

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT DATA SHEET**

1. TRANSACTION CODE: **A** (A = Add, C = Change, D = Delete) Amendment Number: \_\_\_\_\_ DOCUMENT CODE: **3**

2. COUNTRY/ENTITY: **TUNISIA**

3. PROJECT NUMBER: **664-0329**

4. BUREAU/OFFICE: **Near East**  03  5. PROJECT TITLE (maximum 100 characters): **Emergency Housing Repair and Reconstruction**

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY **09/30/85**

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4):  
 A. Initial FY **83** B. Quarter **4** C. Final FY **85**

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY <b>83</b>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			1,750			1,750
(Grant)	( )	( )	( 1,750 )	( )	( )	( 1,750 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1. HG Resources	Non Appropriated					4,000
2.						
Host Country						
Other Donor(s)						
<b>TOTALS</b>	<b>5,750</b>		<b>5,750</b>			<b>5,750</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan HG	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	930	863		-0-	-0-	1,750		1,750	
(2)									
(3)									
(4)									
<b>TOTALS</b>									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each):  
 865      862      861

11. SECONDARY PURPOSE CODE: **720**

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each):  
 A. Code: BU      BR  
 B. Amount: 1,250      500

13. PROJECT PURPOSE (maximum 480 characters):  
 Project Purpose is to assist the GOT's efforts for the repair and reconstruction of flood damaged and destroyed homes of low income families.

14. SCHEDULED EVALUATIONS: Interim MM YY **03/84** Final MM YY **12/85**

15. SOURCE/ORIGIN OF GOODS AND SERVICES:  000  941  Local  Other (Specify) \_\_\_\_\_

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY: **James R. Phippard**, Director

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY **07/29/83**

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**Best Available Document**

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

- Arrondissement - Equivalent of district within municipality
- Delegation - Sub-regional administrative unit of the national government headed by a délégué who reports to the regional governor. A delegation can contain more than one communal government and conversely in large communal governments there may be more than one delegation. (Most closely equivalent to counties in the U.S.).
- Endur Houses - Houses constructed of brick, cement or stone or other "durable" materials
- Gourbi - Traditional house constructed of adobe or other non-durable materials
- Gouvernorat - Administrative unit of government equivalent to a province or state
- Oued - Perrenial water course or river bed which is frequently dry

Abbreviations

- AFH - Agence Foncière de l'Habitat
- ARRU - Agence de la Rénovation et de la Réhabilitation Urbaine
- CNEL - Caisse Nationale d'Epargne-Logement (National Savings and Loan Bank)
- CPSCl - Caisse des Prêts et de Soutien des Collectivités Locales
- DRRU - Direction de la Rénovation et de la Réhabilitation Urbaine (Urban Renewal and Upgrading)
- FNAH - Fonds National de l'Amélioration de l'Habitat (National Fund for Shelter Improvement)

- FOPROLOS - Fonds de Promotion de Logements pour les Salariés
- MOH - Ministry of Housing, GOT
- RHUDO/Tunis - Office of Housing and Urban Programs - Regional  
Office for the Near East
- SNIT - Société Nationale Immobilière de Tunisie
- STB - Société Tunisienne de Banque

Currency

- Tunisian Dinar - The exchange rate of the Tunisian Dinar TD is floating.  
The rate used in the Project Paper is:  
U.S. Dollar 1.00 = TD .600  
Tunisian Dinar 1.000 = U.S. Dollar 1.67  
(Rate of Nov. 1982)

Measurement Units

- 1 Square Meter = 10.76 square feet
- 1 Kilometer = 0.62 miles
- 1 Hectare = 2.47 acres

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PART I

SUMMARY DESCRIPTION OF PROGRAM

1. Background

The severe flooding of late October - December, 1982 caused serious losses in all sectors in various parts of Tunisia, particularly in housing. The Ministry of Housing surveys showed approximately 14,000 homes damaged and over 5,000 completely destroyed in the 11 governorats that were affected. Their estimates for repair and reconstruction are over \$34.2 million (TD 20.5 million) or about 1/3 of the costs of losses in all sectors.

The GOT has so far channeled what resources it could for repairs through the Fonds National d'Amélioration de l'Habitat (FNAH) and has allocated 1467<sup>new housing</sup> units in its 1981, 1982 and 1983 rural housing programs for flood victims through the Société Nationale Immobilière de Tunisie (SNIT) .

2. Proposed Assistance

To assist the GOT in meeting the housing needs of the flood victims, AID will provide ESF grants and Housing Guaranty loans for both rehabilitation of damaged houses and reconstruction of houses destroyed in the floods, as follows:

a) Loans for repairs

A grant of \$750,000 from Economic Support Funds (ESF) to the GOT will be channeled through FNAH, a home improvement lending agency under the umbrella of the MOH. These funds will be used to provide at least 1,500 loans of up to TD 300 (\$ 500) each for repairs of houses as listed in surveys of flood damage completed by MOH and local officials.

The terms and procedures for AID financed flood repair loans will principally follow those of the regular programs of FNAH with some adjustments to reflect the emergency situation.

As under the existing FNAH program, loans may not exceed the applicant's annual income up to TD 1500 (\$2500) and will carry terms of 5 years with interest rate of 0 to 6% depending on income. Since AID financing will be limited to TD 300 per loan, FNAH will use its own resources to provide families with the funds necessary for loans over TD 300 up to a maximum of TD 1500. The FNAH's financial agent handling disbursements collection and financial reporting, will be the Société Tunisienne de Banque (STB).

The MOH will prepare an allocation plan by gouvernorat. This plan will require AID approval prior to the first disbursement.

It is anticipated that AID financing will be fully disbursed within 6 months. Reflows from the Grant financed loans will be used by FNAH to provide five year loans to Municipalities at 6% interest for the maintenance and rehabilitation of community infrastructure. Those projects will be approved by AID annually until a cumulative total of the total grant amount has been financed. The FNAH will ensure that one fifth of the grant amount will be made available annually over a period of five years for such projects.

b) Grants and Loans for Reconstruction

AID will provide a grant of \$1,000,000 from ESF funds and guarantee of a \$4,000,000 Housing Loan to the Government of Tunisia. These funds will be channeled through the Caisse Nationale d'Epargne Logement (CNEL) to finance grants and loans to flood victims to help them rebuild their homes. Benefiting families will receive upto TD 3,000 each. The grant portion will be limited to TD 600 (\$1,000), or 20% of the total assistance, whichever is less. The balance, 80% or up to TD 2400 (\$4,000), will be provided as a loan amortized over 15 years at 7 percent interest. Agreements with beneficiaries will state the grant and loan components, the interest rate and the monthly payments

due. The agreements will also stipulate that the grant component must be repaid if the unit is sold within three years of the date of that agreement with the beneficiary.

Eligibility will be based on surveys completed by MOH and local officials. In addition, annual household income may not exceed TD 1500 (\$2500).

In most cases, beneficiaries will rebuild their homes themselves pursuant to MOH guidelines for self-help housing. Where possible, beneficiaries will rebuild on their own sites. Where they do not have or cannot acquire authorized sites on which to rebuild, new sites will be prepared either by local authorities the Société Nationale Immobilière Tunisienne (SNIT), or the Agence Foncière d'Habitation (AFH). In governorates or localities where a program of auto-construction or self-help housing is not feasible to implement, core housing will be built by the SNIT. Where sites or core houses are to be provided, site selection, preliminary plans, cost estimates, implementing agencies, and schedules are to be approved by AID. Costs of land and development of new sites will be passed on to the beneficiaries and financed under the program.

MOH will prepare an allocation plan by governorate prior to first disbursement. That plan will include estimated disbursement schedules and the number of sites, if any, that will have to be provided by locality. It is anticipated that the AID financing will be fully disbursed within 18 months.

c) Implementation

The Grantee and Borrower will be the Government of Tunisia. The Ministry of Housing will be responsible for program management, will coordinate the work, and will provide certifications for all disbursements.



d) Project Committee

RHUDO

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PART II

PROJECT RATIONALE AND DESCRIPTION

A. Background on the Flood:

Eleven of the 21 governorats in Tunisia were hit by unusually heavy rains in late October and early November, 1982. The most severely affected governorat, Sfax, had 11.8" of rainfall, 181 percent of normal annual rainfall, in 32 hours. The rains heavily damaged everything in the path of many perennial water courses (oueds). Losses were heavy in all sectors, but particularly so in housing. Many people whose homes were washed away also lost all of their possessions. Both "en dur" houses, i.e. those constructed of brick, cement or stone, as well as "gourbis"; those constructed of adobe or non-durable materials, were lost. Many other collapsed or were badly damaged either because of saturation of the structure or because of failure of the saturated subsoils supporting them. (Annex A provides detailed assessments by Gouvernorat.)

Overall, about 5100 homes were destroyed, out of which 3900<sup>were</sup> gourbis. These houses were located for the most part in the Zaghwan, Bizerte, Kasserine and Monastir Gouvernorats. About 1,200 "en dur" houses were also destroyed, mostly in the Sfax governorat. Nearly 14,000 houses were damaged to various degrees but not destroyed. The city and suburbs of Sfax again suffered the bulk of this loss.

The GOT estimates the total cost of repair and replacement of housing at TD 20.5 million (\$34.2 million): TD 16.4 million (\$27.4 million) to replace houses destroyed; and TD 4.1 million (\$6.8 million) to repair damaged houses.

B. Government of Tunisia Strategy:

During and immediately following the flooding, thousands of families sought refuge in any available shelter. Many were crowded into one-room

houses of nearby friends and relatives or into mosques, schools or other facilities. The GOT responded by providing family-sized tents. Since many of the refugees lost all of their clothing, food and other personal effects, the GOT also provided food, blankets, some clothing and other supplies.

Numerous Mission on-site visits (including those of Embassy, USAID, OFDA and U.S. Army personnel) confirm GOT reports that housing damage has been extensive and that the living conditions of victim families remain very difficult. Most displaced families quickly left the emergency shelters to double-up with relatives and neighbors. However, several thousand people still had only tents as refuge from the cold and wet conditions of the winter months. In the Fall and Winter of 1982-83 the MOH completed a house-to-house survey to verify its estimate of damages and to identify families eligible for assistance. The survey results, presented in Annex A, show the number of damaged and destroyed houses by governorat as well as the cost estimates for housing repair and reconstruction and for infrastructure repair.

The GOT has made through FWAH an estimated total of TD 220,000 (\$366,000) in small grants to an estimated 2300 families for the most urgently needed repairs, primarily in Sfax. The GOT has allocated an additional 1467 of the rural housing grants and loans to flood victims from the MOH regular 1981, 1982 and 1983 program. Despite such efforts, the number of families who have not<sup>yet</sup> received assistance is estimated at approximately 3600 families whose homes were destroyed and 11,700 whose homes were damaged.

C. AID Strategy:

USG assistance provided immediately after the initial flooding included \$25,000 in cash for food and other emergency supplies and

145,000 MT of food from P.L. 480 Title III stocks already in country. OFDA subsequently provided equipment and technical advisors for sewage cleaning, water purification and removal of excess water. OFDA is also providing culverts and prefabricated bridges for emergency road repair. The total value of the U.S. disaster relief program to date amounts to about \$1 million.

The proposed ESF assisted housing repair program is designed to make houses safe for habitation and to prevent further loss of life and property. Funds will be made available as quickly as possible to families most affected by the floods. They will be channeled through existing institutions that have the capability of ensuring that funds are allocated and administered effectively.

Rehabilitation of damaged but repairable houses is a more efficient utilization of resources than replacement, but where houses cannot be repaired, replacement will be necessary. The MOH proposes to provide victims with loans and grants to rebuild their homes themselves where possible, and on serviced sites where alternative locations are required. In localities where a self-help construction program on the victims own site or an alternative site is not feasible, core housing units may be provided by the SNIT. The proposed financing for reconstruction will provide a mix of ESF grant finding with HG loan financing from the HG-004 Project, authorized for Tunisia in 1979.

As HG-004 resources were limited to projects in interior towns of Tunisia, AID/NE and PRE/HUD have concurred on an amendment to the HG-004 Project to allow utilization of funds in the coastal cities where most of the flooding occurred. Otherwise, the HG-004's objective of supporting a shift in the Government of Tunisia's housing policies to programs affordable by low income households remains unchanged.

The proposed assistance package will have a major impact on the GOT's ability to provide effective and appropriate assistance in this disaster situation. The strategy combines the various types of AID resources available, using each in a way which reflects the purposes for which it was established. Equally important, this package supports AID's long-term housing development strategy in Tunisia. Integral parts of that strategy are to encourage the maintenance and improvement of existing housing stock to minimize the need for construction of new housing, and to meet needs for new housing through expandable core units affordable by the poor.

D. Goals and Purpose of the Project

The goal is to help provide adequate shelter to families whose homes were damaged or destroyed in the floods. The purpose of this project is to help the GOT to respond to the housing needs of flood victims while at the same time supporting the HG-004 goal of shifting the GOT's investment strategy toward housing programs affordable by low-income households. The Ministry of Housing and the affected governorats have made flood relief a high priority and the Mission believes that they will continue to do so through the coming year.

E. Inputs and Outputs for Housing Repairs

To assist the GOT in its emergency repair program, the Mission proposes an EBF grant of \$750,000 be made to the GOT. It will be administered by FNAH (Fond National d'Amélioration de l'Habitat)\* under the supervision of the MOH. The grant would be utilized to provide approximately 1,500 loans of up to TD 300 (\$500) each to the most needy families for repair of their homes. The AID input to the FNAH for this Project has already been matched by TD 220,000 (\$366,000) provided by FNAH for emergency grants. The allocation of funds was based on damage assessments made by the Regional Directors of Housing of the MOH. FNAH will also supplement the AID input where loan amounts over TD 300 are approved. (See section III B for description and analysis of FNAH.)

\*National Fund for Shelter Improvement

The terms and procedures for flood disaster loans will, principally follow those of the regular programs of the FNAH with some adjustments to reflect the emergency situation. These adjustments are as follows:

- Submission of plans will not be necessary where the loan amount is TD 300 (\$500) or less.
- Non-salaried households will be eligible; A . declaration of income accepted by local officials will be taken in lieu of official salary statements. (Income limitations remain unchanged, however.)
- Past payment of the rental value tax and FNAH surcharge will not be required as long as applicants living in urban areas agree to begin such payment.
- Mortgage requirements for loans under TD 300 (\$500) will be waived. Instead a co-signature loan contract will be substituted.
- Requirements for completion of work before the final disbursement is made will be waived. Advances of up to 50 percent of the loan or approximately TD 150 (\$250) will be permitted. Because loans are small and because of the more urgent nature of work with the flood victims, the balance of loans will be disbursed before work is entirely completed.

