( )    | ( )      |
| OTHER 1.               |            |        |          |           |        |          |
| U.S. 2. (HIG)          |            | 1500   |          |           | 10,000 | 10,000   |
| HOST GOVERNMENT        |            | 61.7   |          |           | 258.7  | 258.7    |
| OTHER DONOR(S)         |            |        |          |           |        |          |
| TOTALS                 |            | 561.3  |          |           | 758.3  | 258.3    |

11. ESTIMATED COSTS/AID APPROPRIATED FUNDS (0000)

| A. APPRO-<br>PRIATION<br>(ALPHA CODE) | B. PRIMARY<br>PURPOSE<br>CODE | FY <u>76</u> |         | FY <u>77</u> |         | FY <u>78</u> |         | ALL YEARS |         |
|---------------------------------------|-------------------------------|--------------|---------|--------------|---------|--------------|---------|-----------|---------|
|                                       |                               | D. GRANT     | E. LOAN | F. GRANT     | G. LOAN | H. GRANT     | I. LOAN | J. GRANT  | K. LOAN |
| SD                                    | 106                           | 319          |         | 304          |         |              |         | 623       |         |
| TOTALS                                |                               |              |         |              |         |              |         |           |         |

12. ESTIMATED EXPENDITURES: 208    208    207

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)     CHECK IF DIFFERENT FROM PID/PRP

The project purpose is to assist the host country governments to develop the institutional capacity to carry out sites and services programs for low-income urban families, programs which, in line with A.I.D. objectives, encourage self-help, mobilization of under-utilized resources, and private efforts to maximize use of unutilized resources.

14. WERE CHANGES MADE IN THE PID/PRP FACESHEET DATA NOT INCLUDED ABOVE? IF YES, ATTACH CHANGED PID AND/OR PRP FACESHEET.  
 Yes     No

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: C. Richard Zenger    Irvin Coker

TITLE: Acting Director, SER/H  
Acting Director, AFR/CWR

DATE SIGNED:    NO. DAY YR.

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
 NO. DAY YR.

SUMMARY COST ESTIMATE AND FINANCIAL PLAN  
(US \$ 000 )

PROJECT PAPER

| A. FUNDING BY FISCAL YEAR | B. TOTAL \$ | C. PERSONNEL |    | D. PARTICIPANTS |    | E. COMMODITIES \$ | F. OTHER COSTS \$ | G. HOST CONTR. |    | H. LOCAL EXCHANGE RATE (US \$ / LOCAL CURRENCY) |       |
|---------------------------|-------------|--------------|----|-----------------|----|-------------------|-------------------|----------------|----|---|-------|
|                           |             | III \$       | MM | III \$          | MM |                   |                   | III \$         | MM | III \$  | MM    |
| 1. ACTUAL FY              |             |              |    |                 |    |                   |                   |                |    |   |       |
| 2. QM FY 76               | 319         |              |    | 6               | 5  |                   | 25.0              | 288.0          | 36 | 1,500   | 61.7  |
| 3. BUDGET FY 77           | 304         |              |    | 6               | 5  |                   | 10.0              | 288.0          | 36 | 4,000   | 83.9  |
| 4. BUDGET 78 FY           |             |              |    |                 |    |                   |                   |                |    | 4,500   | 110.1 |
| 5. BUDGET 79 FY           |             |              |    |                 |    |                   |                   |                |    |   |       |
| 6. BUDGET 80 FY           |             |              |    |                 |    |                   |                   |                |    |   |       |
| 7. ALL BUDG. FY           |             |              |    |                 |    |                   |                   |                |    |   |       |
| 8. GRAND TOTAL            | 623         |              |    | 12.0            | 10 | -                 | 35.0              | 576.0          | 72 | 10,000  | 258.7 |

- 1) Expenditures to occur at even rate from FY 1976 (including 5th Quarter) through FY 1978
- 2) Consisting of personnel and personnel support costs. By positing the presence of the headquarters staff listed on page 11 for all three years of the project, and by adding additional staff for Douala and Yaounde as described on pages 34 and 35, <sup>one</sup> arrives at 140 man months for year one, 200 man months for year two, and 248 man months for year three. These calculations are for long term professional staff only, and are costed at \$444 per man month to arrive at the above host country contribution. Adding in short term staff, clerical staff, office space, etc. would increase the host country contribution.

The GURCH has given tentative agreement to the above contribution. As stated on page 34, the above host country contribution is part of the implementation arrangements. This host country contribution will be made part of the project agreement.

B. Summary of Authorization and Action

A.I.D.

Grant Technical Assistance ..... \$ 623,000

Housing Investment Guaranty ..... \$10,000,000

C. Description of Project

Shantytowns and squatter areas are a worldwide phenomenon reflecting rapid rates of urban growth. The problems are most acute in developing countries which are challenged to accommodate a rate of urban growth in excess of the historical growth rate for cities in the developed countries at similar stages of economic development. As long as the housing problem is approached only with solutions designed to replace squatter areas with standard housing, the developing countries will lack the financial and administrative resources needed to make a significant impact upon the housing needs of low income citizens. More significantly, such "replacement" programs ignore the considerable private initiative and private savings investment represented in squatter settlements. Squatter settlements demonstrate that individuals can build shelter from natural materials which will meet minimum requirements for security and protection against weather without government funds or participation. Individual efforts can also result in minimum sanitation arrangements and site planning. However, private initiative can not, by itself, provide secure tenure, access to water, roads and storm drainage, street lighting and other municipal services. The approach to low income housing described in this sub-

mission involves a combination of private initiative and governmental support.

The proposed project involves the definition, development and implementation of sites and services programs in Cameroon, and the development of the institutional capacity and policy framework which would enable the country to undertake the program on a continuing basis. The "sites and services" approach is designed to provide improved housing primarily through the self-help effort of private individuals with the government being restricted to providing only those services and amenities which would not otherwise be available. The sites and services concept<sup>1/</sup> is based on the following general principles:

1. That the total community living environment should be the key concern of urban planners;
2. That private capital and initiative should be utilized and encouraged; and
3. That programs should have the financial and administrative characteristics which would enable them to be replicated on an extensive basis.

Sites and services programs are designed to allow governmental provision of basic utilities and amenities, including secure tenure, while at the same time, facilitating access to such services by low income families.

<sup>1/</sup> For a historical comparison of experiences with the sites and services approach to shelter problems, see "Planning Sites and Services Programs", Ideas and Methods Exchange No. 68, OIA/HUD, AID, July 1971.

The Housing Investment Guaranty will provide the initial capital resources to the government to cover the cost of developing sites and installing the physical infrastructure. Loan payments, to cover the lease and/or material construction loans, will be financed with the housing guaranty funds. The target low income occupant will be able to meet the estimated lease and construction payments through a combination of current income, savings, rental of rooms, or rental of units. These methods of financing traditional housing are widely practiced and the payment schedules are within the reach of the target group without requiring any major behavioral or societal change. The proposed technical assistance will provide the specialized skills related to planning and executing the program in such a way as to ensure that the intended beneficiaries, i.e. low income families, have access to the improved lots. The combined impact of the loan and grant funds would result in the government developing the institutional capacity to sustain such sites and services programs on a continuing basis.

The goal, purpose, outputs and inputs of the proposed project are described in the following sections and the subsequent logical framework matrix.

1. Sector Goal

The broader sector objective to which this project would contribute is the existence of improved shelter and related amenities for low income urban residents. This sector goal is given high priority in allocating A.I.D. grant funds because of (a) the priority concern given problems related to urban concentrations and to housing in the government's

development plan; (b) the availability of non-fundable A.I.D. resources in the form of the housing guaranty authority which provides a mechanism for significant participation in shelter sector activities directed at meeting the needs of low income families in the Cameroon which is paralleled by a governmental willingness to adopt relevant low income housing policies.

The objectives of this project are consistent with the objectives of the A.I.D. Shelter Sector Policy as stated in Policy Determination No. 55 (Revised) dated October 22, 1974. These objectives are generally "to assist LDC's develop the institutional, technological and financial capacity to provide shelter under reasonable conditions for all levels of society, with emphasis on government actions to meet the needs of the poor". The Policy Determination continues to identify as A.I.D.'s highest priority undertakings submitted by host governments which clearly lead to an improvement in the lives of its low income groups and, within this context, identifies, as potentially one of the most useful tools, "...the sites and services approach which provides poor families with homesites, in new tracts of urbanized land, with basic supporting infrastructure services on which to build a shelter with their own labor". Squatter upgrading is also a significant component by which basic infrastructure (road access, water, sanitation) and community facilities can be provided in built-up squatter areas and tenure can be regularized for existing illegal occupants. The effectiveness of the sites and services approach in contributing to improved shelter for low income urban residents can be measured by the popular acceptance of such programs and by the extent of governmental replication of such programs. There is, therefore, a dual test of governmental interest and private interest in the continuing adoption of this approach. Factors

in measuring achievement would need to reflect both the availability of serviced homesites and the popular acceptance and occupancy of sites for shelter construction. Such factors could be demonstrated by an increase in the number of service lots prepared for low income families; by an increase in the ratio of inhabitants on serviced lots compared to inhabitants on non-serviced lots; by the physical appearance of the neighborhood (street cleaning and refuse collection carried out regularly, drainage permits, use of roads during rain, etc.), by signs of a population's own improvement to shelter (additions or upgrading), and by the availability and use of neighborhood facilities (schools, dispensaries, social centers).

A basic assumption underlying the extent to which the project will contribute to these sector objectives is that the government will maintain a political commitment in support of the elaboration, adoption and implementation of realistic national housing policies, which address the housing needs of low income groups. There is a tendency that well meaning government planners will seek to raise "minimum" standards of need or economic limitation. Such increases in physical standards have two serious faults. These are (a) that increased costs preclude participation by the lower income initial target groups; and (b) that government subsidies are then introduced which lessen the contribution received from private self-help efforts and reduce the extent to which the government can financially sustain an expanding program.