These exceptions should help those who are the most needy and who would not ordinarily qualify for the loans receive sorely needed assistance in rebuilding their homes. Eligibility for the special loan program will be based on the surveys of damage completed by the WOH and local officials.

WOH technicians estimate that an average of TD 300 (\$500) is necessary to make damaged homes minimally safe and livable. This will be the maximum amount of AID funds provided for any household. Where repairs require loans in excess of TD 300, FNAH will, as noted above, use its own resources to provide the necessary supplemental amounts.

AID disbursements will be based on certifications by FNAH and the MOH of the number and amounts of loans disbursed by locality including funding provided by the GOT. AID will require that FNAH keep detailed files for audit and evaluation purposes.

The FNAH also assists municipalities finance community infrastructure projects, for example, the installation of secondary storm water drainage and sewerage systems. Funding is provided either through grants or 5 year loans at 6 percent interest. Repayments on FNAH loans granted under this project will be used to provide additional resources to FNAH for municipal infrastructure projects. These funds will finance loans to municipalities at a 6 percent interest rate. AID will review the municipal infrastructure projects identified to receive funding of at least one fifth of the amount of the grant annually over a period of five years.

F. Inputs and Outputs for Housing Reconstruction:

To assist the GOT in responding to the need for replacement housing, the Mission plans a \$5 million program. One million dollars of ESF monies will be used to provide a 20% grant towards total costs for each of the replacement housing built under this program. In addition, the program will utilize approximately four million dollars from the \$25 million HG-004 program to provide financing for the other 80 percent of the program. These funds will be used to finance the reconstruction of approximately 1,000 housing units costing approximately TD 3,000 (\$5,000) per unit.

Houses financed under this program will wherever feasible be built by the beneficiaries themselves (see Annex B for note on auto construction) on their own site. Where beneficiaries do not have or cannot acquire authorized sites on which to rebuild, new sites will be

prepared either by local authorities, le Société Nationale Immobilière Tunisienne (SNIT), or the Agence Foncière d'Habitation (AFH). Costs of land and development of new sites will be passed on to the beneficiaries and financed under the program.

When relocation is necessary, the MOH will make its best efforts to maintain the families' existing social and economic relationships by selecting suitable sites as close as possible to the original homes. However, if the nearest appropriate sites are some distance from their previous homes, the MOH feels the designated beneficiaries will still choose to relocate to take advantage of the opportunity to build a house out of durable materials and to secure legitimate land title.

Houses that beneficiaries will build will typically be an expandable core of about 25-square meters with living, kitchen and bathroom areas and basic services. While autoconstruction will be encouraged in localities where it is not feasible to apply this system, core housing may be built by SNIT. The cost to beneficiaries for these units will include land development and construction costs.

The program will operate through the CNEL (Caisse National d'Épargne Logement), which will have responsibility for processing and making loans as well as collecting payments. The program is expected to take approximately eighteen months to complete.

Regarding beneficiaries, lists of families whose houses were destroyed have been prepared by the regional housing director for the MOH and by Regional Emergency Committees. The MOH has indicated that a majority of the houses destroyed were gourbis or squatter-type units that are generally built in an uncontrolled manner using non-durable material. This program's target group thus largely consists of families who were very poor even before the losses they suffered in the flood disaster.



Potential beneficiaries will submit applications to the CNEEL which will review them for completeness and eligibility before transmitting them to the appropriate emergency housing commission. The commissions, composed of a representative each from the Gouvernorat or Delegation, the Commune or Arrondissement, and the MOH, will determine which of the homeless families will receive replacement units. Families will have to demonstrate adequate income to repay the loan. However, incomes of beneficiaries should not exceed TD 1500 (\$2500), the estimated annual urban median household income.

Prior to the first disbursement for the reconstruction program, the MOH will submit for AID approval a detailed allocation plan by gouvernorat, including locations where new sites are to be provided. Grants and loans will be made available in both urban and rural areas hit by the floods.

In order to assure that the 20 percent grant serves its intended purpose, resale controls will be required. Repayment of the entire grant amount to CNEEL will be required if the sale takes place within 3 years of obtaining the loan and grant. CNEEL will reinvest any such grant repayments in loans to low income families.

PART III

PROJECT ANALYSES

A. Social Soundness Analysis:

1. General Characteristics of Flood Victims

Despite the lack of socio-economic data regarding the flood victims, site visits to the devastated areas, conversations with flood relief officials, and conversations with the victims themselves provided fairly reliable estimates of the victims' socio-economic status. It was the poor whose houses were washed away or suffered the most damage. The houses were frequently illegally constructed and poorly located in or near flood plains. In some cases, however, houses were destroyed or damaged by the creation of new flood plains as flood waters sought new outlets. In the medinas, the houses which suffered the most damage were the oldest, non-maintained houses inhabited by the urban poor. In addition to loss of home, many people lost all their possessions and in the rural and semi-rural areas, their crops and livestock. Although some well-constructed villas also suffered extensive damage from the sheer volume of water (233mm) that fell in such a short period of time (12 hours), by and large it was the structurally inadequate gourbis, i.e. the homes of the urban and rural poor, that suffered the most damage.

Approximately 30,000 persons were made homeless if one takes an average number of 6 persons per household for the 5,000 destroyed dwellings. They are also without the means to rebuild homes that would withstand another flood. Many more - nearly 16,000 households - are living in reduced and unsafe quarters or homes which were partially destroyed or damaged. They will have to live under these conditions until they are

financially able to remedy their situation.

## 2. Current Housing Conditions of Victims

The GOT initially provided tents to those whose homes had become uninhabitable or who could not double up with relatives or friends. The tents come in different sizes and shapes, depending on what the donor country provided. Some tents can only shelter two persons, others can accommodate up to five or six. Some are high enough that one can stand up inside; others are meant only for lying down, possibly sitting up. Many tents do not have floors and offer very little protection from the elements.

The GOT also initially designated public facilities (schools, mosques, community centers, hospitals, warehouses, etc.) as emergency shelters for the flood victims. These shelters have now reverted to their "regular" use.

By now, the great majority of homeless families have been able to double up with relatives or friends. Although these families are more fortunate than those still living in tents, the situation for them and their hosts is burdensome and unsatisfactory. Indeed many host families themselves do not have sufficiently large quarters to accommodate other entire families for long periods of time. In fact some homes of the host families also suffered damages from the rains.

Many families feel the stress of depending on the hospitality of their hosts. Living in difficult and crowded conditions may foster family quarrels and create other types of social unrest. The pressure will be even greater if the flood victims cannot soon begin the reconstruction of their own shelters.

### 3. Social Impact of the Project

Both the repair and reconstruction programs will provide important assistance to help overcome very difficult social situations caused by the floods. The repair program will enable families to fix up their houses quickly while making them safe and waterproof at a relatively low cost. The reconstruction program will enable people to move to legal and safe sites as well as provide low cost structurally safe housing. In the case of many of those flood victims with lowest incomes who had been living in the squatter settlements, the replacement housing will provide an opportunity for legal land tenure and better housing within their means.

#### B. Administrative Analysis:

##### 1. Ministry of Housing (MOH)

Housing production in Tunisia has been characterized by increasing public sector intervention since the mid-seventies. Underscoring the importance of the public sector's role, the institutional base has been strengthened recently by the creation in 1980 of a separate Ministry of Housing (MOH). The major organizations concerned with land and housing development and improvement are under the tutelage of the MOH: Agence Foncière d'Habitation (AFH), Société Nationale Immobilière de Tunisie (SNIT), Agence de la Rénovation et de la Réhabilitation Urbaine (ARRU), and Fonds National d'Amélioration de l'Habitat (FNH).

##### 2. Fonds National d'Amélioration de l'Habitat (FNH)

FNH has been selected the vehicle through which loans for emergency repairs of flood damaged homes will be administered. Established in 1956, FNH is currently the only Tunisian institution which specializes in home improvement loans to lower income families. Therefore it

already has existing operating procedures and trained personnel to process this type of loan. The need for quick action to disburse loans makes the utilization of FNAH a sound choice.

The only source of funding for FNAH is a 4% surcharge on the real estate rental value tax (taxe locative) which is collected annually by the municipalities on all registered houses. Clandestine and social housing are not assessed. The municipalities deposit the funds in the Tunisian Treasury, and FNAH has access to its funds as needed. The annual operating budget is currently about TD 2 - 2.5 million (\$3.3 - 4.2 million). This budget has not increased with need and is not expected to grow rapidly due to the difficulties municipalities have in administering and collecting the taxe locative and the FNAH surcharge. The large number of unregistered homes located within municipal boundaries also lowers municipal revenues. The Tunisian Government is currently looking for ways to improve municipal governments' ability to collect taxes. For example, as an incentive to improve tax collection, FNAH has a policy of providing more credits to municipalities which have greater success in collecting taxes. These efforts should in the long run enable FNAH to increase its budget. At present FNAH does not have statutory authority to borrow for its own account.

The general parameters for the use of FNAH credits are determined jointly by the Ministry of Housing (MOH), and the Ministry of Finance (MOF). FNAH provides two financing programs: a home improvement loan program for individuals (1,500 to 2,500 loans per year) and a capital assistance loan program for projects sponsored by municipal governments for the maintenance and rehabilitation of community infrastructure. Currently, 40 % of the FNAH resources

are used for home improvement loans and 60 % for municipal government projects.

The procedures for processing FNAH home improvement loans are somewhat complex. Essentially the homeowner who wishes to borrow submits his application to the head of the local arrondissement who will verify on-site the work to be done. In order to qualify for FNAH financing the applicant must satisfy the following requirements: (A) show evidence of an annual income of less than FF 1,500; (B) show proof that the municipal taxe Locative and FNAH surcharge have been paid; and (C) provide a design and a cost estimate for the work to be done. The amount of the loan and its terms are determined by the cost of the work to be done and the salary level of the applicant. Loans cannot exceed the cost of the work to be done. They also cannot amount to more than one third the value of the house, or be more than the applicants's annual income. Loan amounts and terms are summarized below.

<u>Annual Income</u>	<u>Years to Repay</u>	<u>Interest Rate</u>
TD 0 - 720 (\$ 0 -1200)	5	0
TD 721 - 1000 (\$1200 - 1600)	5	3%
TD 1001 - 1500 (\$1600 - 2500)	5	6%

The applicant's dossier is then submitted to a commission at the Governor's level which meets three times a year to award grants and loans. Loan approvals are prioritized according to the type of work to be done, with the most essential improvement work taking precedent. For example, installation of basic services such as water or a sewer hookup takes priority over the expansion of a kitchen.

The loan award notification is then sent through FNAH to the Société Tunisienne de Banque (STB) which disburses the loan and is responsible for collection and recordkeeping. The award notification is also sent to the head of the local arrondissement who notifies the applicant.

Loans are disbursed in tranches and the borrower is expected to begin the initial work with his own funds as a show of commitment before the first disbursement is made. STB will not make the final loan disbursement until completion of the work is verified. STB is paid a service fee of 1% of the loan granted. STB also holds title to the property as collateral as long as the loan is outstanding. The special procedures and waivers for flood victims (see page 9) should help simplify the loan application process.

The second program of FNAH provides funding for municipalities to finance "opérations d'ensemble". Eligible projects are those that provide basic services such as installation of water drainage and sewerage systems. Both loans and grants are made. In the event of non-payment an assessment may be made by the Caisse des Prêts et de Soutien des Collectivités Locales (CPSCL) against that municipality's share in common funds provided annually by the central government.

### 3. Caisse Nationale d'Epargne Logement (CNEL)

CNEL has been selected as the financial administrator for the reconstruction portion of the Project. AID has had long-standing experience with CNEL in other housing projects through HG-003.

Established in 1974, CNEL is an autonomous semi-public organization under the Ministry of Finance. It has a Board of Directors made up of representatives from a number of Ministries and the Central Bank. CNEL's primary role is to channel domestic savings into housing production.

This is accomplished through a contract savings system. Under this system an individual who wishes to obtain a mortgage loan for the purchase of a home, signs a savings contract in which he agrees to save up to a fixed amount each month. Savings earn 6% interest per year, 2% of which is a GOT subsidy.\* At the end of the contract period, usually 4 or 5 years, the saver can obtain a respectively 10 or 15 year mortgage loan at the subsidized rate of 4.5%. The loan allowance is two times the amount saved in the contract savings account and the contract savings serves as the downpayment. Over time it was discovered that these savings contracts and loans were more suited to middle income families. CNEL found that the loan allowed did not generate sufficient funds to purchase a home on smaller savings contracts because of the rising construction costs. Because of this finding, core housing was introduced in the HG-003 program and financed through CNEL to provide low income savers with an affordable option.

A second measure was sought to meet the housing needs of lower income salaried individuals through the creation of a fund, FOPROLOS.\*\* This fund is financed by a 2% charge on salaries paid by employers and is managed by CNEL. Salaried people earning between one and two times the minimum wage can obtain a loan of up to TD 2,800 (\$4,680) with a 15% downpayment, plus a TD 270 (\$452) state subsidy. The loan is repayable over 15 years at 3% interest. Homes must be constructed on the person's own land and be no larger than 50 square meters. Salaried persons earning between 2 and 3 times the minimum wage can obtain credit of TD 528 (\$882) to complete a savings contract. They must have already saved with CNEL for two or more years. These individuals can obtain CNEL loans with a maturity of 10 or 15 years at 4.5% for construction or purchase of a house up to 90 square meters in size. Alternatively the loans can be used for additions to an existing house.

\*Since CNEL lends the money at only 4.5% and has administrative costs, the GOT budget provides (subsidizes) the interest earned.  
\*\*Fonds de Promotion du Logement pour les Salariés.



While it appears that these programs function well, they do not meet the needs of many of the target populations in the flood affected areas.

Not all of the flood victims are CNEEL savers or salaried and thus able to qualify for these loan programs.

#### 4. Société Nationale Immobilière Tunisienne (SNIT)

Established in 1957, SNIT's primary role is <sup>that of</sup> principal builder/developer for GOT housing programs. SNIT annually produces about 17,000 new housing units. SNIT is also in charge of implementing the rural housing program. Following the selection of beneficiaries by the gouvernorats, SNIT negotiates loans with beneficiaries, selects contractors, supervises construction and recovers loan payments. In addition, SNIT builds housing to relocate families for the GOVERNMENT's slum elimination (dégourbification) programs and builds homes of different types for the savers in the CNEEL and FOPROLOS programs.

SNIT is responsible for the entire development process, from acquisition of land (serviced land when acquired from AFH) and feasibility studies to development of housing prototypes and supervision of work. SNIT has three main operating regional offices outside Tunis, one of which is headquartered in Sfax, the major flood affected area.

SNIT has strong organizational, financial and implementation resources. Because of its effective organization and its use of standardized plans, SNIT's unit costs have increased less than the general construction inflation rate. Quality, meanwhile has not been sacrificed. Nevertheless, except for AID Housing Guaranty and one World Bank financed project, SNIT has not produced units at low enough costs to meet the needs of most.

urban low-income families. This is primarily because it usually only produces completely finished units of a fairly large size on relatively larger plots of land.

In the context of the flood relief program, however, SHIT clearly has the organizational and technical capacity to carry through activities it may be called upon to perform. Such activities could include the building of core units and/or the preparation of new sites in localities where initiating an autoconstruction Program on the beneficiaries own site is not feasible.

##### 5. Agence Foncière de l'Habitat (AFH)

Established in 1973, AFH operates under the Ministry of Housing with the primary function to acquire land and prepare serviced lots for sale in areas planned for housing construction. AFH is responsible for site selection, necessary technical studies and services construction supervision. AFH operates as a non-profit organization, which is largely self-financed. The GOT initially capitalized AFH at TD 2 million; subsequently AFH borrowed TD 5 million from the GOT and received a TD 187,000 subsidy in 1978. For individuals, payment for serviced sites is made in advance and for construction developers substantial down payments of over 50% are required before work begins. These advance funds provide AFH with working capital.

AFH may be called upon to provide serviced lots for families whose homes were destroyed by the flood, when these families cannot be safely housed on the same sites where their houses once existed. In such cases AFH will prepare sites and contract with the national utility companies to provide services. The family doing self-help will be able to build simultaneously with the development of infrastructure once basic plots have been staked out, roads graded and water has been brought to the site. As CNEL will be the lender it will hold title.

C. Financial and Economic Analyses:

1. Financing of GOT Housing Programs and the Sixth Five Year Plan

According to World Bank estimates a total of 314,000 units were built in the 1975-1980 period. The public sector controlled 41 percent of the investment and produced 26 percent of the new housing. Of the total investment of TD 796 million (\$1.3 billion) for housing financing, public sector loans amounted to 9 percent and direct subsidies were an additional 5 percent. Tables I and II taken from the World Bank's housing sector study differ from the GOT estimates of housing production and investment due to the inclusion of informal sector activities in the Bank's calculations.

The distribution of housing construction and investment in the 1975-1980 period indicates that 85.6 percent of the total investment and 61.5 percent of the units constructed were in urban areas. SNIT's production amounted to 30 percent and 17 percent of the total rural and urban dwelling construction respectively. It undertook the construction of over half the legally produced units of both public and private sectors.

The private sector's contribution (formal and informal) is estimated by the Bank to have been on the order of 74 percent of total housing construction and 59 percent of investment. However, most of this estimate is attributed to the private informal sector.

The housing objective presented in the Sixth Five Year Plan (1982-86) is to produce 160,000 housing units with an investment value of TD 1 billion (\$1.7 billion). This objective will be achieved by building 150,000 new units (30,000 per year) in addition to 10,000 new replacement units (2000 per year) which will be part of Tunisia's "degourbification"

Table I

## INVESTMENTS IN HOUSING BY TYPE OF PRODUCERS

(Mid 1975 - Mid 1980)

Producers	Type of Housing	Number of Units	Average Unit Cost TD/Unit	Total Investment ( in millions of 1980 TD)	Relative Per cent Distribution	
					Units	Investment
1. SNIT a)	Rural	42.120	1.500	63,18	13,4	7,9
b)	Suburban	14.310	4.200	60,10	4,6	7,5
c)	Middle income	15.860	7.000	111,02	5,0	13,9
d)	Luxury	2.440	16.000	39,04	0,8	4,9
2. CNRPS	Rental	1.070	13.000	13,91	0,3	1,7
3. SPROLS	Rental	950	8.000	7,60	0,3	0,9
4. Licensed Others Developers		3.700	9.000	33,30	1,2	4,1
5. Total Public Sector	Urban a/ Rural b/	38.330 <u>42.120</u>	6.910 <u>1.500</u>	264,97 <u>63,18</u>	12,2 <u>13,4</u>	33,0 <u>7,9</u>
<u>Total Public Sector:</u>		<u>80,450</u>	<u>4.080</u>	<u>328,15</u>	<u>25,6</u>	<u>40,9</u>
6. Formal Private Sector	Urban Rural	58.265 6.135	4.600 700	268,02 4,29	18,6 1,9	33,4 0,5
7. Informal Private Sector	Urban Rural	96.425 <u>72.740</u>	1.500 <u>700</u>	144,64 <u>50,92</u>	30,7 <u>23,2</u>	19,2 <u>6,0</u>
<u>Total Private Sector</u>		<u>233.565</u>	<u>2,003</u>	<u>467,87</u>	<u>74,4</u>	<u>59,1</u>
<hr/>						
TOTAL:						
Overall of which:		<u>314,015</u>	<u>2.530</u>	<u>796,02</u>	<u>100,0</u>	<u>100,0</u>
Total Urban		193.020	3.510	677,63	61,5	85,6
Total Rural		120.995	980	118,39	38,5	14,4

a/ Total of lines 1 (b), (c) (d); 2,3, 4.

b/ Total of lines 1 (a)

Source: World Bank estimates

SOURCE: World Bank Tunisian Urban Sector Report. Sept '82.

TABLE II

## FINANCING OF HOUSING 1975 - 1980 (TD Millions as of 1980)

Category of Producer	State Loans	Subsidies	State Bonuses	FOPROLOS Loans	CNEL Loans	Social Security Funds	Private Bank Loans	Foreign Loans	Private Sector Self Fin.	Total	No. of housing units
<u>Public Sector - Owner Occupancy Programs</u>											
- Rural SNIT	33,48	23,38	-	-	-	-	-	-	4,32	63,18	42,120
- Degourbification	0,50	0,30	-	-	0,60	-	-	-	0,40	1,80	420
- Suburban low income SNIT	8,79	3,61	1,13	5,01	17,37	-	-	5,00 <u>a/</u>	17,39	58,30	13.890
- Middle income SNIT	27,24	-	2,17	0,97	47,34	-	-	-	33,30	111,02	15.860
- Luxury SNIT	-	-	-	-	9,74	-	-	9,00 <u>b/</u>	20,30	39,04	2.440
Total	70,01	27,29	3,30	5,98	75,05 <u>c/</u>	-	-	14,00	77,71	273,34	74.730
<u>Public Sector - Rental Programs</u>											
-CNRPS & SPROLS	-	-	-	-	-	21,51	-	-	-	21,51	2.020
<u>Private Sector</u>											
-Licensed developers	-	-	-	-	6,60	-	-	6,90	19,80	33,30	3,700
-Others	-	11,40 <u>d/</u>	-	-	3,20	21,10	13,00	-	419,17	467,87	233,565
Total	70,01	38,69	3,30	5,98	84,85	42,61	13,00	20,90	516,68	796,02	314,015
% distribution	8,8	4,9	0,4	0,8	10,7	5,4	1,6	2,6	64,9	100,0	

a/ USAID loanb/ Abu Dhabi Loanc/ Includes TD 7.5 million of unallocated investmentd/ Estimated

Source: World Bank Tunisian Urban Sector Report. Sept. 1982

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program. Public sector investment has grown from 47 percent of total housing investment under the Fifth Five Year Plan to 66.5 percent in the Sixth Five Year Plan. The proportion of units to be produced by the public sector during the Vith Plan period are anticipated to be 55 percent as opposed to 35 percent under the Vith Plan . SNIT is the principal conduit for the Government investment and is expected to finance TD 488.5 million (\$815.8 million) 48.9%) of the proposed shelter production in the Sixth Five Year Plan.

The GOT will contribute TD 89 million (148 million) in the form of loans and subsidies to produce 40,000 rural houses and 10,000 gourbi replacement units. The MOH has indicated in conversations with AID that the Sixth Five Year Plan output, if fully achieved, would however still leave an unmet demand for new unit production of approximately 10,000 units per year during the life of the plan.

## 2. Financing of GOT Flood Relief

The assessed cost of housing repairs and replacement due solely to the October floods was estimated at over TD 12 million (\$20 million). Continued rains during November and early December and torrential rains and winds in September 1982 in Kebili and Tozeur brought the overall needed investment response by the GOT to over TD 20.5 million (\$24.2 million). Because of the timing and the emergency nature of this investment requirement, the GOT will not be able to budget the expenditures into the Sixth Five Year Plan. Even partially financing the disaster response will cause potentially serious delay in the timely implementation of the Sixth Five Year Plan. The Sixth Five Year Plan objectives are directed towards the GOT meeting low and lower middle income housing needs. It is likely, therefore, that these groups will bear most of the delays incurred by budget re-allocations necessary ofr the flood disaster pro-

gram. The minimum financial requirements for the 1938 GOT response to the 1982 floods are equal to the annual GOT direct investment in the Rural Housing Program (about TD 13 million (\$21.7 million) per year); in fact, the TD 20.5 million (\$34.2 million) GOT estimate of the total shelter damage is greater than the annual investment in the Sixth Five Year Plan for both the Rural Housing and Dégourbification Program (TD 17.8 million or \$29.7 million). In order to minimize the set-back to its Five Year Development Plan, the GOT has been seeking financial resources needed for the flood damage response from bilateral and international sources. However, because housing is not the only sector that has been touched, amounts of funds allocated to housing are likely to remain insufficient.

3. The AID Response

The project support of the repair program is consistent with AID's ongoing policy objective of reinforcing GOT efforts to upgrade and rehabilitate rather than knock down and rebuild. The fact that the GOT is opting for reconstruction for only those families whose houses were washed away or are beyond repair is an indication of the GOT recognition of the value of the existing housing inventory and the financial implications of considering a total rehousing program.

4. Cost Estimates and Financial Plan

a) Housing Repairs (see Table III)

It is estimated by the MOH that homes which were damaged will require an average of TD 600 (\$1000) to repair (ranging from about TD 200 to 1,500 or \$320 to \$2,400 per unit). The average cost of minimum repairs is TD 300 (\$500). The MOH estimates that TD 8.4 million (about \$14 million) is required for total repairs and TD 4.2 million (\$7 million) for minimal repairs.

The ESF grant of \$750,000 provided to FNAH will finance only about 10 percent of the estimated total resources needed for minimal repair of flood

TABLE III  
PROPOSED AID FINANCING PLAN

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REPAIR PROGRAM

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<u>Sources of Funds</u>	<u>TD</u>	<u>DOLLARS</u>
US ESF Grant	450,000	750,000

<u>Uses of Funds</u>		
No. of loans	1,500	
Average size of loan	300	500
Term of loan	5 yrs	
Interest rate	0-6%	

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RECONSTRUCTION PROGRAM

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	<u>TD</u>	<u>DOLLARS</u>
<u>Sources of Funds</u>		
US ESF Grant	600,000	1,000,000
US HG Loan	2,400,000	4,000,000

<u>Uses of Funds</u>		
ESF Grants (20% of reconstruction costs) per family	600 (maximum)	1,000

<u>HG Loan</u>		
Estimated No. of loans	1,000	
Maximum Size of loan	2,400	4,000
Term of loan	15 years	
Interest rate	7%	



damaged homes. As noted, the GOT has also requested assistance from other bilateral and international donors. Some of the assistance already provided by the GOT was financed from grants from Gulf States, and others.

AID will reimburse up to TD 300 (\$500) per loan for the FNAH's flood related housing repair loans. Funds will be disbursed to the FNAH special account at the STB.

Repayments by beneficiaries will be made to the STB. FNAH will reinvest these funds in loans for community facilities and infrastructure projects sponsored by municipalities at 6% interest rate repayable over 5 years.

b) Housing Reconstruction

It is estimated that a maximum of TD 3,000 (\$5,000) per unit will be required to finance replacement housing. The estimate is based on costs of about TD 2400 (\$4,000) for a 25m<sup>2</sup> house and where necessary, land costs of about TD 100 (\$170) for 80-100 m<sup>2</sup> lots with lot service costs of about TD 500 (\$830) (water, sewer, electricity, roads). For houses built autoconstruction beneficiaries might be able to build units larger than 25 m<sup>2</sup>. Rural housing done by autoconstruction currently costs about 70-80 TD/m<sup>2</sup>. These estimates are consistent with similar expandable core housing units financed under the AID HG-003 program, not a self-help program.

Of the total money needed for reconstruction, \$1 million of ESF funds are to be used to provide grants of up to a maximum of TD 600 (\$1000) for approximately 1,000 families whose homes were destroyed. The maximum ESF grant of TD 600 (\$1000) per unit represents the equivalent of a 20% downpayment on replacement housing. In addition, approximately \$4 million of HG-004 loan funds will be used to provide at least 1000 loans of up to TD 2,400 (\$4000) per unit to help families construct a core house.

These two sources of funds will be sufficient to provide approximately 1,000 replacement units. Other funding from bilateral and international donors is needed and being sought by the GOT to help rehouse the total number of families whose houses were destroyed.

#### 5. Subsidies

Because beneficiaries will borrow at a 7% rate over 15 years, or below the expected interest rate on the HG loan, a GOT interest rate subsidy is implied. While having beneficiaries pay a rate closer to current HG loan rates would result in lower subsidies, it should be borne in mind that the 7% rate already represents a significant movement toward an economic rate, compared to previous Tunisia HG loans and the 6% rate proposed for HG-004 when it was approved in 1979. Furthermore, the use of HG-004 funds here is to benefit flood victims who have lost their homes. There is sentiment in Tunisia that, in fact, these people are entitled to the assistance without the need to repay or to pay interest.