There is, quite obviously, a direct linkage between a country's political commitment and its ability to develop fundable projects. In this respect the Cameroon Government has developed a substantial and elaborate

program; has analyzed quantitative housing needs, including technical, land and cost factors; and has addressed itself to the various institutional and other constraints. The actions of the Government of the United Republic of Cameroon have sufficiently validated this assumption to warrant proceeding with this program.

Other assumptions underlying this proposal include the following:

a. Because of limited resources, the elaboration of "standard" housing projects would have to involve substantial subsidies if they were to reach low income families and, therefore, would not provide a long-run solution; and

b. Given a greater security of tenure and the up-grading of basic community services, low income families will not only construct homes but will undertake improvements to their basic shelter.

The first assumption is considered validated by analyses which compare projected housing needs with projected resources available for meeting such needs. Only development of a radically different housing technology resulting in significant cost reductions would invalidate this assumption. The second assumption regarding the importance of tenure arrangements is considered validated by observation of existing "illegal" squatter settlements. The first arrivals tend to build quite provisional shelters. As the settlement increases in size, and as residents feel increasingly secure that they will not be forcibly removed, the quality of shelters tends to improve and inhabitants undertake substantial community improvement efforts.

## 2. Project Purpose

The project purpose is to assist the host country government to develop the institutional capacity to carry out sites and services programs for low income urban families, programs which, in line with A.I.D. objectives, encourage self-help, mobilization of under-utilized resources. The project will set up within the Department of Housing and Town Planning of the GURC Ministry of Equipment, Housing and Lands a semi-autonomous specialized sites and services unit, adequately staffed by the GURC so that it has the initial capacity to plan, develop and execute programs in Yaounde and Douala and the potential to expand operations to other urban centers.

### Assumptions

Perhaps some additional explanation is necessary here. Creation of specialized sites and services units within the Ministry is a necessary first step directed at developing initial implementation capacity at a minimum of cost. The long range implications of successful intervention in the urban shelter sector involves, ultimately, creation of a much more sophisticated institutional tool which can carry out low income shelter programs within a larger program for planned urban growth through the early acquisition and holding (banking) of the land reserves needed, the provision of infrastructure, and the sale or lease for public developmental purposes. In the francophone countries, in particular, this involves development of a para-statal corporation with the following capacities:

- a. An accounting system based on commercial practices (including Balance Sheet, Profit and Loss Statement, etc.) so that the land development operation can be self-supporting;

b. Access to certain public powers, such as eminent domain, permitting the institution to assemble land;

c. A legal status outside of the public administration which will permit it to develop projects, execute contracts, and handle income and expenditures efficiently without mixing funds with the Treasury;

d. Despite the above, access to a regular source of government revenues (special tax); and

e. Capacity to borrow both domestically and externally with, for example, a donor country guaranty.

The GURC has established a para-statal development bank and Housing Authorities. The GURC has also created similar organizations for an industrial park and for urban renewal. A.I.D.'s input into the specialized sites and services unit will provide the foundation for any future long range institutional development.

Further assumptions are as follows:

i. The government will properly staff the specialized sites and services unit; and

ii. Recipient country ability to mobilize a larger share of its resources for low income programs, including provision of land, coordination of expenditures on community facilities, so that these will be provided in a timely fashion, finding additional sources of funds (public and private) and, simultaneously, a scaling down of more expensive and/or subsidized housing projects.

With respect to the question of subsidies, the GURC has indicated predilection for a subsidy component in their programs, whereas

A.I.D. believes that these programs should be as subsidy-free as possible in order to permit their maximum expansion in the face of conflicting demands on limited public resources.

Dialogue on this subject, which can most effectively be carried out in the context of specific project implementation, will bring the TA component back to A.I.D.'s priority objectives: "to help the LDC's develop their capacities for analyzing their housing requirements and developing plans and policies to meet these requirements".

An additional assumption is that the \$10 million Cameroon HG program will be authorized and implemented.

The target group for the HG program is that proportion of the employed urban population below the 50th percentile of the income distribution in Yaounde and Douala.

For the HG target group the most immediate benefit will be access to better housing because of access to water and sanitary facilities. They will also benefit from access to secure tenure, which we expect to encourage further investments, and reinforce the possibilities of increased revenue through renting and artisanal activities.

These marginally employed, or with very low incomes, will benefit because it is assumed that direct project beneficiaries will, as is customary, develop the lots with both family units and secondary rental units, thus directly increasing the supply of housing with sanitary facilities available at the very lowest end of the income-distribution.

#### 4. Project outputs:

**A.** Successful execution of the HG sites and services programs in Yaounde and Douala. The magnitude of these outputs is as follows:

\* Cameroon ± 5,000 services lots providing maximum shelter capacity to 50-60,000 persons;

b. Establishment of procedures for site occupancy, program management, loan recuperation, control of self-help home construction, small construction loan facilities, etc.;

c. Autonomous accounting and financial management system for unit;

d. On the job training of sites and services basic staff. In Cameroon this involves a nucleus of 4 or 5 trained cadres and 14 - 28 professionals and para-professionals; and

e. Establishment of a tax-supported national fund for urban infrastructure.

The basic assumption beyond that of continued host country government commitment to low income shelter programs and the absence of any economic crisis, is that the operations of the popular shelter sector, as previously observed, will continue and represent a valid economic activity, namely, that lower income families will continue to save significantly in order to invest in improved shelter (up to half of the head of the household's salary for as long as a year has been observed); that the desire to invest increases once tenure is assured; and that self-help labor, assistance from the extended family (the Sunday home-building efforts) and other forms of informal mutual aid will continue.

#### 4. Project Input

a. A.I.D. funded technical assistance for three years consisting of two specialists (U.S. or third country nationals) who will provide 72 man-months of technical assistance to a special sites and services unit.

set up to manage the host country's low income shelter activities. These services may be obtained through contract arrangements or direct-hire personnel. Funding estimates are based on average contract-cost projects.

b. A.I.D. will finance up to ten man-months of short-term, non-academic training per country program.

c. A.I.D. Office of Housing will provide short-term technical assistance. Such consultant services will be funded from Housing Guaranty fees.

d. \$10,000,000 housing guaranty loan.

e. The Government of the United Republic of Cameroon will provide logistical and staff support for the U.S. technicians and the following staff personnel:

Nuclear Staff

Director of Housing (1/2 time)

Two town planners

One civil engineer

One land administrator

Additional Staff

Two Engineering assistants

Two town planning assistants

Two site administrators

Two administrative assistants

Plus - eight draftsmen, two survey teams, building inspectors and clerical personnel.

I. D. Logical Matrix Framework

Program or Sector Goal: The broader objectives to which this project contributes:

- 1) Improved shelter and related amenities for low-income urban residents.

Measures of Goal Achievement

- 1) Number of serviced lots prepared for low income families increases beyond the number of lots financed under this program.
- 2) Ratio of inhabitants living on serviced lots compared to inhabitants on non-serviced lots improves.
- 3) Communities based on serviced lots exhibit signs of inhabitants motivation such as improvements in original structures, evidence of economic activity (shops, artisanat, animation during evening hours, etc), and care taken of neighborhood facilities.
- 4) Physical infrastructure is maintained in reasonable condition, e.g., streets in good condition during rain, sanitation facilities properly maintained, and tenure arrangements are upheld.

Assumptions for Achieving Goal

- 1) Host country political commitment to goal, including adoption of proposed National Housing Policy strategy for achieving goal objectives, including "sites and services".
- 2) Implementation of policy "sites and services" in 1976, 1977, 1978, and 1979.
- 3) Structural housing projects will not solve long-term problem of housing urban poor.
- 4) Access to serviced and to improved services will motivate families to improve shelter and site and invest in overall development.

Project Purpose:

- 1) To develop host country institutional capacity to carry out sites and services programs for low-income urban families

End of Project Status

- 1) Operational specialized sites and services unit in GURC Ministry of Equipment, Housing and Lands with initial capacity to plan, develop and execute programs in Yaoundé and Douala and the potential to expand operations to other urban centers.

Assumptions for Achieving Purpose

- 1) Host country will staff specialized "sites and services" unit.
- 2) Progress towards creation of GURC para-statal national urban land bank and sites and services agency which will carry out low-income shelter programs and operative planned urban development (land bank) for which the AID input will provide the low-income capacity.

- 2) HG sites and services program authorized and implemented.
- 3) Host country willingness to commit larger share of resources to low income shelter programs, including finding additional sources of funds (public and private) and provision of sufficient land; and to scale down emphasis on subsidized housing projects.

---

Outputs:

1) Successful execution of \$10 million housing sites and services program in (Yaounde and Douala) Cameroon.

2) Establish procedures for site occupancy, management, loan recuperation, control of self-help housing construction, etc.

3) Autonomous accounting and financial management system for unit.

4) On-job training of sites and services unit staff in the above.

5. Establishment by GURC of tax supported national fund for urban infrastructure.

Magnitude of Outputs:

1) Occupancy of +5,000 serviced lots in Yaounde and Douala providing maximum shelter capacity for 50-60 thousand persons (N.B. final close-out of housing program may occur after close of project).

2) Trained nucleus of 4 or 5 cadres and 14-28 professionals and para-professionals in Yaounde central office, Douala office, and project field offices in two cities.

Assumptions for Achieving Outputs:

1) Inputs in place on time.

2) Political stability and continued host country commitment to low-income shelter programs.

3) No major economic crisis.

4) Continuation of process previously observed in informal shelter sector, i.e. sufficient level of household savings to make possible investment in shelter, desire to invest once tenure assured, use of self-help labor, assistance from extended family, etc.