By CNEL's agreeing to make and administer loans to non-contract savers, including non-salaried workers, CNEL will be expanding its service to beneficiaries previously excluded. Assuming satisfactory experience, CNEL could be expected to be more receptive to developing more flexible loan and savings programs as planned in the HG-004 program.

What is in fact a free market interest rate for a home mortgage loan is difficult to determine since Tunisia has a managed economy where interest rates are set or influenced by the Government. For example, both CNEL savings and mortgage rates are subsidised (6.5% and 4.5% respectively). A mortgage or commercial loan from a Tunisian commercial bank is currently about 10.5%. However, the Government also provides incentives for some commercial

loans which lowers the rate to 6-8%. These commercial rates do not seem so low when compared to the cost of foreign borrowing to the Tunisian Government. Tunisia's foreign debt currently averages about 7% with 20 year maturity. Tunisia recently borrowed \$125 million on the Eurodollar market at a very favorable rate of LIBOR+1/2% for eight years (LIBOR 3 month rate 9 1/2% on 1/20/83).

In the context of a managed economy, requiring an interest rate equal to or in excess of the inflation rate (officially 13.8% in 1982) would not be acceptable to the Tunisian government, in particular for the lower income beneficiaries of housing loans. Moreover, while there is merit in having subsidy-free economic management reflecting market forces, Tunisia has shown consistent development progress despite subsidies. Real GDP increased an estimated 1.5% in 1982 and the GDP is projected to increase by 3-5% in both 1983 and 1984. Foreign debt service levels are low and have increased only modestly in the last few years.

With regard to the FNAH program the interest rates are clearly below market rates. However, given the nature of the emergency and that beneficiaries are flood victims, the support of a program with such low interest rates is acceptable on humanitarian grounds.

D. Affordability Analysis:

Comprehensive figures on income levels for households that lost their homes are not available. A random sample of the households whose homes were either destroyed or damaged in one area of the Sfax Gouvernorat shows very low income levels (see Table IV). Government officials suggest that incomes are probably understated because the people thought that by reporting low incomes, more assistance to rebuild would be forthcoming.

TABLE IV  
HOUSEHOLD INCOME FOR  
HOUSEHOLDS AFFECTED BY FLOODS  
A.SFAX GOUVERNORAT\*

Amount Income	Monthly Income	Number of Households	Percent	Cum Percent
Below TD300 (\$500)	up to TD 25	3,339	39	39
Between TD300 and TD500 (\$500-835)	TD 25 - 42	1,483	17	56
Between TD500 and TD750 (\$835-1252)	TD 42 - 62.5	1,926	23	79
Between TD750 and TD1000 (\$1252-1600)	TD 62.5-83	949	12	91
Above TD1000 (\$1600)	TD 83 +	766	9	100
Size of Household		Total 8,463		100
Under 4 persons		1,692	20	
Between 4 and 6 persons		3,385	40	
More than 6 persons		3,386	40	

\*Data from the Ministry of Housing, Housing Construction Division.

B. Tozeur Gouvernorat

Delegation	Percentage of households with Income inferior to SMIG (85 TD)	Percentage of household with income between 1 and 2 times the SMIG
Tozeur	97	3
Hefta	91.5	8.5
Degache	97	3
	100	-

Available 1980 household expenditure figures for the Sfax Gouvernorat tend to confirm this hypothesis. For example, total expenditures for the lowest decile were TD 39 per month per household. These 1980 figures suggest that lowest revenue decile in 1980 had a higher income than the lowest 30 percent of flood victims reported incomes in Sfax in 1982.

In 1980 in Sfax, only 8.6% of the population is reported to be at less than the World Bank poverty threshold level. (Based on a household size of 6 persons per household, poverty level would be TD 30 per month in rural areas and TD 60 per month in urban areas.) Over 55 percent of the flood victims in 1982 reported incomes lower than the 1980 poverty threshold. This is further evidence of significant underreporting of incomes.

National urban income statistics for Tunisia in 1981 and estimated for 1982 confirm that higher income levels are reasonable. Monthly incomes are shown below:

	<u>1981</u>	<u>1982</u>
Median	TD 112 (\$187)	TD 125 (\$209)
40th percentile	TD 98 (\$164)	TD 109 (\$182)
30th percentile	TD 80 (\$134)	TD 89 (\$149)
20th percentile	TD 68 (\$114)	TD 76 (\$127)
10th percentile	TD 48 (\$ 80)	TD 54 (\$ 90)

1. Affordability - Repair

Assuming that the Tunisian household can devote 15 percent of income to improve housing, a household earning TD 30 (\$50) per month, the rural poverty level or TD 60 (\$100), the urban poverty level, could afford TD 4.5 (\$7.50) or TD 9 (\$15) per month respectively to service a repair

loan. The proposed average loan of TD 300 (\$500) at 3 percent interest over five years would require a TD 5.4 (\$9) monthly payment. Similarly, payments would be TD 5 at 0 interest and TD 5.8 percent. As payments in this range constitute only slightly over 15 percent of the income of the lowest income rural families and less than 5 percent of the urban median income they should be affordable to virtually all needy flood victims.

2. Affordability - Reconstruction

In reviewing various options for replacement housing, including prefabricated housing, the proposed program (largely autoconstruction, and core housing in some instances) clearly provides the least expensive and the most affordable housing program that the GOT could adopt under these circumstances.

Table V shows that monthly payments on loans for reconstruction can be expected to range from about TD 13.5 (\$22.50) to TD 21.6 (\$36). These would be affordable at the 10th to 30th percentiles respectively of the national urban income distribution, or urban median. In fact, the maximum loan proposed for reconstruction is TD 2,400 (\$4,000) is affordable at the 30th percentile. While even a small loan would not be affordable at the rural poverty level, the maximum loan would only require monthly payments at less than 25% of the minimum urban wage\*. A loan of TD 1,500 would require monthly payments of less than 23% of the urban poverty level (TD 60/month).

E. Environmental Analysis:

As disaster assistance, the proposed program is exempt from environmental analysis under the provisions of 22 CFR 216.2 (E) (I) and (II). Where families will be rebuilding and repairing on the same site, there would, in any case, not be any relevant environmental impact. Where

\*The minimum industrial wage, SMW is currently TD 85 (approx. \$150)

TABLE V

AFFORDABILITY OF THE RECONSTRUCTION  
PROGRAM FOR FLOOD VICTIMS

Amount of Loan (Illustrative)	Terms of Loan	Monthly Payment	Monthly Income Required (*)	National urban income percentile reached
TD 1500 (\$2500) 20% downpayment) ,850 TD house elf-built on eneficiary's lot	15 years 7%	TD 13.5 (\$22.50)	TD 54	10
Maximum loan TD ,400 (\$4,000) 20% downpayment grant 600) for a ,000 TD house ncluding serviced ite	15 years 7%	TD 21.6 (\$36)	TD 86.4 (\$144)	25-30

\*) Assuming monthly payment = 25% of monthly income.

the location of the original house is unsafe, alternate sites will be provided.

F. Implementation Plan:

1. Responsibilities of the Principle Institutions

The Ministry of Housing would have the principal role of program management and coordination. MOH would be responsible for project development, supervision of FNAH, SNIT and AFH when necessary, coordination with CNEL and local officials, all Project submissions to AID and certifications to AID for both Grant and HG disbursements. The MOH was created in 1980 after the authorization of HG-004 and is not included in the original implementation plan for the Project, but since its creation it has taken a positive and effective role in management of GOT programs in the sector.

The GOT will be the Borrower, grantee and guarantor of the Host Country Guaranty Agreement that backs up AID's Guaranty Agreement with U.S. financial institutions providing the Housing Guaranty loan resources. CNEL would be responsible for financial management of \$4 million HG resources and \$1 million grant for the reconstruction program.

The \$750,000 ESF grant would also be disbursed by AID to the Tunisian Treasury. The funds will be transferred from the Treasury to the FNAH account which is administered by the Société Tunisienne de Banque (STB).



## 2. Site Selection Process and Criteria/Selection of Beneficiaries

Beneficiaries will be selected from the lists established during the survey conducted by the local authorities before March 31st, 1983 and shall not earn more than 1500 TD/year. FIAH and CIEL will keep detailed records for each household selected to receive a home repair loan, (income, location, cost of damages per unit, amount and terms of the loan, etc). These records will be used, at the discretion of AID, for audit and evaluation purposes.

Where sites or core houses are to be provided, MOH will for each subproject submit site selection, preliminary plans for each subproject cost estimates, administrative plans and schedules to RHULO for approval.

## 3. Procurement Contracting

The project will for the most part rely on individual self-help by beneficiaries in contracting for repairs or construction of their housing units.

## 4. Program Implementation Plan

Prior to first disbursement the MOH will provide to AID a master program implementation plan. The program will be implemented in accordance with the provisions of this Plan and it will cover the following information:

- (1) Current cost estimates and cash flow schedules for the Program.
- (2) A Program Evaluation and Tracking System.
- (3) A description of the established procedures for beneficiary selection, possible contractor selection and cost recovery.
- (4) Technical and financial plans for the projects.
- (5) A description of management arrangements for the program.
- (6) A description of restrictions applicable to the resale of housing.
- (7) A loan allocation plan by locality within each governorat.

5. Program Schedule

An illustrative program schedule is defined below:

<u>Date</u>	<u>Repair Program</u>	<u>Reconstruction Program</u>
July 1983	- - Negotiation and signing of Limited Scope Grant Agreement 664-0329B	Project Paper Authorization - Negotiation and signing of Housing Program Agreement; (HG-004A-1 and 664-0329A)
August 1983	- Submission of allocation plan - AID approval allocation plan	- Program Delivery Plan
Sept. 1983	- First grant disbursement \$250,000	- Allocation plan (names of beneficiaries and terms of loans by locality within each governorat) - AID approval of allocation plan - Updated program delivery plan
Nov. 1983	- Second disbursement (250,000)	- First Disbursement (\$1.6 M HG; \$400,000 Grant) - Work begins on reconstruction (housing and infrastructure)
Feb. 1984	- Repairs completed - final disbursement (\$250,000)	
March 1984	- Evaluation	- Second disbursement (\$1.2M HG; \$300,000 Grant)
July 1984	-	- Completion of Housing Units - Midterm Evaluation
April 1985		- Completion of Infrastructure - Final Disbursement (\$1.2 M HG; \$300,000 Grant)
July 1985	- Evaluation of infrastructure projects financed with the proceeds of repair grant.	- Final Evaluation

G. Monitoring and Evaluation Plan:

RHUDO/Tunis and USAID will closely monitor implementation of project activities. It is essential that efforts be made to keep up with the anticipated delivery schedules and the target goals in order to bring the desired relief response in a minimum amount of time.

a) Repair program

An evaluation of the program will be undertaken by AID and MOH approximately six months after signing of the Grant Agreement. An evaluation of the projects financed with the reflows will be undertaken approximately 2 years after the signature of the Grant Agreement.

b) Reconstruction program

In accordance with AID guidelines a mid term evaluation of project progress for the reconstruction program will be undertaken by AID. Loan disbursement repayment rates, achievement of construction goals for both houses and infrastructure for the given time period will be assessed.

In addition, a final evaluation will be undertaken by USAID, RHUDO and the GOT at the end of two years that will examine:

- a) number and socio-economic status of households who benefitted from the repair and reconstruction programs;
- b) number of units repaired, their qualities and their location;
- c) number, location, type and quality of units constructed;

A N N E X    A

ASSESSMENT OF FLOOD DAMAGE

1. BACKGROUND ON FLOOD

Overall, eleven of the 21 gouvernorats (provinces) in Tunisia were hit by unusually heavy rains resulting in flooding October 28-31 and November 11-12, 1982. The most severely affected gouvernorat of Sfax had 11.8" of rainfall or 181 percent of the normal annual rainfall in 32 hours. The rains heavily damaged everything in the path of several oueds or perennial water courses. Oued Meliane in the second most damaged gouvernorat of Zaghouan reached a peak flow of 3,200 m<sup>3</sup>/second or more than double the flow during the severe 1969 floods. The number of known or missing and presumed dead as a result of flooding is 107.

The force of the floods caused serious property losses in all sectors. In terms of public infrastructure, road and bridges washed out in dozens of areas; potable water systems in Sfax and other urban areas were damaged, and thousands of cisterns and wells were silted and polluted; and the sewerage system in Sfax was badly blocked with sand and debris in turn causing a breakdown of four pumping stations. In the agricultural sector, 30,000 olive and fruit trees were destroyed; considerable numbers of small and large stock were killed; 30,000 chickens were lost from one poultry center alone in Sfax; large numbers of greenhouses and plant covers were destroyed; hundreds of tons of seed and food were lost and thousands of hectares of land were damaged. GOT surveys show that approximately 14,000 homes were damaged and another 5,000 destroyed completely. The floods also at the same time washed away all or most of the owners' personal possessions.

2. DAMAGE ESTIMATES - ALL SECTORS

Because the floods covered such an extensive area and caused damage in so many sectors, compilation of overall damage assessment data has been extremely difficult. The most comprehensive and reliable figures the damage

published to date were for Sfax which was the gouvernorat suffering the greatest damage:

GOT Estimates of Flood Damage in Sfax

(Millions of U.S. \$)

Agriculture	7
Industry	7
Commerce	4.9
Roads	1.9
Railways	1.0
Telephone	.6
Housing	10.4
Sanitation	.4
Schools	1.5
Recreation areas	.2
Municipalities	9.4
Other	<u>.2</u>
TOTAL	44.9

GOT estimates of flood damage in areas other than Sfax were as follows:

Agriculture	17.1
Housing	23.7
Roads and Infrastructure	<u>10.2</u>
TOTAL	51.0

Nationally, total damage was thus close to \$100 million. The GOT has determined that it will additionally need to spend approximately \$30 million for canals and other infrastructure investments to prevent a recurrence of this kind of disaster.

3. DAMAGE ESTIMATES - HOUSING

The regional offices of the Ministry of Housing in coordination with local officials conducted surveys of gouvernorats affected by the floods. Their findings by gouvernorat and delegation are shown on the map and Tables A1 - A12. There were two categories of affected houses: those that collapsed or that were washed away or destroyed and those that were damaged but reparable. The survey included an assessment of percentage of each dwelling damaged. Houses were also classified by type of original construction - those of adobe or semi-permanent construction (gourbis) and those of stone, brick or other permanent construction (en dur). These classifications served as a basis for projections of repair and replacement costs summarized in Table A1. Study findings showed significant damage in eleven gouvernorats including Kébili and Tozeur, which were not included in the original estimates. It should be noted that it may be difficult in these two areas to distinguish between flood damages and damages from violent winds earlier in the year.

Results showed 3,867 gourbis destroyed with the largest concentration in Bir M'Cherua Delegation, of the Zaghouan Gouvernorat; Joumine Delegation, Bizerte; El Ouyoune Delegation, Kasserine; and the Jemmal, Zeramdine, and Moknine Delegations of the Monastir Gouvernorat. Each of these delegations had 200 or more houses destroyed.

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Likewise the survey showed 1,226 houses of "en dur" construction destroyed with by far the largest proportion in the Sfax Gouvernorat, particularly the Northern suburbs of the city (294) and in the Jebeniana Delegation (433).

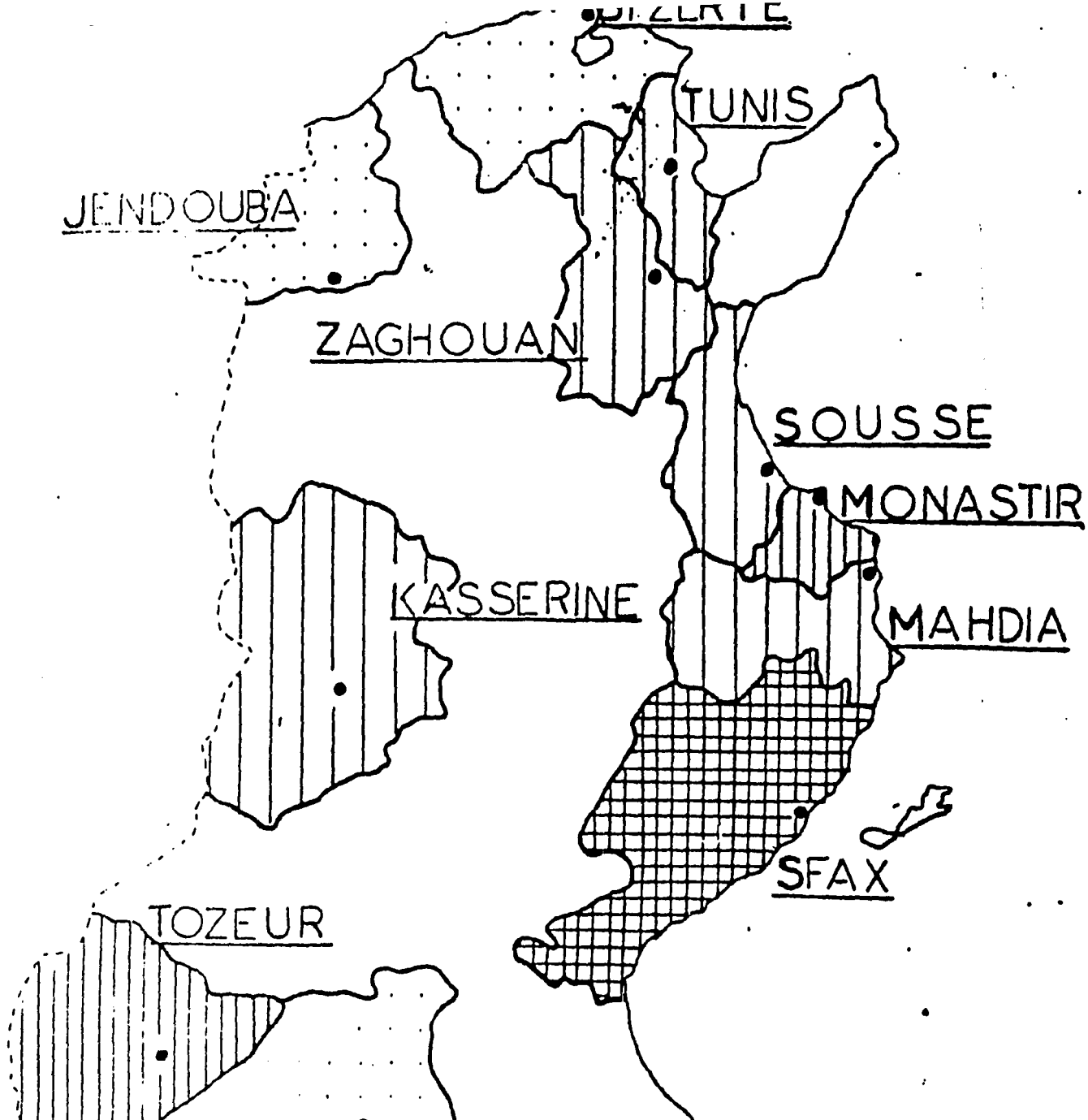
A total of 13,977 houses were damaged with the Sfax Gouvernorat again suffering the most. The damage was mainly in the city of Sfax and its suburbs (6,456). A large number of damaged houses were also identified in the Tozeur Gouvernorat, particularly the Degache Delegation (1,304).

Using the costs estimated for the construction of expandable core units and related infrastructure by delegation (see Annex B, Technical Analysis for discussion of cost estimates), the projected cost of replacing the 3,867 destroyed gourbis is TD 10.8 million (\$18.0 million). The cost of replacing the 1,226 destroyed houses of "en dur" construction is TD 5.6 million (\$9.3 million). A total of TD 16.4 million (27.4 million), then, is estimated for construction of 5,093 houses.

Similarly, using the survey's assessments of the percentage of damage to repairable houses by Delegation, repair of 13,877 houses is estimated at a total cost of TD 4.1 million (\$6.9 million).





Of the total TD 20.5 million (\$34.2 million), the largest share by far, TD 6.3 million (\$10.5 million) pertains to Sfax. The remainder is fairly evenly distributed at TD 1.0 - 2.7 million (\$1.7-4.5 million) per gouvernorat except for Kebili and Jendouba which have fewer needs.





**LEGEND**

Housing Damage Caused by 1982 Floods.

-  More than 3000 houses affected
-  From 2000 to 3000
-  From 1000 to 2000
-  Under 1000

0 50 km

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TABLE A-1

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TUNISIA 1982 FLOODS - SUMMARY TABLE OF NUMBER OF  
HOUSES DESTROYED AND DAMAGED AND ESTIMATED COSTS FOR RECONSTRUCTION AND REPAIRS BY GOUVERNORAT

GOUVERNORAT	HOUSES DESTROYED			HOUSING UNITS "EN DER" DESTROYED			DAMAGED HOUSING UNITS			TOTAL		
	Number	RECONSTRUCTION RURAL HOUSES		Number	RECONSTRUCTION SUBURBAN HOUSING		NUMBER	REPAIR OF DAMAGES				
		Unit Cost	Total Cost		Equip. and Infras. (1)	Unit Cost		Total Cost	Infract. Equip. (2)		Unit Cost	Total Cost
TUNIS	417	(2,500)	1,042,500	208,500	36	(4,000)	144,000	36,000	550	(400)	220,000	1,651,000
ZAGHOUAN	621	(2,200)	1,366,300	273,000	-	-	-	-	235	(300)	70,500	1,709,800
ELMENTE	557	(2,500)	1,392,500	278,000	-	-	-	-	111	(300)	33,300	1,703,800
JENDOUBA	56	(2,500)	140,000	28,000	-	-	-	-	45	(250)	11,200	179,200
KASSERINE	690	(2,500)	1,725,000	345,000	-	-	-	-	241	(250)	60,300	2,130,300
TOUZOUR	200	(2,000)	400,000	80,000	-	-	-	-	2,065	(250)	521,200	1,001,200
KHEILI	-	-	-	-	77	(3,000)	231,000	112,000	-	-	-	343,000
SAFAX	-	-	-	-	901	(3,000)	2,703,000	1,306,000	7,562	(300)	2,268,600	6,277,600
MARJIA	-	-	-	-	174	(3,500)	609,000	265,000	1,486	(300)	445,800	1,319,800
KONASTIR	823	(2,200)	1,810,600	362,000	38	(3,500)	133,000	38,000	1,198	(300)	359,400	2,703,000
SOUSSE	503	(2,200)	1,106,600	221,000	-	-	-	-	464	(300)	139,200	1,466,800
<b>TOTAL =</b>	<b>3,867</b>	<b>-</b>	<b>8,983,500</b>	<b>1,795,500</b>	<b>1,226</b>	<b>-</b>	<b>3,820,000</b>	<b>1,757,000</b>	<b>13,977</b>	<b>-</b>	<b>4,129,500</b>	<b>20,485,500</b>

(1) 20% of total cost.

(2) 1,000 D per housing unit for infrastructure network and 15% of total costs for community facilities.

TABLE A-2

Housing Destroyed and Damaged

GOUVERNORAT OF TUNIS

DELEGATIONS	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	PERCENT OF DAMAGE
MEDINA	14	23	60%
EL OMRANE	-	12	40%
EL MENZAH	7	-	-
BAB SOUIKA	10	60	60%
BAB BHAR	-	30	30%
SELJOUMI	-	125	50%
SIDI BECHIR	-	111	60%
MORNAG	96	-	-
JEEEL JELOUD	90	-	-
HAMMAM LIF	11	6	30%
EL OUARDIA	5	5	30%
BEN AROUS	-	17	40%
LA MARSA	-	106	40%
LE BARDO	-	24	30%
LA COULETTE	-	31	30%
LA MANOUEA	170	-	-
SILI TRABET	50	-	-
<u>TOTAL =</u>	453	550	-

TABLE A-3

Housing Destroyed and Damaged

GOUVERNORAT OF ZAGHOUAN

DELEGATION	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
MOHAMADIA	-	198	30%
BIR M'CHERGUA	400	-	-
TEBOURBA	53	28	60%
MORHAGUA	60	4	50%
FAHS	105	-	-
ZELIA	3	5	20%
<u>TOTAL =</u>	621	235	

47

TABLE A-4

Housing Destroyed and Damaged

GOUVERNORAT OF BIZERTE

DELEGATIONS	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
BIZERTE NORD	1	58	60%
BIZERTE SUD	23	20	30%
JOUMINE	221	-	
JELTA	98	-	
SEJNANE	109	31	50%
UTIQUE	90	-	
RAS JEBEL	4	-	
MENZEL BOURGUIBA	11	1	50%
MENZEL JEMIL	-	1	60%
<u>TOTAL</u>	557	111	

48

TABLE A-5

Housing Destroyed and Damaged

GOUVERNORAT OF JENDOUBA

LOCALITIES	HOUSES DESTROYED	HOUSING UNITS DAMAGED
JENDOUBA	5	-
GHARDLMAOU	4	-
BOU SALEM	21	45
AIN DRAHAM	18	-
TABARKA	8	-
<u>TOTAL =</u>	56	45

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TABLE A-6

Housing Destroyed and Damaged

GOUVERNORAT OF KASSERINE

LOCALITIES	GOURBIS DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
KASSERINE NORD	15	20	20%
KASSERINE SUD	13	4	20%
EL OUYOUNE	280	80	40%
SBITLA	55	19	50%
FERIANA	-	22	30%
HAYDRA	74	-	
SZIBA	-	26	50%
THALA	60	60	40%
FOUCHANA	178	-	
MEJEL BEL ABBES	15	10	50%
<u>TOTAL =</u>	690	241	

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TABLE A-7

Housing Destroyed and Damaged

GOUVERNORAT OF TOZEUR

LOCALITIES	HOUSING DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
TOZEUR	33	471	40%
NEPTA	24	175	30%
DEGACHE	137	1.304	50%
HAZOUA	-	15	30%
TAMECZA	6	120	30%
<u>TOTAL =</u>	200	2.085	

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TABLE A-8

Housing Destroyed and Damaged

GOUVERNORAT OF KEBILI

LOCALITIES	HOUSES DESTROYED
KEBILI	22
SOUK LAHAD	25
DOUZ	30
<u>TOTAL</u> =	77

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TABLE A-9

Housing Destroyed and Damaged

GOUVERNORAT OF SFAX

LOCALITIES	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
SFAX Ville	79	1.482	40%
SFAX Nord	294	3.463	50%
SFAX Sud	90	1.511	60%
JEBENIANA	433	997	60%
MAHRES	5	109	30%
<u>TOTAL =</u>	901	7.562	

51)

TABLE A-10

Housing Destroyed and Damaged

GOUVERNORAT OF MAHDIA

LOCALITIES	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
MAHDIA	71	443	50%
KSOUK ISSAF	70	216	60%
LA ...	1	11	40%
SIDI AFOUANI	-	135	50%
EL JEJJI	32	352	30%
BOUHAIRDES	-	318	30%
CHORBANE	-	11	30%
<u>TOTAL</u>	174	1.486	

TABLE A-11

Housing Destroyed and Damaged

GOUVERNORAT OF MONASTIR

LOCALITIES	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
MONASTIR	9	106	30%
GUARDANINE	75	64	50%
JEMMAL	210	170	60%
ZERAMINE	202	247	50%
MOKNINE	361	218	60%
KSAR HELLAL	4	36	20%
BEKALTA	-	30	20%
SAYADA-LAMTA-BOUHJAR	-	86	20%
KSIBET MEDIOUNI	-	221	20%
TEBOULBA	-	20	20%
<u>TOTAL =</u>	861	1.198	

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TABLE A-12

Houses Destroyed and Damaged

GOVERNORATE OF SOUSSE

LOCALITIES	HOUSES DESTROYED	HOUSING UNITS DAMAGED	
		NUMBER	% OF DAMAGE
SOUSSE-NORD	26	26	60%
SOUSSE-SUD	92	28	50%
M'SAKEN	104	47	40%
AKOUDA	2	4	40%
HAMMAN SOUSSE	-	15	50%
KALAA KEBIRA	39	52	30%
SIDI BOUALI	25	275	40%
ENFIDHA	87	13	20%
BOUFICHA	128	4	20%
<u>TOTAL =</u>	503	464	

1. TECHNICAL EVALUATION OF DAMAGE

Three small towns in the Sfax Governorat were visited by RHUDO to assess the kind of damage suffered and the potential for project development: Sakiet Ezzait, where 789 houses were damaged and 81 demolished; Sakiet Eddair, where 1712 houses were damaged and 53 demolished; and l'Ain where 573 were damaged and 90 demolished. These three towns were among the hardest hit within the Sfax area. As a result of these site visits it was possible to estimate the repairs needed.