6. Short term participant training in U.S. or third country or in-country seminars.

| <u>INPUTS</u>  | <u>IMPLEMENTATION TARGET (Type, Guaranty)</u>   |  |
|--|---|--|
| 1. A.I.D. TA for three years.  | 1. A.I.D. funded<br>1 administrator/policy planner/team leader regional<br>1 town planner/land developer  | 1. Availability of TA personnel on time.       |
| 2. HG Funds  | 2. \$10 million   | 2. HG Investor available.                      |
| 3. Host country nuclear staff.   | 3. GURC Nuclear Staff<br>1 civil engineer<br>2 town planners<br>1 administrator/land expert   | 3. Qualified Host Country personnel available. |
| 4. Host country additional staff for project development and implementation. | 4. GURC Additional Staff<br>2 engineering (aides) assistants<br>2 town planning assistants<br>2 administrative assistants (land, accounting)<br>2 site office administrators plus draftsmen, surveyors, building inspectors (plus) and clerical personnel |  |
| 5. Short-term Training   | 5. Ten man-months.  |  |

## Part II: Project Background

### A. The Developmental Problem

The rapid increase in urban population, noted worldwide, has resulted in strikingly similar developments and problems in the Central African region

The major thrust of population growth is urban. In Cameroon, with a population of 6,200,000, urban areas are growing at a rate of six percent per year, compared to two percent for the population of the country as a whole. Sixty percent of the country's future population growth is expected to be in urban centers, which, by 1980, will contain almost 40% of the nation's population (as compared to about fourteen percent in 1963).

The dynamics of urban growth are twofold. First, of course, because of better sanitation and greater access to medical facilities, the natural growth rate is greater in urban centers despite the health problems associated with overcrowding.

The other major dynamic is migration, particularly of the young, the ambitious, and those in the economically most active age groups. By far the most important motivation according to studies by the UN, CRSTOM and others reviewed by the Shelter Sector Study Team, is economic - the search for employment and, with it, access to the highly conspicuous symbols of "development" and "independence". And employment in the modern sector is concentrated in a few urban centers.

Education is also a factor. Facilities for higher education - and with it the possibility of acceding to higher civil service jobs - are concentrated in major cities. Intermediate education can be obtained only in smaller urban centers, which also may serve as foci for urban growth (two intermediate-sized urban centers in Cameroon have experienced annual growth rates of more than 10%).

Housing, although far down on the list of motives for rural/urban migration as identified by the various studies reviewed by the team, becomes a primary concern for the urban resident. According to information collected in the field by the team, a new arrival to the city is usually 20 to 25 years old, but much younger, of course, if he has been sent to continue his education. He almost always lives free with a relative until he can find a job, a period which usually lasts two years.

Once he has a job, he must move into the rental market, initially into a one room "entree-coucher", then into a so-called "stud o" (two-rooms in tandem). By this time the new urban resident has been in the city for about four years, has the income to support a wife, and has the requisite experience to consider locating a piece of land on which to start building his own home.

The beneficiaries of "sites and services" programs, therefore, are most likely to be those who have started to become established, not recent immigrants; and the presence or absence of serviced home-building sites is not likely to be related to the direction or the intensity of rural/urban migration.

The absence of adequate urban infrastructure does profoundly aggravate the unsanitary conditions in which lower income urban families must shelter themselves. Densities are high in Cameroon (up to 500 persons per hectare in the New Bell area of Douala). In Douala and Yaounde water is available only to units on major streets. As population increases, close-in neighborhoods fill up to saturation; settlement expands outwards spontaneously, where lower densities are achieved only by decreasing access to city services.

This new growth can be achieved only extra-legally, because the cities have no reserves for planned expansion. Lack of access to tenure forces low income families to purchase the right to occupy land from its traditional holders, a form of occupancy which is unrecognized by law. Yet these illegal squatter settlements represent an enormous capital investment, and the major stimulus for household savings. About three-quarters of the housing stock in the major urban centers of Cameroon (closer to 90% in the secondary urban center) has been built in the popular sector by the residents themselves (from all income groups, of course, and not just low income groups) from their own savings, and more than half the time without any guaranty of tenure. It is the contribution of low income groups to this substantial and spontaneous effort on which sites and services programs seek to capitalize.

Existing parastatal housing agencies are prevented by high costs from serving the lowest income population without massive subsidies, and their contribution to housing stock, while significant, can never be more than a small portion of that met by private efforts. Development banks

make one or two year construction material loans, from which low-income groups familiar with the procedures may benefit; but underwriting considerations (availability of legal title, repayment capacity) generally limit their mortgage loan programs to the middle and upper-middle income market. In Cameroon, Societe Immobiliere du Cameroun, the national housing authority, built about 1% and the Cameroon Development Bank financed about 4% (including construction loans) of the annual housing needs of Yaounde and Douala in the early 1970's.

In view of the fact that the greatest need and the greatest potential (because of employment opportunities) exists in the two major cities identified above, and due to the necessity to monitor and control the initial effort, it is recommended that the initial programs be limited to these two cities before developing the capacity for a national effort.

Since independence, Cameroon has provided required local support to their respective para-statal housing agencies and development banks.

The current Development Plan of the Cameroon identifies urban housing as a priority area. In common with francophone countries practice, most of the financing is to come from "private" (i.e. non-government budgetary) sources.

The CURC has created a Ministry responsible for Shelter Sector activities, and is in the process of formulating national housing policies. Cameroon created in 1972 a special commission and three sub-commissions, whose final report recommends a major - and heavily subsidized - sites and services effort.

An elaboration of shelter problems and of GURC responses is contained in the Cameroon Shelter Sector Study dated August, 1974.

B. A.I.D. Actions

Preliminary discussions with the GURC regarding the availability and relevance of a housing program under the auspices of the A.I.D. housing guaranty authority were held in April 1973. Subsequent developments discussed in detail in Part II B of this paper, have included a shelter sector survey, approval in principle of a HIG in November 1974, and approval in Principle of the PRP in January 1975. The GURC has been fully involved in these preliminary studies and there are no major policy issues affecting this project to be resolved.

The Cameroon DAP analysis contains a Shelter Sector Statement.

This project and the related HG programs are A.I.D.'s first Shelter Sector activity in the Cameroon.

C. Other Donor Assistance

In the Cameroon the French aid fiduciary, CCCE, provides financial and technical assistance to SIC for the construction and management of housing projects for rental (originally some construction financed by CCCE was also for lease purchase), and to the development bank (for making both home mortgages and short-term construction loans). Institutions involved are the following:

1. Cameroon Development Bank
2. SIC (Societe Immobiliere du Cameroon)

Financial assistance involves both loans and purchase of capital stock.

Additionally, French technical assistance experts serve in the Department of Housing and Town Planning, and the FAC is jointly funding with the GURC, as well as providing three technicians, a special two-year inter-disciplinary program to upgrade city planning activities and projects in Douala and Yaounde.

Through RHUDO/Abidjan, SER/H maintains continuing contact with CCCE representatives in Yaounde. In Cameroon CCCE provides a significant level of support to the existing agencies and programs; and, sharing A.I.D.'s concern for low income shelter, has welcomed A.I.D. collaboration in sites and services financing as incremental to its existing level of support.

### III. REMAINING SOUNDNESS ANALYSIS

#### A. Policy Soundness

The GURC has under consideration a draft National Housing Policy which makes Sites and Services the main instrument of government intervention in the shelter sector. While formal adoption of the Policy is still forthcoming, the GURC acceptance of HG financing for Sites and Services is an indication of high level commitments. Conversely, it could also be added that the success of the HG program, and the present TA project, may themselves play a major role in the GURC's ultimate policy determination.

It is important to note that the GURC Special Housing Policy Task Force reached its preliminary conclusions as to the necessity of adopting the Sites and Services by mid-1973, which was about the time A.I.D.'s initial contact was made. Commitment to sites and services runs very strong in the Division of Housing and Town Planning, where TA would be directed, and this provides the best possible host country policy environment for a successful program.

One of the critical issues to be addressed by the GURC, and by the A.I.D. advisors, is the question of subsidy. The Cameroon Housing Policy Task Force relied on substantial subsidy to enable the program to serve lower income groups. A.I.D.'s Shelter Sector Study team recommended to the GURC that it consider a re-evaluation of the role of subsidy, including scaled-down design and structural standards, greater reliance on self-help construction, use of long term land leases in order to retain for the GURC the capital investment in the land, and amortization of infrastructure costs through land-lease payments. Recent discussions indicate that the Ministry of Equipment is receptive to this approach and has under study various techniques designed to impart a greater degree of self-sufficiency.

It is important that the A.I.D. advisors be in Cameroon to participate fully in the design of project financial and management aspects in order to maximize its input into this very important area of host country attitudes and policies.

#### B. Technical Soundness

Sites and services projects initially require land assembly, subdivision of the land, and preparation of the subdivision for occupancy, including rough grading of building lots and construction of rights-of-way, water lines, storm drainage, and sanitary sewage.

None of these operations involves application of any new technology.

In Cameroon, where traditional land ownership is legally recognized, acquisition is negotiated. The GURC thus acquired 625 hectares of land in Yaounde in 1973 alone, and adequate reserves of publicly owned land exist in both Yaounde and Douala. Land assembly involves payment of some sort of compensation to illegal occupants.

The GURC has undertaken substantial infrastructure and housing projects. Moreover, an experienced housing authority exists which can provide plans, specifications, contracts and supervision of construction on a reimbursable basis if necessary.

The provision of urban infrastructure for sites and services is within the experience of the construction industry, and such constraints as do exist (particularly with respect to costs) are neither technical nor amenable to technical solutions.

Assistance for self-help home construction by sites and services beneficiaries is to follow traditional technology which is already widespread.

C. Social Soundness

The purpose of a sites and services project is to provide access, with secure tenure, to lots which have been laid out in organized communities and provided with necessary facilities (access and interior rights-of-way, storm drainage, water, sanitary facilities) so that beneficiaries, using traditional construction techniques with which they are familiar, can construct, or have constructed, shelter. Provision of adequate access, drainage and sanitary facilities is expected to enable beneficiaries to achieve a much higher level of shelter than in an unofficial or extra-legal squatter settlement. The fact that they are offered secure tenure should encourage beneficiaries to invest more and to improve their standard of shelter.

The primary beneficiaries of this program are relatively recent arrivals in the city who have found employment and who wish to establish themselves permanently. Studies in Cameroon have demonstrated that new arrivals to urban centers usually live with relatives until they have found

a job. Once they have found employment, they rent a room, sometimes in a row of one-room units (Entrer - coucher) and sometimes a room in a house. The newly employed city resident may pay rent to the relative with whom he has been living free, or he may move into a room in another courtyard.

In Cameroon, various studies by ORSTOM and others have shown new residents are inclined to need larger quarters, or to look for a lot on which to build, after about two years of steady employment.

A sites and services program, thus, provides a home site, plus services for its beneficiaries. The program also encourages mutual aid and self-help thereby encouraging even more rapid integration into the urban society.

Further the program poses a challenge to governments to provide needed facilities and amenities - public transport, elementary schools, health facilities, community centers, etc., all of which contribute to urban integration.

It has been observed in numerous countries that the original occupants of spontaneous settlements build only the most provisional of shelter, and that, as the settlement expands, creating a greater sense of security, the later arrivals invest much more in their shelter.

Provision of lots with services such as water is of particular interest to women, to whom tradition has assigned the role of hewers of wood and bearers of water. Thus, the project will have an immediate and positive impact on their lives. It is proposed that women tenants in their projects are the most appreciative of the modern amenities and the most willing to make the effort required to keep up rental payments. While this experience is related to housing projects, not sites and services, it would appear to

reinforce the observation that the project should have a positive impact on women.

While under French law married women require the consent of their husbands, independent women may own and/or lease property in the Cameroon.

It is further assumed, that the development of sites and services will provide facilities for, and encourage informal economic sector activity and market for many goods and services. Women play a significant role in informal sector economic activities, sometimes small, sometimes large (trading, service industries such as restaurants--called "aide-maman" in Douala, and bars, dressmaking, etc.).

#### D. Economic Soundness

The target group is those families in Douala and Yaounde whose income is below the urban median, which in view of the 1974 10% minimum wage increase is now estimated at CFAF 22,400 in Douala and CFAF 27,300 in Yaounde. Though this program may be affordable to some families with part time wage earners, the major beneficiaries will be regularly employed.

Beneficiaries will be assured tenure on services lots leased from the national or municipal government in exchange for monthly payments of less than CFAF 3,000. On these lots the beneficiary may then build his own shelter from current income, savings or loans. A 50 m<sup>2</sup> dwelling of traditional construction is estimated to cost approximately CFAF 300,000.

The greatest proportion of such dwellings are traditionally financed from savings and current income on a "build as the money is available" basis. But if we assume the leaseholder borrows, from HG material financing, it would be at 10% over a ten year period. The per plot cost of CFAF 300,000 represents the maximum cost estimate for an improved site of approximately 300 m<sup>2</sup> in Yaounde.

In total then the beneficiary would be making monthly payments for lot and material loan of about CFAF 5,500 or about 25% of the monthly median income in Douala and 20% in Yaounde. If these same beneficiaries were renting, they would likely pay CFAF 4,500 to CFAF 6,000 per month for much smaller units and that's without any guaranty of tenure or equity. Using these conservative figures then, this program is easily affordable to urban families earning below the median income.

If, as is often the situation in Cameroon, a leaseholder builds one or more rental units on his plot then this program would be affordable to families earning well below the median urban family income. Amortized over even a short two to three year period rental incomes from such units have traditionally exceeded expenses by 17 - 28%. After three years the only expenses on their units would be maintenance. The leaseholder would have developed another source of income, which would itself nearly compensate for the monthly payments required by this program.

Lest this be misunderstood, the above does not advocate a landlord system. It merely serves to point out that by incorporating living patterns already common in Cameroon, this program would be affordable to groups well below the median income. Whether or to what extent the beneficiaries become landlords would depend upon how they weigh the pluses of rental income against the minuses of landlord management and higher density. Secondly, the renters in these areas would gain access to water, sanitation and community facilities not available in the traditional squatter areas.

In order to speed up development, and to facilitate access to home ownership by even lower income groups, a part of the HG loan (C1 - 2 million) be scheduled for use as a revolving fund for the purchase of materials.

Credit unions or other lending societies designed to assist low income groups could also lend for, say, five years. Whereas this would not greatly assist families at the minimum wage level to build their houses, such a loan program would more than suffice if home and rental unit were combined.

We also know, that in the informal housing sector, households with access to land will save up to 50% of their income for a period of one year in order to finance home construction. Moreover, this analysis does not take into account the possibility of calling forth so-called "mattress savings", which are used for capital investment in the informal sector of economic activity. The existence of thousands of rental units in the informal sector would indicate that the above described process is, in fact, carried on.

What the foregoing appears to indicate is the possibility that after the maximum of five to six years required to build both his own house and the rental units and to amortize short-term construction material loans, beneficiaries from the target group could realize an increase in monthly disposable income sufficient to move them out of the target low income group. While it is not certain that all beneficiaries would choose a solution that maximizes disposable cash income the alternative (larger number of rooms for family occupancy, more comfort, etc.) will represent a free choice resulting in a higher level of family expenditures.

If sites and services will increase income of beneficiaries, increase in employment is also likely take place. Construction on serviced lots is likely to consist of construction which would have taken place anyway, but in unplanned fashion on unserviced lots. Construction of this

sort is one source of income to members of the target group, both mason-carpenters and members of the extended family who receive food and drink for their labor.

Evidence has shown that security of tenure will lead to greater investment in shelter, and one aspect of the sites and services program is the availability of credit and other loan programs that will enable beneficiaries to speed up development of their lots, leading to an increase of employment possibilities resulting from more intensive and more rapid home construction.

Accumulation of initial equity and/or repayment of building loans is derived from household savings. The availability of land tenure will facilitate the savings process and strongly encourage the development of improved shelter in a system which already functions in a less orderly way.

#### E. Financial Analysis

##### 1. Recurrent Budget Analysis

A fully operational semi-autonomous sites and services unit within the GURC Ministry of Equipment, Housing and Lands, will require an annual operating budget during its third year estimated at CFAF 155,800,000. This represents an increase of 7% over the proposed 1975-76 personnel budget of CFAF 2.1 billion of the Ministry of Equipment, Housing and Lands. This compares to a 20% increase in the personnel budget over the three years 1972-73 to 1974-75 and this appears feasible.

One of the project outputs is establishment by the GURC of a tax supported national fund for urban infrastructure, of which the most frequently mentioned source is a tax on wages and salaries in the modern sector. With taxable wages and salaries estimated at approximately CFAF 185 billion, a 1% tax, for example, would generate CFAF 1.8 billion. Devoting 10% of these projected tax receipts to administration and overhead would appear clearly to provide sufficient resources for continuing operating budget.

##### 2. Internal Benefit Valuation

Sites and services programs will have significant consequences in terms of improved living conditions as a result of the provision of sanitary facilities, of planned neighborhood development and greater economic

and community participation as a result of security of shelter tenure.

Sites and services programs are not designed as revenue producing, and most of the urban amenities incorporated in the project are not susceptible to quantitative market analysis. Therefore, increased land values and/or rental or implied rental income can be inputted to the services lots when developed.

These calculations, by limiting benefits to a calculation of increased land values and inputted and actual rental values, probably considerably underestimate the real rate of economic return, inasmuch as no value is assigned to the social benefits derived from improved sanitary facilities, planned urban development and increased productivity.

#### IV. IMPLEMENTATION ARRANGEMENTS

##### A. Recipient's Administrative Arrangements

In Cameroon the Grantee and Executing Agency will be the GURC, through the Ministry of Equipment, Housing and Lands. The GURC will set up a special semi-autonomous sites and services unit within the Housing and Town Planning Department of the Ministry and will make funds available (estimated at CFAF 35 million) for topographical work, preliminary engineering and staff support and will assign at least one full time professional together with adequate support staff prior to arrival of the Team.

The Ministry is empowered to initiate operation of the unit by administrative allocation of personnel and funds. Formal establishment will subsequently require a Presidential Decree.

The GURC has requested technical assistance especially in the management and financial administration of sites and services, including, but not limited to, development of financial planning capacity, community organization, selection of beneficiaries, collection of repayments, assistance to and supervision of self-help construction, small construction loan programs, etc. The Ministry of Equipment, Housing and Lands was organized in 1972, grouping the former Ministry of Public Works, the Secretariat of State for Urban Development, and the departments of Lands Survey and of Registry formerly in the Ministry of Finance. This Ministry itself has access to almost all of the personnel available in Cameroon whose skills are required for the Project, although the level of experience required may not always be present.

Although initial budget support for the Housing and Town Planning operation was limited, this situation has improved, and the GURC has indicated

that sufficient counterpart financing will be available for the personnel required for successful implementation of the Project. In addition the GURC has found the funds to support a joint French-GURC town planning team, and as discussions within the GURC on the proposed National Housing Plan continue, increased attention to financial requirements is expected.

Established in 1975, the special interdisciplinary Town Planning Team is under the immediate supervision of the Director of Housing and Town Planning, who will also be responsible for the special sites and services unit. The town planning unit has been designed to coordinate major primary and secondary infra-structure projects, undertake revision of Douala and Yaounde master plans, determine priorities for the Douala sewage system, provide town planning technical assistance to the Municipalities of Douala and Yaounde, prepare application laws for the new national land legislation, and set up training programs. Obviously much of this is of great interest to the sites and services program, preliminary contacts have been made with the French Project Director, and the direct supervision of both efforts by the Director of Housing and Town Planning assures maximum coordination of effort.

Technical services required for actual execution of sites and services programs, including site layout, preparation of plans and specifications, bidding and contract award, and construction supervision, while eventually intended to be part of a developing in-house capacity, can initially be provided under contract either from consultants or from the national housing authority SIC (Societe Immobiliere Camerounaise), which also is under the general supervision of the Minister of Equipment through

the Housing and Town Planning Department. SIC receives financial and technical assistance through the French aid program and has demonstrated the technical capacity to carry out these responsibilities in addition to its regular program.