Damage to houses was primarily of two types: collapse or literal wash-away by the force of the torrent or moving water; or structural failure due to partial wash-out or collapse of support for foundations and slabs. Replacement housing will be required not only for houses suffering the first type of damage but also for those suffering the second type. With the latter, saturation of the structure or of the sub-surface soils could make either the dwelling or the location itself unsafe for habitation even with extensive rehabilitation.

Examples of both types of damage were found in the newly constructed modern masonry houses with reinforced concrete slab roofs as well as in the traditional houses built forty or fifty years ago. Traditional houses (gourbis) are built of earth block walls. They are roofed with wooden poles which support planking over which a layer of earth is laid for insulation. Such traditional structures are protected from the occasional rain by a thin layer of lime plaster and regular applications of a lime "white wash". The traditional house is particularly susceptible to damage by saturation of the foundation. In fact, though, both types of housing seem to have suffered from subsurface soil wash-outs due to saturation as well as from the direct force of the rushing water.

Traditional houses damaged by saturation frequently suffered partially collapsed roofs and/or supporting walls. Repair in such cases would be relatively simple, but a professional judgement is needed to determine whether the extent of damage justifies repair with traditional material. The obviously more costly alternative is to demolish the house and rebuild it with stone and cement.

In most cases, rebuilding in traditional methods would be a reasonable approach although care is needed to see that proper sites are selected and foundations used. Foundations should consist of stone with cement mortar to a depth of at least 15 inches (40 cm) and should continue for several stone courses above grade before beginning the earth wall.

Many traditional structures also suffered buckling or sinking of floor slabs. Buckling or sinking occurred in houses where standing water inside the house saturated the soil beneath the slab leading to compression of the soil and uneven settlement. Several alternatives can be used to repair floor slabs. In the worst cases the slab may have to be removed and a new one poured over a level bed of sand. Others can be spot patched. Fortunately, removal of the floor slab in a traditionally constructed house is a fairly simple matter as it is usually independent of the wall structure.

With respect to houses built of stone and reinforced concrete, the most frequently observed damage consisted of major structural cracks in walls due to the settling of foundations following the wash-out or the uneven compression of saturated sub-surface soils. In many cases, floor slabs buckled for the same reasons. Until the soils dry out and settlement stops, these houses must be considered unsafe as further movement could topple

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some of the walls. Most of them can be repaired after a period of drying out, if the movement was not so great as to crack the reinforced concrete roof slabs. Damaged floors will have to be leveled by breaking up the slab and repouring it. To repair the walls, plaster will have to be removed around the wall cracks and replaced after filling the cracks with mortar similar to that used in the original wall construction. To minimize the problems of recurring cracks, the base of each house should be protected from future water penetration to the degree possible by improving the drainage system. While drainage should always be away from the foundation, a major flood such as the one in Sfax will always cause some damage due to the fact that water in that quantity does not become absorbed into the type of soils found throughout the region.

## 2. SITES ANALYSIS

A brief visit was made to one of the three sites proposed for development of replacement houses in the Sfax area by a RHUDO staff member and a private consultant. Based on this visit and discussions with the regional representative of the Ministry of Housing, it appears that all three sites are suitable for the type of housing proposed. The site at Sakiet Ezzait is approximately 10 hectares in area. It is adjacent to the existing built-up area of light industries and within one kilometer of the bus route into the center of Sfax. The site has good drainage with a gentle slope. It is presently planted with olive trees as is virtually all of the land for many miles around Sfax. Services are available and community facilities are within a reasonable distance. The area will eventually be developed as a mixed income housing area offering a full range of community and commercial facilities.



3. DESIGN OF CORE UNIT

The core units where necessary, will be designed to reflect the social and cultural characteristics of the beneficiaries and the type of new construction and materials used in the particular region where the program will be implemented. Several options will be made available depending on the amount of the loan the households will subscribe to and whether the units are to be rebuild on original sites or build on new sites.

4. AVAILABILITY OF MATERIALS

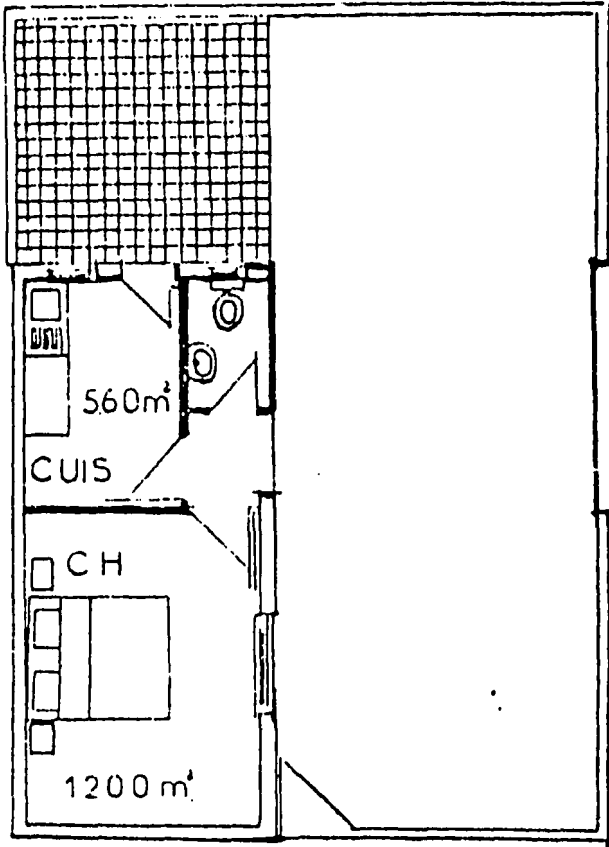
Based upon discussion with MOH officials and several site visits, there appears to be no shortage of building materials on the local market. The MOH has agreed to place priority on making materials available in the flood damage areas should shortages occur.

With respect to local procurement under the Project, it is intended that the grant portion will finance only Tunisian source and origin items, while the guaranty portion will finance items of Tunisian as well as Code 935 source and origin.

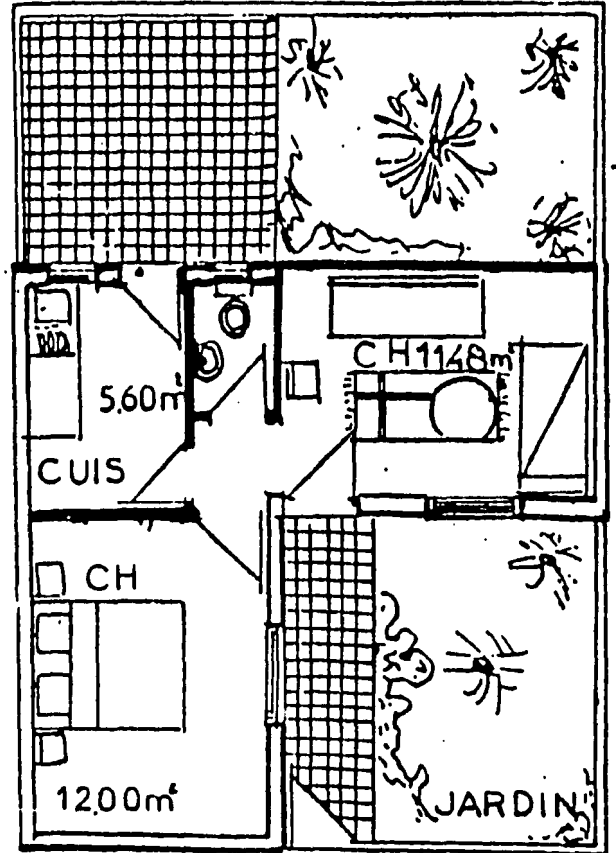
Based upon past experience with Tunisian housing construction of the type provided through this project the value of construction materials that will be of non-Tunisian source and origin, would be very low probably less than 10%.

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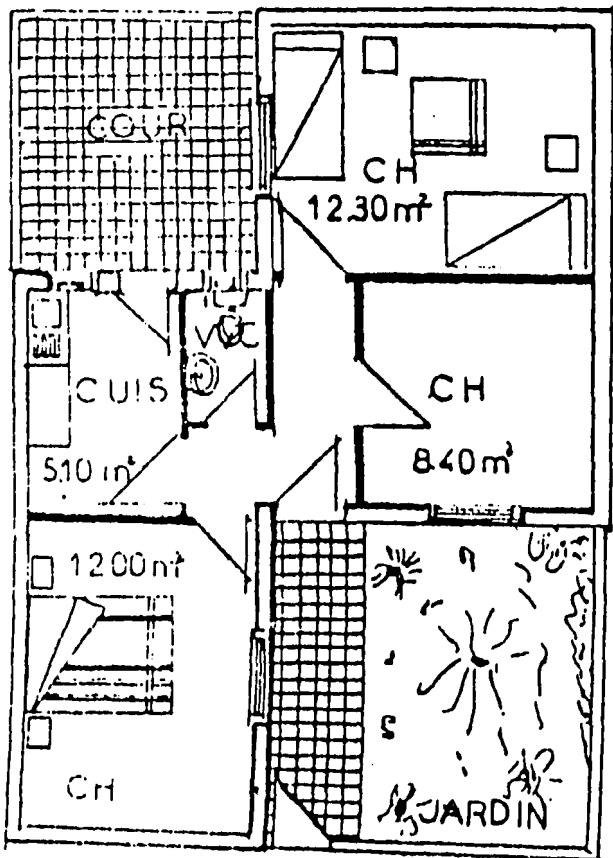
# LOGEMENT EVOLUTIF



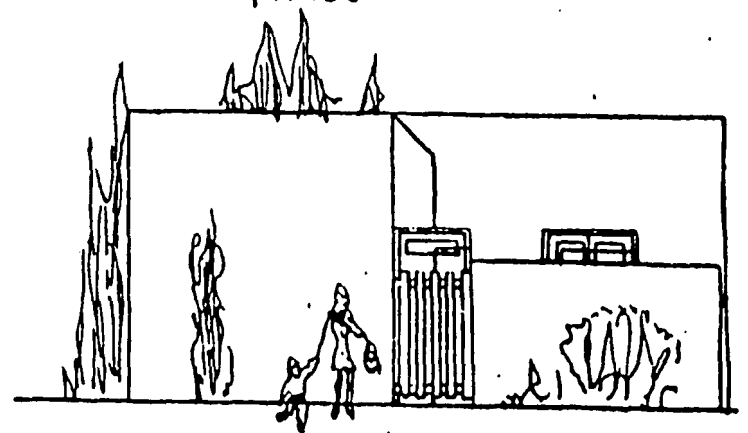
1<sup>re</sup> phase



2<sup>me</sup> phase



3<sup>me</sup> phase



FAÇADE PRINCIPALE

S. TERRAIN, 78.50m²

1 <sup>re</sup> phase	25.50 m²
2 <sup>me</sup> phase	39.00 m²
3 <sup>me</sup> phase	54.00 m²

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N OTE EXPLICATIVE SUR L'AUTOCONSTRUCTION

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DEFINITION :

L'autoconstruction est un procédé qui permet au citoyen d'édifier lui même son logement avec ses propres moyens. Pour ce faire il peut construire son logement en se faisant aider par les membres de sa famille et éventuellement par des ouvriers. Dans le cas où il n'est pas en mesure de le faire il peut se faire aider par un ou deux maçons qualifiés.

OBJECTIF :

On vise par ce procédé trois objectifs principaux :

- 1/ Alléger l'auto-financement qui constitue dans certains cas un handicap par une participation sous forme de journées de travail.
- 2/ Comprimer au maximum le prix de revient de la construction en éliminant les charges inhérentes à l'entreprise.
- 3/ Responsabiliser le citoyen au niveau du choix du type de logement à construire dans le but d'adapter mieux le type de logement à son mode de vie et à sa région.

CHAMP D'APPLICATION:

Le Ministère de l'Habitat a adopté le procédé de l'auto-construction à partir de l'année 1982 pour les logements ruraux. Son extension aux logements suburbains construits actuellement par la S.N.I.T. est envisagé ou qu'il répond mieux aux aspirations des citoyens.

MODE DE REALISATION

Le citoyen ayant obtenu l'accord des autorités régionales pour construire son logement suivant ce procédé, peut bénéficier de l'aide de l'Etat prévue : prêt et subvention .