Another area of possible collaboration is with the Municipalities of Douala and Yaounde. Although these two communities are organized as full communes under Cameroonian law with a Mayor, their budgets are small and they are unable to carry out major infrastructure programs. The GURC has, however, given reserves of urban land to these two municipalities to serve for squatter relocation, which the municipalities then subdivide and allocate even though they lack the budgets properly to provide these areas with infrastructure. The Communes might be asked to make their municipal reserves available in order to provide for unified development of sites and services with the GURC in areas where land adjoins.

The Director of Housing and Town Planning served as Chairman of the special GURC Commission that drafted the proposed National Housing Policy, a policy which sets forth as its major objective the provision of sites and services for low income families. Thus, given the commitment of the Department and of the Ministry, no better administrative environment could be sought.

As previously indicated, coordination with the municipalities will assist in reaching the target population. In addition the extensive political party network, which exists throughout the urban areas and which has participated in self-help squatter rehabilitation programs in Douala, will be utilized. Finally, it should be noted that the great need for shelter in urban centers, the fact that the programs will be offering much desired

and not easily obtainable access to tenure, and the prevalence of self-help shelter activity throughout both cities all indicate that there should be no difficulty in reaching the target population. Selection of beneficiaries and occupancy requirements are to be developed during execution of the HG program and will stipulate that beneficiaries may not own other property and that they must themselves live on the lots; these criteria, while admittedly difficult to enforce completely, will also assist in reaching the target groups.

The planned staffing of the Cameroonian Sites and Services Unit is provided as part of the implementation arrangements.

Under the general supervision of the Director of Housing and Town Planning - Core Staff (Year 1):

a. Yaounde

One Senior Town Planner

One Engineer

One Lands Officer

Two Draftsmen

Necessary Clerical and Support Staff

b. Douala

One Senior Town Planner

Two Draftsmen

Additional Staff

a. Yaounde

One Town Planning Assistant

One Draftsman

One Lands Assistant (Plot Allocation)

One Survey Team - either from the Government or through contractual arrangements

b. Douala

One Town Planning Assistant

One Draftsman

One Lands Assistant

One Survey Team - either from the Government or through contractual arrangements

Additional Staff (Year 3)<sup>1/</sup>

a. Yaounde

One Site Officer (Administrator)

One Building Supervision Inspector.

Several Skilled Laborers

b. Douala

Same as Yaounde.

B. A.I.D.'s Administrative Arrangements

SER/H will be responsible for recruiting the TA staff. The TA teams, under SER/H and Mission supervision, will have the responsibility to provide guidance and assistance concerning utilization of the housing investment guaranty resources and, upon request, on other problems in the housing and urban development area. SER/H will be responsible for implementation of the HG Program.

<sup>1/</sup> After year two, the headquarters staff can remain approximately the same. If engineering services are not provided through contract then a civil engineer (roads and drainage), civil engineer (water supply and sewage), two engineer assistants, two or three draftsmen and several surveyors must be hired. This probably is the best approach in order to build project design and construction supervision capacity for future national activities. Availability and sources of staff, especially town planners and engineers, will need to be planned in advance so that they are in place when needed.

## J O B   D E S C R I P T I O N

**Title:** Housing and Urban Development (Sites and Services) Administrator/  
Policy Planner, Team Leader

**Location:** Yaounde, Cameroon

**Term:** Three Years

**Responsibilities:** In collaboration with the Director of Housing and Urbanism in the Ministry of Equipment, Housing and Lands and other senior officials in the GURC, related para-statal and municipal organizations, the advisor will, inter alia:

1. Advise on and assist in the development and establishment of an autonomous urban land development service capable of planning and executing sites and services, squatter up-grading and various other urban development projects.

2. Advise on and assist in the planning and execution of the housing guaranty sites and services project in Douala and Yaounde as follows:

- a. assist in project site selection;
- b. review basic plans and engineering designs for project development;
- c. advise on the organization and staffing of the sites and services unit within the Ministry in Yaounde and the sub-unit in Douala;
- d. assist in the development of administrative and financial procedures necessary for successful project execution;

e. develop project monitoring and evaluation criteria and procedures; and

f. advise on the location, terms and means of re-payment of a housing loan fund for project occupants.

3. Provide training for lead professionals in special sites and services units.

4. Supervise and guide the activities of the Housing Management Specialist in Cameroon.

5. Prepare evaluation and progress reports as necessary, including a Final Report at the close of the project.

**Qualifications:** Advanced degree in public administration, economics, urban planning and/or urban studies, several years experience in housing and urban development in developing countries, with special reference to the planning, execution and administration of sites and services schemes; knowledge of project engineering and contracting procedures; French language necessary.

## J O B   D E S C R I P T I O N

**Title:** Housing (Sites and Services) Management Specialist

**Term:** Three Years

**Location:** Yaounde, Cameroon

**Responsibilities:** Under the over-all supervision of the Team Leader and in collaboration with relevant officials of the Ministry of Equipment, Housing and Lands, the Advisor will, inter alia:

1. Assist special sites and services unit staff in the establishment of criteria for plot allocation and credit review of sites and services plot applicants.
2. Devise and assist counterpart staff in establishing a system for collection of plot and housing loan payments, including methods to minimize payments arrears and delinquencies.
3. Advise on and assist in the establishment of effective record keeping of plot allocations, payments, arrears, etc.
4. Devise publicity and education techniques to advertise the sites and services projects and educate project occupants as to their obligations in the project areas.
5. Develop local credit associations or cooperatives for the purpose of housing loan disbursements and repayments, house construction and general community development.
6. Establish criteria and a system for monitoring the progress of the project.
7. Train Cameroonian counterparts in the foregoing activities.

Qualifications: University degree in business administration, economics, or related field; experience in developing countries in housing and urban development with special reference to housing management procedures and establishment of credit unions, housing cooperatives or community organizations; French language necessary.

C. Project Implementation Schedule

| <u>Date</u>  | <u>Event</u>  | <u>Responsibility</u> |
|--------------|---|-----------------------|
| 1975 June    | Approve TA Project  | AID/W                 |
|              | Authorize HG Program  | AID/W                 |
|              | Obtain first year Budget  | GURC                  |
| July         | Sign Project Agreement  | RDO/GURC              |
|              | Recruit Advisors  | SER/H                 |
|              | Name Chief GURC technician  | GURC                  |
|              | Start recruitment for balance of<br>GURC first year staff.                | GURC                  |
| Aug/Sept     | Locate Advisors' housing  | RDO                   |
| Sept/Oct     | Advisors arrive at post   | SER/H                 |
| Oct/Dec      | Final determination of sites.   | GURC/TA Team          |
|              | Final installation sites & services unit;                                 | " "                   |
|              | recruit balance basic sites &<br>service staff; and                       | " "                   |
|              | select HG investor to negotiate<br>an agreement                           | GURC                  |
| 1976 Jan/Mar | Staffing up and start training,<br>preparation program schedules, etc.;   | GURC                  |
|              | negotiate and sign Implementation<br>Agreement and GURC Guaranty          | TA Team               |
|              |   | RHUBD                 |
| Apr/Jun      | Project design work and pre-house<br>training counterpart technical staff | GURC/TEAM             |
|              | First draw down of HG loan for start<br>up expenses.                      | GURC                  |

|               |  |                                       |
|---------------|--|---------------------------------------|
| July/Sept     | Review Douala plans;<br>Start preparation, occupant<br>selection criteria, forms, etc.   | GURC/TA Team<br><br>GURC/TA Team      |
| Oct/Dec       | Final Douala plans, bids, execute<br>construction contracts;<br>recruit, train Douala site office<br>staff, start taking applicants,<br>credit review, etc.  | GURC/Team<br><br>GURC and Team        |
| 1977 Jan/Mar  | Start construction Douala, selection beneficiaries;<br>review Yaounde plans;<br>Start recruitment and training<br>Yaounde site staff   | GURC<br>GURC/Team<br>GURC and<br>Team |
| Apr/Jun       | First beneficiaries move into Douala sites,<br>start self-help construction, etc.;<br>Final Yaounde plans, bids, execute construction<br>contracts;<br>Start review applicants, Yaounde.   | GURC<br><br>GURC/Team<br>GURC/Team    |
| 1977 July/Sep | Start construction Yaounde, selection benefi<br>ciaries:<br><br><u>MID-PROJECT EVALUATION REVIEW</u>   | <br><br>TEAM<br>RIHDO<br>SER/II       |
| Oct/Dec       | First beneficiaries move into Yaounde sites,<br>start self-help construction, etc.;<br>joint Yaounde-Douala in-house training seminar;<br>Initiate discussions with GURC on further<br>institutional development, ongoing long-income<br>programs. | GURC<br><br>Team<br><br>Team          |

|              |  |              |
|--------------|--|--------------|
| 1978 Jan/Mar | Prepare specific project recommendation for continuing low-income program; | Team         |
| Apr/Jun      | draft final report;<br>Douala HG construction complete.                    | Team         |
| Jul/Aug      | Prepare Final Project Report;  | TEAM & SER/H |
| December     | Yaounde HG construction completed - final loan drawdown                    | " "          |

**D. Evaluation**

The following are key elements to the success of the proposed sites and services programs and represent bench marks which shall be reported on for contract and evaluation purposes.

1. The Project Team shall have the primary responsibility for the first four elements.

a. Organization and operation of sites and services implementation unit within the responsible Ministry. Evaluation should identify the key areas of inter-Ministerial interdepartmental collaboration as well as the process of decision making and its constraints.

b. Host country provision of adequate technical, secretarial, and logistical support staff. Evaluation should be both quantitative (i.e. numbers of staff required and provided, budget requested and provided) and qualitative (professional level of staff recruited, in-house training provided, provision of supplies, etc., and access of unit to Ministerial level decision making).

c. Financial. Accepting the assumption that shelter programs should be amortized from beneficiary payments and user fees and that public subsidy should be reduced to the minimum in order to maximize access to

program benefits, evaluation should identify the extent to which public subsidy contributes to financing, the extent to which beneficiary payments can be made to cover costs, pro rata cost of administrative structure, impact on financing for delinquencies, etc.

2. Host country counterparts will be responsible for data collection for the following, with the assistance of the TA team.

a. HG program development. Progress charts shall be prepared for development of each sub-sites and services project, including land acquisition, relocation (if necessary), preparation of plans and specifications, bidding (or negotiation) and award of contracts, and construction start. Progress charts shall be prepared for the construction itself, including rough grading, street work, sewers, water lines, etc.

b. Construction shall be monitored in terms of the established schedules. (However, it should be pointed out that the actual construction work itself is probably the least difficult of all the various aspects of project development, and the contractors involved will probably be sufficiently experienced to work out problems on site.)

c. Evaluation should include selection criteria, methods for assuring owner occupancy and other controls, program for attribution, timetable for receipt of preliminary payments, assurance of loan repayments, etc.

d. Assisted self-help construction. Evaluation should include analysis of building requirements (cahier des charges), scheduling of start and completion of actual improvements, summary report on actual construction progress per lot, type of unit constructed (traditional, improved

traditional, or en dur; primary or secondary living structures; auxiliary structures); whether or not constructed with aid of building loan; estimated value of construction; and number of dwelling units constructed.

e. Community Organization. This is a key aspect of the viability of the new communities, but one which is difficult to measure quantitatively. Evaluation should direct attention to the degree of mutual assistance that evolves in the new communities as manifested, inter alia, by the following:

i. Number of homes built with family or neighbor labor as compared with number of homes built by hired labor alone;

ii. Number of homes built with financial assistance from informal sources (i.e., tentines, credit unions, etc.) as compared to number built without any financial assistance;

iii. Number and kinds of issues involving organized neighborhood group dialogue with officials and their resolution; and

iv. Collection and delinquency experience - evaluation should probably compare sites and services experience with housing authority private rentals and with the development bank construction materials loan program.

Monthly reports will provide data on which to measure progress on the items identified above. Some of the evaluation may well take narrative form; but, in other cases, particularly involving actual servicing of lots, occupancy and self-help construction, degree of progress can be extrapolated from the monthly construction and sales progress reports already in use for HG programs.

In view of the experimental nature of the program, there should be a mid-program preliminary Project Evaluation Meeting. This should be undertaken one or two months after beneficiaries have been assigned their serviced lots and it becomes possible to evaluate project participation in terms of acceptance and occupancy rate, assisted self-help housing starts, community organization, construction loans, collection and delinquency experience on land lease. A preliminary evaluation at this time should also be made of the host country sites and services administration.

At this mid-program preliminary meeting, the Technical Team in Cameroon should examine, in collaboration with host country officials, SER/H, RHUDO/Abidjan and RDO/Yaounde, the assumptions, criteria and other project development base line data. Reporting practices should also be examined to determine if any procedural modifications would help in clarifying the data to be assembled for the final project report.

The Team will prepare a draft Final Project Report and Evaluation Report in the field and the Final Report thereafter in Washington.

## V. SUMMARY

### A. Summary of Project Analysis

The preceding analytical sections regarding the policy, technical, social, economic and financial soundness of the project have inadvertently resulted in certain discontinuities in its presentation. This inherent tendency toward considering the project on a fragmented basis rather than as a total concept is the result both of the project paper format and the fact that, in this instance, we have described two separate mechanisms, the Housing Investment Guaranty and the parallel technical advisory assistance.

The guaranty will cover the cost of the physical infrastructure and by its very nature, the anticipated results can be quantified. The technical advisory element is directed towards institution building and, thus, its results are extremely difficult to gauge in quantifiable terms. The ultimate beneficiary, the low income family, is an active participant in the total program, yet will receive only indirect benefits. These three aspects of the proposal must, however, be viewed as interconnecting, dependent elements in the strategy and design of this total program.

The basic strategy of the program, the sites and services approach, is derived from the social and economic analysis of the housing aspirations and achievements of low income families and the shelter goals and resources of the government. At the macro-level, governments are faced with a serious and growing urban housing demand from all income levels. Housing demands are such that current and projected resources available for housing needs will satisfy only a minor portion of the need. Housing demands from low income groups are the most difficult to satisfy because of the built-in financial constraints of the recipient country. The sites and services approach represents a way of meeting these demands at a cost the government can afford and at a cost the low income family can afford. The cost to the beneficiary is only marginally greater than what he would have had to bear in the absence of a sites and services program, i.e. the land-lease he pays for a serviced lot is the only "added" cost. For this cost, he receives secure tenure, which is highly valued and he has access to certain services which would otherwise be beyond his reach, no matter how highly motivated he might be.

The social analysis concludes that the types of services to be provided are acceptable, in fact desirable, in terms of the perceived needs of low income families; that the self-help effort anticipated, and required from low income families is no greater than the effort currently made; that the program encourages desirable "political" trends (i.e. community involvement, mutual aid, shared responsibility for common neighborhood facilities, etc.) based on existing "economic" realities (i.e. newcomers live with relatives, rental income, urban socialization, small activities, etc.); and there are no legal constraints to full participation by women. In fact, the type of services provided would tend to free women from time-consuming responsibilities and, thus, to facilitate their access to other economic roles. There are therefore no known social constraints to the success of the project; a variety of social pressures exist which would tend to support the project; and there are no identifiable adverse social consequences.

The above social analysis addresses the potential acceptability of the actual sites and services program. The corollary analysis of governmental willingness to accept this approach and the anticipated attitude of government planners toward the technical advisors is discussed in Section III, A, Policy Soundness. The Government of the United Republic of Cameroon has accepted the basic sites and services approach. Although the question of subsidies is still under consideration, the debate is being carried out within the Cameroonian structure and the concept is not perceived merely as an "external" precondition. The general institutional framework envisioned, i.e. a semi-autonomous unit with separate accounting and financial procedures, is known to government planners and is becoming an accepted element in their

administrative system. There are therefore, no perceived inhibiting factors in the attitude of the GURC.

The economic analysis again focuses on the benefits and costs of the serviced homesites, taking into consideration the construction costs of a traditional home built of natural materials. A "cash flow" analysis is made to ascertain whether the target low income group would be able to participate. Participation was deemed feasible under three conditions. These are:

1. At or just below the median income, families will be able to build, using current income, savings or credit.
2. At a lower income level, families will be able to build but by using the above income plus income from rentals.
3. At a still lower income, families will rent from owner-occupants but will still have access to better housing than would otherwise be available.

Additional anticipated economic benefits include increases in employment due to construction, indirect increase in business and employment in related industries (i.e. furniture) and increased savings and investment.

The economic impact on the government is considered in terms of the recurrent budget requirements (III, E, Financial) and debt-serving capacity (Annex B). The program is deemed to be within the financial capacity of the government and to have no known adverse impact.

For this program, the technical analysis was straight forward and posed no special problems. The program, as a whole, represents a policy approach rather than a technological intervention. No new technology is

being introduced in either the site preparation or the construction phases. The government's ability to carry out the program will be augmented by the provision of certain technical skills (urban planning/housing management) which otherwise would be lacking, however, the skills per se are known to the government. The technical advisors will, inter alia, address themselves to the development of financial planning, community organization selection of beneficiaries, collection of repayments, supervision of small construction loan programs, etc.

On the combined basis of the policy, technical, social, economic and financial analysis, we consider the strategy to be appropriate to the problem and the design to be consistent with the problems anticipated during implementation. We request that the course of action presented in Part IV, Implementation be approved for Cameroon and that funding for the Cameroon portion be authorized.

I. DESCRIPTION OF HOUSING GUARANTY PROJECT

A. Purpose

The purpose of this project is to develop an institutional capacity within the Government of Cameroon to carry out its shelter sector programs. The direct products of this program will be completed sites and services projects in the cities of Yaounde and Douala for low income urban families.

B. Borrower

The Borrower will be the Government of the United Republic of Cameroon (GURC).

C. Administrator

Sites and Services Unit; Office of Town Planning; Ministry of Equipment, Housing and Lands.

D. Amount of Guaranty

\$10 million.

E. Terms

The loan will be for a term not to exceed thirty (30) years with a grace period of up to five years. Exact terms will await GURC negotiations with the Investor(s).

F. Interest Rate

The interest rate payable to the U.S. Investor(s) (\$) shall not exceed the allowable rate of interest prescribed by the A.I.D. Administrator pursuant to Section 223(f) of the FAA and shall be consistent with rates of interest generally available for similar type loans. The A.I.D. guaranty fee is 1/2% of the outstanding balance per annum.

### G. Guaranty

There will be a full faith and credit guaranty of the Government of the United Republic of Cameroon.

## II. HOUSING NEEDS

Some of the problems confronting the housing sector in Cameroon have already been mentioned. They are familiar to other developing countries-- rapidly increasing urban population, inadequate city plans, high construction costs and high land prices. The existing housing stocks are already greatly strained and overcrowding and substandard housing conditions exist in all the cities. The Ministry of Equipment, Housing and Land estimates 25,000 - 27,000 urban housing units will be needed annually to accommodate demographic growth, eliminate substantial overcrowding and replace inadequate units. About 40% of this housing need lies in the two cities of Yaounde and Douala.

Current government sponsored housing programs produce only 1,000 units per year, and these are almost entirely designed for upper income families. At the same time, nearly three fourths of the unmet housing demand comes from families well below the median income. It is this group which the sites and services program will address.

## III. INSTITUTION

The Third Development Plan for Cameroon (1971-76) focuses on the problems of urban growth and the resulting need for housing. The final draft of the National Housing Policy places much emphasis upon the need for greater public and private investment in housing (including sites and services) for low income families.

In carrying out any housing program in Cameroon, there are three principle organizations one must consider, all of which are largely under government guidance.

A. Ministry of Equipment, Housing and Land

The Ministry of Equipment, Housing and Land is the policy organization of the GURC and will represent the government as the Borrower of the housing guaranty loan. It has already been described in the Implementation Section of this paper.