Pour les logements ruraux la réalisation se fait une fois l'accord du prêt et de la subvention est accordé par les autorités et le constat de l'emplacement est fait par les services régionaux du Ministère de l'Habitat le citoyen peut dans ce cas là engager les travaux de la façon suivante :

Nature des travaux	Aide accordée
1/ Réalisation des fondations	Subvention
2/ Construction des murs porteurs	1/3 du prêt
3/ Coulage de la dalle	1/3 du prêt
4/ Enduit des murs et du plancher haut et cimentage du sol	1/3 du prêt

A N N E X C

LOGICAL FRAMEWORK

TUNISIA HOUSING REPAIR AND RECONSTRUCTION FOR FLOOD VICTIMS

	<u>INDICATORS</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<p><u>Purpose</u></p> <p>1. GOT meets housing needs of flood victims in a timely fashion and in a manner consistent with housing programs affordable by low income families.</p> <p>2. GOT's investment strategy shifts toward housing programs affordable by low income families (Goal of HG-004)</p>	<p>1. 90% of those whose houses were damaged or destroyed in 1982 floods in the 11 governorats live in repaired or reconstructed homes by December 1984.</p> <ul style="list-style-type: none"> <li>- 14,000 damaged houses</li> <li>- 5,000 reconstructed houses</li> </ul> <p>2. 90% of houses meet HG-004 standards of affordability and structural adequacy</p>	<p>1. - MOH records - FIAH records - CNEI/SIIT records</p> <p>2. - SHIT records - site visits</p>	
<p><u>Goal</u></p> <p>Adequate shelter provided to families whose homes were damaged or destroyed by floods in 5 Tunisian Governorats by December 1984</p>	<p>1. <u>Repair</u> 90% of 1500 families of original flood victims in urban areas living in repaired homes, on legal plots and pay tax locative by 6/84 in several governorats</p> <p>2. <u>Reconstruction</u> 90% or 1000 original flood victim families living in reconstructed homes, and paying tax locative in urban areas by 10/85.</p>	<p>1. - FIAH records - site visits to be affected areas</p> <p>2. - CNEI and SHIT records - site visits - MOH records - Municipality records.</p>	<p><u>Purpose to Goal Assumptions:</u></p> <p>1. GOT receives financing from other donor agencies or makes available funds from other sectors or programs for flood victims not assisted by AID</p> <p>2. Other more pressing emergencies do not arise diverting funds from housing.</p> <p>3. Other housing programs developed for remaining 6 governorats.</p>
<p><u>Outputs</u></p> <p>1. Approximately 1500 houses of flood victims in 5 governorats repaired with adequate standards of structural safety by 8/84</p> <p>2. Approximately 1000 structurally adequate houses in 59 governorats reconstructed by 6/84 on at least 2 appropriate sites presented to and approved by AID for community projects by 9/85.</p>	<p>1. 1500 houses of flood victims repaired by 8/84. All meet standards of affordability and structural safety.</p> <p>2.1 1000 homes reconstructed in several governorats</p> <p>2.2 House specifications: approx. 25 sq. meters on 80-100 square meter lot.</p>	<p>1. - FIAH records - site visits</p> <p>2. - CNEI, SHIT records - site visits</p>	<p><u>Output to Purpose Assumptions</u></p> <p>1. GOT legalizes land titles for former "squatters"</p> <p>2. 1500 additional homes repaired in 5 governorats with FIAH/GOT loans</p>

- 2.3 Houses do not cost more than TD 3000 per unit
- 3. Reflow community projects approved by AID
  - 3.1 community projects proposed for AID approval to be funded by reflow monies amount to \$750,000 over a period of 6 years starting after first disbursement to beneficiaries.
    - 3.1 - AID documents
    - FNAH records

Inputs

- 1. Repairs
  - 1.1-Present, review and approve allocation plan and beneficiaries, sites and homes to be repaired
  - 1.2-Review and approve eligibility criteria and waivers
  - 1.3-Establish amount and terms of loans
  - 1.4-Review disbursement schedules and procedures.
  - 1.5-FNAH makes approximately 1500 loans to intended beneficiaries by 12/83
  - 1.6-Review availability of materials and need for TA
  - 1.7-FNAH makes second tranche of 1500 loans
  - 1.8-Review to see if 90% of loans being repaid according to schedule
  - 1.9-Construction begun in 90% of allocated loan according to plan.
  - 1.10-90% of borrowers come back for final disbursement (after 74% construction completed)

- 1. Repairs
  - 1.1. ESF grant of \$750,000

Input to Output Assumptions:

- 1. FNAH liberalizes loan criteria for flood victims
- 2. Materials available at prices affordable by low income families, (prices do not rise)
- 3. Construction costs do not increase more than in previous 5 years
- 4. CNEL able to meet construction targets in terms of time and costs as in past 5 years.

2. Reconstruction

- 2.1 -Site Surveys
- 2. -Final site selection and beneficiaries for approximately 1000 homes to be reconstructed
- 2.3 -Establish amounts and terms of loans and cost recovery mechanism
- 2.4 -Review availability of materials
- 2.5 -Finalize construction contract with SNIT
- 2.6 -Construction begins
- 2.7 -Technical review of construction of homes and infrastructure
- 2.8 -Check repayments of loans/rate of recovery
- 2.9 -Complete homes
- 2.10 -Complete infrastructure

2. Reconstruction

- 2.1 ESF grant of \$1,000,000
- 2.2 Housing Guarantee funds of \$4,000,000

3. Reflows

- 3.1 -Establish terms and conditions for initial municipal projects generated from reflows
- 3.2 -Review initial projects submitted

3. Reflows

- 3.1 -Amount dependent on interest and repayment rates

A N N E X D

LETTER OF REQUEST

FROM THE

GOVERNMENT OF TUNISIA



REPUBLICQUE TUNISIENNE

MINISTERE

DES AFFAIRES ETRANGERES

N° ..... (A.E.)  
NH/AM/81/3

501618

4/17/83  
Tunis le ..... 1983

Monsieur le Directeur de la Mission Spéciale  
Américaine de C\_oopération Economique et  
Technique en Tunisie.

149, Avenue de la Liberté

- T U N I S -

O B J E T : Coopération Tuniso-Américaine

Programmation du Fonds de Soutien Economique  
E.S.F. pour l'année 1982/1983.

Monsieur le Directeur,

J'ai l'honneur de porter à votre connaissance qu'à la suite de l'octroi, à la Tunisie, d'une subvention de cinq millions de \$ US, pour l'année 1982-1983, dans le cadre du Fonds de Soutien Economique "E.S.F.", le Gouvernement tunisien propose l'affectation des fonds "E.S.F." comme suit :

- Financement partiel des bourses de nos étudiants poursuivant leurs études aux Etats-Unis d'Amérique, dans le cadre du programme national de transfert de technologie arrêté par les Autorités tunisiennes. La dotation à prélever sur les fonds E.S.F. serait de 2 millions de \$ US.

- Contribution, à concurrence de 1,750 million de \$ US, au projet d'aide à la reconstruction des logements touchés par les dernières inondations.

- Financement, pour 1,250 million de \$ US, des opérations promotionnelles des petites et moyennes entreprises en Tunisie, en association avec le secteur privé américain, ainsi que tout projet de transfert de technologie identifié en cours d'année.

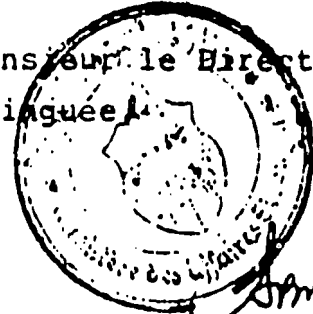
4-13-83

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Cette programmation des fonds "E.S.F." répond aux exigences prioritaires établies par le Gouvernement tunisien dans le cadre du VI Plan de Développement Economique et Social 1982-1983

Aussi vous saurais je gré de bien vouloir informer, de ce qui précède, les Autorités américaines compétentes et des démarches que vous voudriez bien entreprendre auprès de l'Administration américaine en vue d'approuver la programmation proposée des cinq millions de \$ US, et la signature dans les meilleurs délais possibles de l'accord de don "E.S.F."

Je vous prie d'agréer, Monsieur le Directeur l'expression de ma considération distinguée.



SECRETARE D'ETAT AUPRES DU MINISTRE  
DES AFFAIRES ETRANGERES CHARGE DE LA  
COOPERATION INTERNATIONALE

A N N E X F

PROJECT AUTHORIZATION

PROJECT AUTHORIZATION

Name of Country: Tunisia

Name of Project: Emergency Housing Repair and Reconstruction

Number of Project: 664-0329/664-HG004A-1

1. Pursuant to sections 531 and 537 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Housing Repair and Reconstruction Project for Tunisia (the "Cooperating Country") involving planned obligations of not to exceed 1,750,000 dollars in grant funds over a one year period from the date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of project is one year from the date of initial obligation for the housing repair sub-project and two years and two months from the date of initial obligation for the housing reconstruction subproject.

2. The project consists of assisting the Government of Tunisia with the provision of loans to Tunisians for the repair or reconstruction of homes damaged or destroyed in recent floods. There are two separate programs which will be separately obligated:

A. Under the housing repair program approximately 750,000 dollars will be made available for loans for the repair of houses damaged by the floods.

B. Under the housing reconstruction program approximately 1,000,000 dollars will be combined with approximately 4,000,000 dollars from the Housing Guaranty program to be made available for loans and grants for the construction of houses destroyed by the floods.

3. The project agreements which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority shall be subject to the following essential terms and covenants and major conditions as A.I.D. may deem appropriate:

A. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping the suppliers of commodities or services shall have the Cooperating Country or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Conditions with respect to Project Agreements

Relationship to A.I.D. Guaranty Authorization 664-HG-004

The Grant funding of \$1,000,000 under the Reconstruction Program is to be combined with \$4,000,000 from the Housing Guaranty Project 664-HG-004,

authorized on October 1, 1979. The Project Agreement authorized herein shall make reference to the Program and Guaranty Agreements authorized therein, and except for the first disbursement, disbursements of the Grant under the Reconstruction Program shall be made in pari passu with disbursements from the Housing Guaranty Loan.

C. Conditions Precedent

1. The housing repair program shall have conditions precedent in form and substance as follows:

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the criteria, terms and conditions and limitations applicable to the housing repair loans; and


(b) A description of the procedures and institutional arrangements for the processing, and administration of the housing repair loans.

2. The housing reconstruction program shall have conditions precedent in form and substance as follows:

Prior to the first disbursement under the grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that the Borrower has contracted for at least 4,000,000 dollars in a guaranteed loan as set forth in this agreement and has allocated such guaranteed loan funds to the Housing Reconstruction subprogram pursuant to an agreement with the grantee acceptable to A.I.D.; and

(b) A list of sites and descriptions of specific projects to be financed under the housing reconstruction program, a description of the eligibility criteria for assistance under that program and a description of the terms and conditions applicable to such assistance.

  
James R. Phippard  
Director, USAID/Tunisia

Clearances:

USAID/Tunisia/D/DIR:GRWein 4/1 Date 7/28  
USAID/Tunisia/CONT:ESH Hardy 4/1 Date 7/28  
USAID/Tunisia/PROC:FJKerber 7/21 Date 7/21

CC/NE RABAT 02914 : (Cable)  
RHUDO/NE:DLeibson : (Draft)  
RHUDO/NE:HBirnholz 7/28 Date 7/28



A N N E X F

CONDITIONS AND COVENANTS

I. Reconstruction

A. Conditions Precedent to First Disbursement

1. Prior to first disbursement under the Grant, the GOT will provide:
  - a) a statement of the names of the person holding or acting in the office of the GOT and of any additional representatives;
  - b) evidence that the GOT has contracted for at least \$4,000,000 in a guaranteed loan;
  - c) a description of the eligibility criteria for beneficiary assistance and terms and conditions applicable for providing such assistance.

2. The conditions precedent governing a first disbursement under the Guaranteed Loans are:

- a) legal opinion attesting to the validity and enforceability of the Housing Program Agreement, the Loan Agreement, the Transfer and Paying Agent Agreement, and the Guaranty;
- b) all documents required by the terms of the Loan Agreement to satisfy conditions precedent contained in the Loan Agreement;
- c) a signed Request and Certificate for Disbursement including any schedules indicating the application of the funds requested;
- d) an updated Master Program Implementation Plan.

B. Conditions Precedent to additional Guaranteed Loan disbursements

Prior to A.I.D.'s authorization of additional disbursements under Guaranteed Loans for the Program, the GOT will provide A.I.D., with:

1. All documents required by the terms of the Loan Agreement to satisfy conditions precedent contained;

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2. A request and certificate for disbursement including schedules indicating the application of the funds requested;
3. An updated Master Program Implementation Plan.

C. Conditions precedent to final disbursement

Prior to A.I.D.'s guaranty of the final disbursement under Guaranty of the Program the GOT will provide to A.I.D. with:

1. All documents required by the terms of the Loan Agreement to satisfy conditions precedent contained therein;
2. a request and certificate for disbursement including schedules indicating the application of funds requested;
3. a certification that the program has been completed in accordance with the Program Agreement and all other documents approved by A.I.D. under the Program Agreement.

D. Terminal Dates for Conditions Precedent

If the conditions have not been met within 90 days from the date of the Program Agreement, or such later date as A.I.D. and the GOT may agree to in writing, A.I.D. at its option, may terminate the Program Agreement by written notice.

E. Special Covenants

1. Master Program Implementation Plan - Promptly after the execution of the Program Agreement the Ministry of Housing (MOH) with the assistance of A.I.D., shall prepare a Master Program Implementation Plan, which shall indicate:

- a) Current cost estimates and cash flow schedules for the Program.
- b) Program Evaluation and Tracking System (PETS) charts of the Program.

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- c) A description of the established procedures of the GOT for beneficiary selection, possible contractor selection and cost recovery.
- d) Technical and financial plans for the projects.
- e) A description of management arrangements for the Program.
- f) A description of restrictions applicable to the resale of housing.
- g) A loan allocation plan by locality within each governorat.
- h) Such other data as may be mutually agreed upon by the parties to this Agreement.

The Ministry of Housing (MOH) agrees to implement the Program in accordance with the Master Program Implementation Plan, and to promptly inform A.I.D. should there be substantial change in procedures, criteria or other data which would affect the accuracy of the Plan during Program implementation.

2. Standards, Affordability and Eligibility of Beneficiaries

- a) The benefits of the Program will flow directly to households earning less than the median income, i.e. 125 TD/month.
- b) The GOT will assure that the Benefits of the program flow to the intended beneficiaries and that such benefits are affordable to them.
- c) The median income figure may be revised from time to time by AID and the GOT through written mutual agreement.

1/6

II Repair

A. Conditions Precedent to Disbursement

Prior to the first disbursement the GOT will, except as the parties may otherwise agree in writing, furnish to AID.

1. A statement of the name of the person holding or acting in the office of the GOT and of any additional representatives.
2. An allocation plan by gouvernorat for the housing repair loans to be provided under this Grant; and
3. A statement of the criteria, terms and conditions, and limitations applicable to the Housing Repair loans; and
4. A description of the procedures and institutional arrangements for the processing, monitoring and administration of the HOusing Repair Loans.

B. Terminal Dates For Conditions Precedent

If all of the conditions have not been met with 90 days form the date of the Grant Project Agreement, or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this agreement by written notice to the Grantee.