B. Cameroon Development Bank

The Cameroon Development Bank was organized in 1961 and is 75% owned by the GURC. Like other development banks in francophone Africa its limited funds for housing are generally used to finance middle and upper income housing. (Bad experiences with delinquent loans in the late 60's have convinced the CDB to steer clear of low-income housing loans.) The Bank does not take in savings accounts and depends upon the Cameroonian Central Bank and the GURC as its source of capital. Agricultural and industrial loans make up the lion's share of the bank's loans. Loans for housing in 1972-73 were less than 5% of the Bank's total loans. In short the CDB's role in housing is not significant and it probably will play a very secondary role in this project.

Similarly, the real estate financing undertaken by Cameroon's six commercial banks is for short term loans to the upper income families. The lack of adequate long term financial resources for housing has been a closed door to lower income Cameroonians seeking home construction or improvement financing.

### C. Societe Immobiliere du Cameroun

The Societe Immobiliere du Cameroun is a public-private corporation under the general supervision of the Ministry of Equipment, Housing and Lands. It is 51% owned by the GURC and 16% owned by the French CCCE. SIC was established in 1952 to provide social housing and through 1973 had produced 2,147 units. Due to high construction costs and the lack of government funds, however, most SIC units now go to middle income families or public employees. SIC is the only housing developer of significance in the Cameroon and serves as the design consultant for government housing projects. In effect, it is the National Housing Authority for the GURC and acts as its implementing arm. SIC's role in the sites and services effort will probably be as a developer/contractor.

## IV. TECHNICAL CONSIDERATIONS

### A. Land Tenure

In francophone areas of Africa there has been a jumbled mix of customary (tribal) lands, rights of occupancy and use of customary lands, provisional ownership and registered fee ownership. Property surveys are undertaken on an ad hoc basis; registration has been random; and clear title is difficult to determine even in Yaounde and especially difficult in certain neighborhoods of Douala. A new national land policy has been prepared under the guidance of the Ministry of Plan and it is hoped that it will lend some order to the land tenure chaos.

Under the envisioned sites and services program much of this confusion will be eliminated through a lease-purchase type arrangement.

Under this arrangement land held by the government or by the Municipalities of Yaounde and Douala would be developed and leased to in-

dividuals for a specific number of years. During that time the leaseholder would be permitted to build and retain equity on his land, and he would be required to pay rent on his serviced lot for the entire duration of the lease. If, after a number of years, (specified in the lease) the lease-holder should move, he would be allowed to sell his equity on the leased land either to a new lease-holder or to the Sites and Services Unit of the Office of Town Planning.

Any material loans, using HIG funds or an alternative source, would be amortized like other mortgages, probably for a period of 8 - 12 years to coincide with an estimated 12 year economic life of the housing units. However, many structures will be financed from personal savings.

As an example, a CFAF 320,000 serviced lot amortized to the lease-holder at 10% over 25 years would result in a monthly payment of CFAF 2,900. All material loans would be made and rental and loan payments collected through the Sites and Services Unit.

#### B. The Construction Industry

The modern sector of the Cameroonian construction industry is dominated by a half-dozen large general contractors, only two of which are Cameroonian, and a similar group of important sub-contractors and suppliers. Some are subsidiaries of European companies; others are held by local expatriate interests. They generally have on the order of CFAF 50 to 100 million in capital and handle contracts of CFAF 1 or 2 billion. The annual volume of the modern sector, including public works is approaching CFAF 10 billion and is growing, in constant prices, by about 4% per year.

Inputs from the Housing Guaranty Loan would be CFAF 315 million the first year, CFAF 840 million the second year and CFAF 945 million the third year. It is therefore assumed that the provision of infrastructure to the sites and services areas will be a job sufficiently large to stimulate competitive bidding by a number of contractors and at the same time small enough to be handled by the existing construction industry in Cameroon.

Housing, however, except for the limited numbers of apartment units, upper income villas, and SIC projects, is almost all constructed either by the owners themselves or on a cooperative basis or by small tacherons (jobbers with limited skills up to basic carpentry) who hire labor and use materials supplied by the owner. If the lease-holders in this project seek outside help in constructing their homes, it is this type of workman to which they will probably turn. Total construction in the popular sector is estimated at CFAF 8 to 9 billion annually and is 55-60% owner built.

A middle level of Cameroonian builders with a capability of contracting for small projects or subcontracting on larger jobs has not yet been formed. A few are aided by the Center for Assistance to Small and Medium Sized Enterprises (CAMSE) with support from the UNDP, and the SIC recently let contracts totaling CFAF 40 million to three small builders participating in its Cite Vert Program, but the lack of capital and management experience will impede the growth of others.

An extensive site and service program as proposed in the draft National Housing Policy of the Ministry can provide a base for significant development of Cameroonian builders. Numbers of individuals building new homes in a concentrated area will give ambitious tacherons opportunities

to secure several jobs at the same time, as many in fact as their particular skills at hiring and managing labor will permit.

C. Project layout and costs

Like the other points covered under this heading of Technical Considerations, the details of project design will be developed during subsequent discussions. The key to the project development will be the input of the grant funded technicians. What follows is a brief summary proposed by the A.I.D. project formulation team:

Prospective sites, already under Government ownership have been identified both in Yaounde and Douala. Both sites are within walking distance of the city centers and provide easy access to employment and transport. The Douala site is flatter and closer to off-site infrastructure and construction costs should be lower in that city.

Plot layout will be simple and due to the target group and high construction costs, the design standards for basic infrastructure will be low cost with provision for future improvements as household incomes permit.

The typical lot size is  $300 \text{ m}^2$  ( $15 \times 20$ ) which although large compared to other West African countries (Senegal -  $110 \text{ m}^2$ ) is smaller than the planned minimum of municipality plots. It is felt that  $300 \text{ m}^2$  is sufficiently large to accommodate large extended families. Due to the fact that no central sewage system exists in Yaounde and that provision of waterborn sewage raises per plot costs by at least 100%, lower cost techniques of sewage disposal must be considered. Our technical evaluation of the project indicates that the contemplated lot sizes and configurations are such as to permit adequate sewage treatment with proper separation for housing

through sewage lagoons or such on-site disposal systems as pit or aqua privies, septic tanks, bio pots or seepage pits.<sup>1/</sup> Final lot sizes, design and site placing will be based on the results of further technical analysis of sewage treatment methods, soils, ground hydrology and vegetation.

As was mentioned, infrastructure standards will be kept as low as possible with adequate provision made for future improvements to individual plots. Provision is made for vehicular access throughout the sites, allowing easy access to residential areas, community facilities and the main trunk roads while protecting the neighborhoods from excessive through traffic. A safe convenient network of footpaths is also provided linking plots to public areas and the trunk roads. In Yaounde, where the topography is hilly and difficult, a variety of road and path surfaces and storm drainage provisions will be used making full consideration of the contours of the land.

As a first stage, water will be supplied through a fountain with four taps for approximately every 40 plots and within a distance of 100 m. In designing the main distribution system, it was assumed that all plots will ultimately have private water connections. The water supply will be adequate.

The initial power distribution system should provide street lighting to the main trunk roads and perhaps the principle feeder roads. Second or third phases might allow wider distribution of low tension lines.

Community facilities will be provided by the GPHC and will include schools, dispensary/ECN centers and business areas according to locally accepted standards.

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1/ The density of the proposed project will be approximately 210 persons per hectare which, at 20 lots per hectare, translates to roughly 11 persons per lot. If further investigations reveal that, for sanitary or other reasons, the proposed site cannot support a higher density, SPCN is prepared to negotiate restrictions on density either by controlling lot sizes or by explicitly stating a persons-per lot limit.

Per plot costs are initially estimated at CFAF 320,000 (\$1,525) <sup>2/</sup> including physical contingencies and price escalation. The infrastructure component of the Housing Guaranty loan will be between \$8 and \$9 million with the balance of the loan to be used to finance building materials. At the above cost the number of plots which could be constructed would be between 5,245 and 5,900 and it is not anticipated that this number will change significantly during discussions with the Government of Cameroon.

Preliminary environmental analysis indicates that this project, as conceived, conforms to prevailing A.I.D. standards in the housing sector, and will not cause inordinate adverse environmental impact.

A.I.D.'s procedures for assessing environmental impact and related criteria are now under review. Final design for the Cameroon sites and services program will meet all applicable criteria and standards at the time of final review, including such impacts as those on vegetation, ground water, air quality, noise, topography, erosion and siltation, and other social and physical factors.

#### D. Recommendation

Based upon the review of the project set forth in this paper and Annex, it is recommended that the subject guaranty of \$10 million be approved.

<sup>2/</sup> Approximately 30% of this total price is for contingencies and another 1% for roads and footpaths. A more detailed review may reduce the lot cost substantially. This figure represents the maximum cost estimate for an improved site of approximately 300 m<sup>2</sup> in Yaounde.

## Annex B

### General Economic and Debt Carrying Capacity

#### 1) General Economic

The Cameroon economy is based mainly on export of agricultural and forestry products with a developing capacity in the secondary sector for local import-substitution and semi-processing of raw materials for export.

GDP rose annually at a rate of 11% at current prices during the late sixties (or 7.7% net of inflation). The rate of increase then leveled off as a result of a drop in the prices of primary products in the world markets, coupled with increasing import costs of manufactured products and most recently, petroleum. GDP, which rose 13.3% in 1969/70 at current prices, dropped to a 2.6% increase in 1970/71 and to a 5.0% increase in 1971/72. With the recovery of commodity prices on world markets, the growth rate is estimated to have increased to possibly 9% in current prices in 1972/73 (or 4% net of inflation).

Cameroon has relied substantially on off-shore borrowings to cover the resource gap between total domestic savings and investment estimated at 2.6% of GDP in 1970/71, 5% of GDP in 1971/72, and 3.5% of GDP at current prices in 1972/73.

Estimates suggest foreign financing totaling \$59 million in 1975/76. Proposed borrowings for the HG program, assuming a 36-month implementation period, would result in an annual inflow of funds of about \$3.5 million a year starting in 1976/77.