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A N N E X G

PID APPROVAL CABLE

ACTION: AID-4  
INFO: AMB DCM  
ECON CHRON/B

# DEPARTMENT OF STATE TELEGRAM

SOC-t

Chom  
HB  
FR  
DL  
file

P 250448Z JAN 83  
FM SECSTATE WASHDC  
TO AMEMBASSY TUNIS PRIORITY 3375  
BT  
UNCLAS STATE 026830

001549

AICAC

E.O. 12306: N/A  
TACS:  
SUBJECT: ESF GRANT FOR FLOOD DISASTER RELIEF

REF: (A) TUNIS 9244; (B) STATE 358210

ACTION	INFO
DR ✓	
DIR ✓	
FOR ✓	
FRS ✓	
TRG ✓	
CONT ✓	
INFO ✓	
EST ✓	
SA ✓	
<u>RUDDO</u> ✓	
P. C.	
LMB/ADMIN	
LMB/GSO	
REL	
ECON	
CSR/USAID	
CHRON ✓	
RF	

1. SUMMARY. NEAC MET ON JANUARY 13, 1983 TO REVIEW THE PID SUBMITTED REF. A FOR A PROPOSED GRANT FOR FLOOD DISASTER RELIEF AND ITS USE IN COMBINATION WITH HG-004. NEAC APPROVED PID, WITH FOLLOWING DECISIONS ON ISSUES RAISED AND GUIDELINES FOR PREPARATION OF PP AND PROJECT IMPLEMENTATION. NEAC COMMENDS MISSION AND RUDDO ON PID QUALITY.

2. FUNDING. THE NEAC RECOGNIZED THE URGENT POLITICAL AND HUMANITARIAN REQUIREMENTS TO BEGIN THESE PROGRAMS-ASAP AND THE CONSEQUENT NEED FOR FUNDING WITHIN THE NEXT FEW WEEKS. ACCORDINGLY AID WILL SEEK IMMEDIATELY AN APPORTIONMENT AND ALLTMENT OF 2 MILLION DOLS IN ESF FUNDS FOR TUNISIA. REGRET THAT DFDA IS UNABLE TO PROVIDE FUNDING FOR 750,000 DOLS EMERGENCY HOUSING REPAIR PORTION OF PROGRAM.

3. TIMING OF OBLIGATION. SINCE APPROVAL OF PP HAS BEEN DELEGATED TO MISSION, NEAC LEAVES TO MISSION'S DECISION

THE DEGREE OF DETAIL REQUIRED IN PP PRIOR TO OBLIGATION IN THIS EMERGENCY SITUATION. NEAC NOTED URGENT NEED FOR FUNDS AND RECOMMENDS THAT MISSION, WITHIN BOUNDS OF SOUND MANAGEMENT, EXPEDITE/ABBREVIATE PP PREPARATION AND APPROVAL. IN INTEREST OF GETTING LOAN FUNDS TO ELIGIBLE BCFLOWERS ASAP PARTICULARLY ON HOME REPAIR PROGRAM, MISSION MAY WISH TO REIMBURSE FNAH FOR SELECTED LOANS ALREADY MADE, RATHER THAN HAVE FNAH DELAY-ITS LOANS UNTIL IT HAS FORMALLY RECEIVED AID GRANT. FNAH SHOULD APPRECIATE, HOWEVER, THAT AID FUNDING IS NOT GUARANTEED UNTIL ACTUAL OBLIGATION OF FUNDS IS ACCOMPLISHED. --

(7)

4. NEAC AND USAID CONCUR IN THE MISSION'S AND RUDDO'S EFFORTS IN MOVEMENT TOWARD POSITIVE INTEREST RATES, AND ALSO AGREE THAT SPECIAL CIRCUMSTANCES OF THE FLOOD REPAIR AND RECONSTRUCTION PROGRAM JUSTIFY SUBSIDIZED RATES AS A ONE-SHOT EXEMPTION FROM AGENCY POLICY ON RATIONALIZATION

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IF INTEREST.. HOWEVER, IN NEGOTIATING WITH GOVT ON USE OF  
REFLOWS FROM THE HOUSING REPAIR AND RECONSTRUCTION -  
PROGRAMS, AS WELL AS ON THE REMAINDER-OF HIS CC4, USAID  
SHOULD SEEK TO MOVE THE GOVT TOWARD INTEREST RATES WHICH  
BETTER REFLECT THE OPPORTUNITY COSTS OF CAPITAL, WITH THE  
SPECIFIC RATE TO BE DETERMINED BY MISSION AND RHUC IN  
CONJUNCTION WITH GOVT.

5. NEAC NOTED SUBSIDIZED DOWN-PAYMENT ON EMERGENCY  
HOUSING CONSTRUCTION: THE MISSION REPRESENTATIVE  
INDICATED THAT THE SUBSIDY/GRANT OF 20 PERCENT FOR THE  
DOWNPAYMENT ON THE HOUSING CONSTRUCTION LOANS MIGHT  
APPROPRIATELY BE REDUCED TO 15 PERCENT. NEAC AGREED THAT  
THIS WOULD BE DESIRABLE AND ENCOURAGED THE MISSION IN  
THAT DIRECTION. THE NEAC ALSO QUESTIONED WHETHER THE  
SUBSIDY MIGHT BE IN THE FORM OF AN INTEREST-FREE LOAN  
RATHER THAN A GRANT. IN REPLY IT WAS POINTED OUT THAT  
THIS WOULD RAISE THE MINIMUM-INCOME HOUSING-EXPENDITURE  
LEVEL ABOVE 25 PERCENT AND WOULD THUS BE A BURDEN ON  
LOWER-INCOME FAMILIES WHICH HAD SUFFERED THE GREATEST  
LOSSES ASSUMING LOAN MATURITY REMAINED AT FIFTEEN YEARS.  
NEAC CONCURRED WITH MISSION OBSERVATION THAT DIRECT-  
UP-FRONT ONE TIME SUBSIDIES WHEN NECESSARY WERE  
PREFERABLE TO ENGAGING IN INDIRECT SUBSIDIES, WHICH ARE  
RECURRENT BURDENS ON GOVT PUBLIC-FINANCES.

6. REVISION OF HG - NEAC AGREED TO THE REVISION OF THE  
HG AUTHORIZATION TO INCLUDE LOANS IN THE REGIONS  
SUFFERING FROM THE 1982-FLOODS.

7. HOUSING CONSTRUCTION ALTERNATIVE: THE MISSION

REPRESENTATIVE INDICATED THAT THE MISSION WISHED TO  
CONSIDER AN ALTERNATIVE TO THE CORE HOUSING PROPOSED IN  
REF (A). NAMELY (A) BORROWERS MIGHT MOVE INTO HOUSING  
BEFORE PUBLIC SERVICES WERE ALL COMPLETED OR (B) FAMILIES  
THAT CANNOT AFFORD TO MEET PAYMENTS ON A CORE HOUSE MIGHT  
BE GIVEN A LOT WITH PUBLIC SERVICES AVAILABLE, E.G.  
WATER, ELECTRICITY, ETC. SUCH FAMILIES COULD THEN BUILD  
THEIR OWN HOUSES DRAWING ON LOAN FUNDS MADE AVAILABLE  
THROUGH CNEL. SHULTZ

Best Available Document

A N N E X H

STATUTORY CHECKLIST

- (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes. Yes.
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? None required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? Yes. Yes.

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## 5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

### A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;  
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,00, will there be

Advice of Program Change transmitted Feb. 15, 1983

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- (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes. Yes.
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? None required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? Yes. Yes.

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

No. Project designed to complete U.S. initiatives.

7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

Project designed to achieve items (a), (b) (c) and (e)

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

Project designed to promote private sector development in Tunisia and

9. FAA Sec. 612(b), 636(h);  
FY 1982 Appropriation  
Act Sec. 507. Describe  
steps taken to assure  
that, to the maximum  
extent possible, the  
country is contributing  
local currencies to meet  
the cost of contractual  
and other services, and  
foreign currencies owned  
by the U.S. are utilized  
in lieu of dollars. Section 612(b) determination is  
sought to permit purchase of some  
local currency with dollars.
10. FAA Sec. 612(d). Does  
the U.S. own excess  
foreign currency of the  
country and, if so, what  
arrangements have been  
made for its release? Tunisia is a near-excess currency  
country.
11. FAA Sec. 601(e). Will  
the project utilize  
competitive selection  
procedures for the  
awarding of contracts,  
except where applicable  
procurement rules allow  
otherwise? Yes.
12. FY 1982 Appropriation Act  
Sec. 521. If assistance  
is for the production of  
any commodity for export,  
is the commodity likely  
to be in surplus on world  
markets at the time the  
resulting productive  
capacity becomes  
operative, and is such  
assistance likely to  
cause substantial injury  
to U.S. producers of the  
same, similar or  
competing commodity? N/A
13. FAA 118(c) and (d).  
Does the project comply  
with the environmental  
procedures set forth in  
AID Regulation 16? Does Yes.

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the project or program take into consideration the problem of the destruction of tropical forests?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

N/A. An ESF project.

a. FAA Sec. 102(b); 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

04

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

e. FAA Sec. 110(b).  
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

institutional development;  
and supports civil  
education and training in  
skills required for  
effective participation in  
governmental processes  
essential to self-government.

2. Development Assistance Project  
Criteria (Loans Only)

N/A

- a. FAA Sec. 122(b).  
Information and conclusion  
on capacity of the country  
to repay the loan, at a  
reasonable rate of interest.
- b. FAA Sec. 620(d). If  
assistance is for any  
productive enterprise which  
will compete with U.S.  
enterprises, is there an  
agreement by the recipient  
country to prevent export  
to the U.S. of more than  
20% of the enterprise's  
annual production during  
the life of the loan?
- c. ISDCA of 1981, Sec. 724  
(c) and (d). If for  
Nicaragua, does the loan  
agreement require that the  
funds be used to the  
maximum extent possible for  
the private sector? Does  
the project provide for  
monitoring under FAA Sec.  
624(g)?

3. Economic Support Fund  
Project Criteria

- a. FAA Sec. 531(a). Will  
this assistance promote  
economic or political

- stability? To the extent possible, does it reflect the policy directions of FAA Section 102? Yes. Yes.
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? No.
- c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives? No.
- d. FAA Sec. 609. If ..... commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A



A N N E X I

FAA CERTIFICATIONS

ANNEX I

611 (e) Certification

Emergency Housing Repair and Reconstruction

Grant No. 664-0329A/HG-004A-1

Certification Pursuant to Section 611 (e) of the Foreign Assistance Act of 1961, as amended.

I, James R. Phippard, the principal officer for the U.S. Agency for International Development in Tunisia, having taken into account, among other things, the utilization and maintenance of projects in Tunisia previously financed or assisted by the United States;

Do hereby certify that in my judgement Tunisia has both the financial capability and human resources capability to effectively utilize and maintain the capital assistance to be provided for the Emergency Repair and Reconstruction Program. (Grant No. 664-0329A, and Housing Guaranty 664-HG-004A-1).

  
James R. Phippard  
Mission Director  
Tunis, Tunisia

Date: 7. 2. 83

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ANNEX J

AGREEMENTS TO BE NEGOTIATED  
UNDER THE HOUSING GUARANTY PROGRAM

A. SUMMARY OF AGREEMENTS TO BE NEGOTIATED

(1) Limited Scope Grant Agreement for the \$750,000 ESF grant for repairs and a Program Agreement covering both the \$1,000,000 ESF grant for reconstruction and the \$4,000,000 Housing Guaranty Loan. These will be between USAID and the GOT and will specify all activities in the programs.

(2) The Loan Agreement between the U.S. Investor and the Borrower.

(3) The Guaranty Agreement between AID and the U.S. Investors.

(4) The Guaranty Agreement between the GOT and AID.

(5) The Fiscal Agency Agreement between the GOT and Fiscal Agent (Riggs National Bank).

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TO AMEMBASSY TUNIS IMMEDIATE 785

UNCLAS NAPLES 1668  
AIDAC  
FOR DIR AND RUDD  
E.O. 12958: N/A  
SUBJ: GRANT NO. 664-HG-0044-1  
REF: RUDD TEL, DTD 26JUL83

1. PURSUANT TO SEC. 611 (A) OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, NEAR EAST REGIONAL ENGINEER ITZOR NAGY CERTIFIES THAT THERE ARE ADEQUATE ENGINEERING PLANS AVAILABLE TO CARRY OUT THE USG ASSISTANCE AND REASONABLY FIRM ESTIMATES PREPARED FOR THE COST TO THE USG OF THE ASSISTANCE UNDER THE PROPOSED "HOUSING" REPAIR AND RECONSTRUCTION PROGRAM FOR THE FLOOD VICTIMS (SUBJECT GRANT.) THIS CERTIFICATION IS BASED ON NAGY'S PERSONAL REVIEW AND EVALUATION OF THE ENGINEERING DESIGNS AND COST ESTIMATES OF PROPOSED CORE UNITS, PREPARED BY THE GOT MINISTRY OF HOUSING.

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2. BASED ON HIS PROFESSIONAL JUDGMENT, ON HIS PERSONAL FIELD INSPECTION TRIPS, HIS MEETINGS WITH GOT OFFICIALS AND USAID MISSION OFFICERS, NAGY RECOMMENDS THAT THE MISSION DIRECTOR CERTIFY THAT TUNISIA IS CAPABLE TO EFFECTIVELY UTILIZE AND MAINTAIN THE PROPOSED FACILITIES TO BE BUILT WITH SUBJECT GRANT, USING THE FOLLOWING OR SIMILAR STATEMENT:

QUOTE. CERTIFICATION PURSUANT TO SECTION 611 (A) OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED.

I, JAMES R. PHIPPARD, THE PRINCIPAL OFFICER FOR THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT IN TUNISIA, HAVING TAKEN INTO ACCOUNT, AMONG OTHER THINGS, THE UTILIZATION AND MAINTENANCE OF PROJECTS IN TUNISIA PREVIOUSLY FINANCED OR ASSISTED BY THE UNITED STATES, DO HEREBY CERTIFY THAT IN MY JUDGMENT TUNISIA HAS BOTH THE FINANCIAL CAPABILITY AND HUMAN RESOURCES CAPABILITY TO EFFECTIVELY UTILIZE AND MAINTAIN THE CAPITAL ASSISTANCE TO BE PROVIDED FOR THE HOUSING REPAIR AND RECONSTRUCTION PROGRAM FOR THE FLOOD VICTIMS. (GRANT NO. 664-HG-0044-1).  
JAMES R. PHIPPARD, MISSION DIRECTOR DATE. UNQUOTE.

3. COPY OF THIS CERTIFICATION WILL BE HANDCARRIED TO USAID/TUNISIA BY S.O. NEVIN, REGIONAL CONTRACTING OFFICER, ON 29JUL83.

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SOLVA