According to data developed in the Shelter Sector study, the modern public works and housing sector, into which this inflow would be directed, totaled an estimated francs CFA 18 billion (about \$85 million) in Cameroon at current prices. To this should be added an estimated francs CFA 9 billion of informal sector housing construction (about \$43 million).

The potential increment to the modern sector represented by the proposed EG program represents about 4% of present capacity and is well within the existing annual rate of growth of this sector.

The housing construction initially associated with the sites and services programs is expected to total francs CFA 7.2 billion (\$34.3 million), or francs CFA 1.45 billion a year during an estimated five years of home building. This investment represents an increase in the present annual volume in the informal construction sector of about 16%. However, this investment will not fully represent an additional increment because it is, in large part, a transfer from uncontrolled to controlled construction that would have taken place anyway. Therefore, there is no reason to presume any constraints of a financial nature on the capacity of the host country to utilize efficiently the resources.

#### 41) Host Country repayment capacity

Cameroon public debt service in 1973 totaled \$27 million, representing about 5.2% of export earnings. Total public debt cut and disbursed that year was \$49.8 million.

Projections for the balance of the decade would indicate that public savings are likely to decrease relatively as a percentage of the public

investment budget. Hence Cameroon will have to rely increasingly on external financing to make up its resource gap and maintain a modest growth rate.

Cameroon's balance of payments position improved substantially in 1973, showing again a positive balance after two years of deficit. Total exports rose by 36%, whereas import payments increased by less than 10%. Although the improvement continued through the first half of 1974, weakened thereafter, and appears to be improving again in early 1975, it is likely that the full impact of increased petroleum prices, together with a softening of export prices, will result in a more restricted balance of trade position by the end of the decade.

Conservatively projecting that imports will increase at an annual rate of 4.6% for the period 1976-80 and exports increase at 2.8%, it has been estimated that by 1980 public debt outstanding and disbursed will total \$1,305 million, with debt service payments totaling \$113 million or 12.1% of export earnings.

Servicing of a \$10 million HG loan will represent slightly less than \$1 million of this total projected debt service, or about 0.9% of total debt service obligations.

Data available for a breakdown of Cameroon medium and long term foreign public debt in 1972 showed the following:

|                      | Debt Outstanding<br>(SDR 000) | Debt Service<br>(SDR 000) | Ratio Debt<br>Service to<br>Debt Outstanding |
|----------------------|-------------------------------|---------------------------|--|
| Loans from govts     | 96,666                        | 6,028                     | .062   |
| (of which France)    | (41,270)                      | (3,522)                   | (.085)                                       |
| Loans from Int. Org. | 49,218                        | 2,010                     | .041   |
| Supplier Credits     | 36,980                        | 8,524                     | .231   |
| Other Private        | <u>16,657</u>                 | <u>38</u>                 | --   |
| Total                | 199,531                       | 16,600                    | .083   |

Structurally the debt showed in 1972 a substantial increase in privately held debt, from 12-13% during 1969-71 to 26.8% in 1971. Increased reliance on medium-term private credits, of course, increases the annual debt service payments required for any given level of external debt. Overall debt service as a ratio of outstanding debt stood at .083 (annual debt service payments per SDR of debt outstanding) in 1972 and rose to .113 in 1973.

Cameroun should look forward wherever possible to structuring its external debt in order to ease the annual servicing requirements. In this connection, as the above table indicates, supplier credits in 1972 required annual repayments at a ratio of .231 for every SDR of debt, as compared to the much more favorable repayment ratios of .041 and .060 for concessional loans from international and bilateral sources respectively.

In comparison annual amortization requirements of a 15-year 10% loan at 9.5% interest would be at a ratio of .1056, which, while not

truly concessional, represents a much more favorable source of financing than the privately-held medium-term credit to which GURC was forced to turn in 1972.

AIDE-MEMOIREUSAID/HQ SITES AND SERVICES PROGRAM1. BACKGROUND

Concurrent with the economic growth of Cameroon, the country's principal cities are undergoing rapid expansion. Growing at a rate (6 to 12%) over three times that of the total population (2.0%), Cameroon's urban areas are suffering from an extreme shortage of urban infrastructure and housing for urban working classes. In its draft National Housing Policy, the Government of Cameroon has recognized these needs and is planning an immediate action program of sites and services in Douala and Yaounde.

2. SITES AND SERVICES PROGRAM

Since the program will provide serviced plots and community facilities to urban low-income groups, USAID's Housing Guarantee Program has approved in principle the guaranty of \$10 million for sites and services projects in Douala and Yaounde.

Loan funds will be provided from the private long term housing finance market in the U.S. at the rate of interest current at the time the loan Agreement is signed. An additional 0.5% rate of interest is added for the AID Guaranty fee. Loan Terms are normally 25 years with a 3 year's grace period. Repayments are made in equal quarterly installments. The loan is disbursed in tranches in accordance with work progress. AID requires payment of a fee equivalent to 1% of each drawdown to cover its costs.

We propose that \$9.0 million be used to provide roads, drainage, water supply and electric service to approximately 4,000 plots in Douala and Yaounde, and that \$1 million be set aside as a revolving housing loan fund for project occupants.

The Government of Cameroon will be expected to provide the necessary land, community facilities and any required offsite infrastructure.

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### 3. TECHNICAL ASSISTANCE

Most important to the effectiveness of the \$10 million sites and services project, will be the establishment of a semi-autonomous sites and services unit within the Ministry of Equipment, Housing and Lands with separate financial accountability.

In order to assist the Government of Cameroon to set up this institution AID is willing to provide the services of two advisors for three years. The senior advisor will be concerned primarily with housing and urban development policy formulation and urban development institution building in order that this first sites and services project become an integral part of an ongoing, self-sustaining urban development program.

While the senior expert will also advise on and coordinate the planning and execution of the sites and service project, the second advisor will have the primary responsibility for assisting in the establishment of program administrative procedures. These will include criteria for credit review of project beneficiaries, a system for collection of plot and housing loan payments, and effective record keeping and project monitoring procedures.

### 4. GOVERNMENT RESPONSIBILITIES

The Government of Cameroon is expected to provide at least 25 percent of the total technical assistance costs. This can appropriately take the form of salaries for Cameroonian professional and support staff, office space and equipment, and provision of transport for the sites and services unit.

In the first year of operation the unit will require four professionals, including one in Douala. As the project is implemented, the unit will require six more professionals in the second year; and, once the occupants are on site, approximately four site officials the third year, for a total, over time, of fourteen. Moreover, if engineering

work is to be done within the unit and not contracted out, approximately four more professionals will be required.

It is proposed that the AID advisors arrive in Cameroon during the latter part of 1975. The Government of Cameroon should therefore allocate for project preparation in the 1975-76 (development) budget, a sum estimated at CFA 20 million for topographical work, preliminary design and offices. If topographical work can begin in July 1975, planning and design can proceed such that actual project construction could start in the latter half of 1976. However, given the importance of establishing the cities and services unit, the availability of local funds and the official assignment of at least one full time professional and adequate support staff will be conditions precedent to the arrival of the two AID officers.

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ANNEX D

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

GUARANTY AUTHORIZATION

Provided From: Housing Investment Authority

THE UNITED REPUBLIC OF CAMEROON

Pursuant to the authority vested in the Assistant Administrator, Bureau for Africa, by the Foreign Assistance Act of 1961, as amended (FAA), and the delegations of authority issued thereunder, I hereby authorize the issuance of a guaranty pursuant to Title III, Section 221 of the FAA of not to exceed ten million dollars (\$10,000,000) assuring against losses of not to exceed one hundred per centum (100%) of loan investment and interest by an eligible U.S. Investor or Investors (Investor) acceptable to A.I.D. to finance urban development and housing projects in Cameroon.

This guaranty shall be subject to the following terms and conditions:

1. Term of Guaranty: The loan shall extend for a period of up to thirty (30) years from the date of disbursement of the first installment of the loan including a grace period on the repayment of principal not to exceed five (5) years. The guaranty of the loan shall extend for a period beginning with the first disbursement of the loan and shall continue until such time as the Investor has been paid in full pursuant to the terms of the loan.

2. Interest Rate: The rate of interest payable to the U.S. Investor pursuant to the loan shall not exceed the allowable rate of interest prescribed by the Administrator pursuant to Section 223(f) of the FAA and shall be consistent with rates of interest generally available for similar types of loans:

3. United Republic of Cameroon Guaranty:

A guaranty carrying the full faith and credit of the United Republic of Cameroon, payable to A.I.D. assuring against any and all losses to A.I.D. by virtue of its guaranty to the U.S. Investor or from non-payment of the guaranty fee.

4. Fee: The fee of the United States shall be payable in dollars and shall be one-half of one per centum ( $\frac{1}{2}\%$ ) per annum of the outstanding guaranteed amount of the loan.

5. Other Terms and Conditions: The guaranty shall be subject to such other terms and conditions as A.I.D. may deem necessary.

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Assistant Administrator  
Bureau for Africa

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Date

## STATUTORY CHECKLIST

## The United Republic of Cameroon

Section 221:

The total face amount of guaranties issued, outstanding at any one time, shall not exceed \$355,000,000.

Section 222(b):

The proposed Guaranty qualifies under the criteria of one or both of subsections 222(b) (1) and 222(b) (3) as follows:

1. Private housing projects of types similar to those insured by the Department of Housing and Urban Development and suitable for conditions in Cameroon;
2. Low-income housing projects.

Section 223(a):

The A.I.D. guaranty fee has been determined by A.I.D. in accordance with the authority delegated by the President.

Section 223(1):

The maximum rate of interest allowable to the eligible U.S. investor to be prescribed by the Administrator will not be more than one per cent above the current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development.

Section 223(h):

No payment may be made under any guaranty issued for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

Section 228(c):

The guaranty agreement will cover only lenders who are "eligible investors" within the meaning of this section of the statute at the time the guaranty is issued.

Section 620:

There is no available information prohibiting the furnishing of assistance to the United Republic of Cameroon.