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PROGRESS REPORT

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PROGRESS REPORT HG-002

Prepared for

**Regional Housing and Urban Development Office
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Office of Housing and Urban Programs
Agency for International Development**

Prepared by

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PREFACE

This report was prepared based on RFS 115 issued to PADCO, Inc. The project included three weeks of field work in Morocco to review HG-002 subprojects and related institutional developments in housing and two weeks in Washington, DC, to write the report. Work in the field was undertaken in collaboration with Mr. Robert Adams, Resident Housing and Urban Development Advisor in Rabat as well as with professionals from the Ministry of Housing and Regional Development. The report was then written up in Washington by Jerry Erbach and a draft copy sent to the USAID/Rabat for review and comments. As much as possible, these comments have been incorporated in this final report.

TABLE OF CONTENTS

	Page
Abbreviations and Acronyms	
EXECUTIVE SUMMARY	1
INTRODUCTION AND BACKGROUND	4
I. RESPONSE BY THE MOROCCAN GOVERNMENT AND MHAT TO THE ISSUES RAISED IN THE HG-002 PROJECT DOCUMENT	7
A. Institutional and Administrative Capacity	7
1. Institutions and Organization	
2. Staffing of MHAT	11
B. Technical Assistance (TA)	15
1. Status of Technical Assistance Activities	15
2. Observations	17
C. Training and Professional Development	18
1. Situation in 1981	18
2. Developments Since 1981	19
3. Observations	20
D. Policy Development and Implementation	21
1. General Policies	21
2. Cost Recovery	22
3. Observations	25
II. PROGRESS EVALUATION OF THE HG-002 PROJECT	27
A. MHAT's Rate of Disbursement for the Project	27
B. Evaluation of Subprojects Financed by HG-002	27
Subprojects:	
Kaouki, Safi	30
Essaouria	32
Sidi Slimane	34
Midelt	36
Larache	38
Azrou	40
El Gara	42
Asilah	45
Al Hakem	46

TABLE OF CONTENTS (Continued)

	Page
Carriere Saadia, Meknes	48
Laareb, Marrakech	50
Iziki, Marrakech	52
Douar Laghfirat, Safi	54
Hay J'Did, Larache	56
Chaouiber, Guercif	58
Lomas, Nador	59

TABLES AND FIGURES

Table 1	Evolution of MHAT's Staff	13
Table 2	Staffing of Regional Delegations and Housing Directorate Involved in HG-002 (1985)	13
Table 3	Evolution of the Professional Staff of Delegations Involved in the HG-002 Project for the HG-002 Project	14a
Table 4	Obligation and Disbursement of Funds for the HG-002 Project Up To December 31, 1984	29
Table 5	Estimate of Surplus Funding	29
Figure 1	Organization Chart for the National Agency to Combat Against Sub-Standard Housing	9 5
Figure 2	Location of HG-002 Subprojects	29a

ABBREVIATIONS AND ACRONYMS

ANCHI	- National Agency to Combat Against Sub-Standard Housing (previously ALCB)
BCP	- "Banque Centrale Populaire"
BRP	- Banque Regionale Populaire
CIFM	- "Compagnie Immobilizer Et Fonciere Marocaine"
CIH	- "Credit Immobilizer Et Hotelier"
CERA"	- Center for Studies and Research in Urban Development
CRED	- "Controle Regional Des Engagements Et Depenses" Ministry of Finance
DCTC	- Division for Technical Control of Construction
EEC	- European Economic Community
ENA	- National School of Architecture
ENP	- Kenifra Public Utility Agency
FDCL	- "Fonds De Developpement Des Collectivites Locales"
FNAET	- "Fonds National d'Amenagement et d'Equipement des Terrains"
FEC	- "Fonds D'Equipement Communal"
GOM	- Government of Morocco
INAU	- National Institute for Urban Development
MHAT	- Ministry of Housing and Regional Development
ONE	- "Office National D'Electricite"
ONEP	- "Office Natinal De L'eau Potable
PDU	- "Projet De Developpement Urbain" (IBRD Sponsored Project)
PIL	- Project Implementation Letter
PMB	- Small- and Medium-Sized Bidonville Upgrading Program
PS	- Programme Social
RAD	- Tetouan Public Utility Agency
RADEE	- Essaounra Public Utility Agency
RTI	- Research Triangle Institute
TA	- Technical Assistance

I. EXECUTIVE SUMMARY

This report specifically concerns a review of issues and progress related to the implementation of housing project No. 608--HG-002. The report covers a three-year time period (1981-1984), which also coincides with the first three years of the present Five Year Plan. Since the HG-002 project was conceived in collaboration with MHAT during the development of the Five Year Plan, and was intended to be a means of supporting its main objectives and goals, the present review provides a good opportunity to assess related progress made by MHAT and the Moroccan Government in these regards. Areas and issues for review include: the improvement of institutional and administrative capacities, the development of training opportunities for professional planners and technicians, the establishment of more effective policies related to the provision of low-income housing, and MHAT/GOM's commitment and contribution to the project itself.

- During the review period, the Moroccan Government took very definite initiatives to decentralize many of its activities and responsibilities. Selected examples of this include: increased local responsibility for urban development as well as increased financial resources being made available to local governments through the FEC and FDCL; more authoritative roles given to provincial governors; and the decentralization of contracting procedures within the Ministry of Finance. For MHAT, this policy has meant that its Regional Delegations have now become more autonomous and responsible for the projects which they undertake.
- Increased importance has been placed on stimulating private sector construction of low-income housing. To this end, the Moroccan Government has passed legislation eliminating taxes on housing construction for the first 15 years after completion. In addition, Morocco's major housing finance institution (Credit Immobiliere et Hoteliere) has reoriented its lending policies to focus on low-income housing provided by private and parastatal developers. This program is being financed by a \$51 million line of credit from the World Bank. Within this framework, MHAT now increasingly views its own future as that primarily of a catalyst to urban development and to private sector activities in the field of housing.
- During the review period, MHAT improved the administrative and project monitoring capacity of the Directorate of Housing which is responsible for the HG-002 project. At the same time, several new agencies are now fully operational and can provide important assistance to MHAT in training, research, and administration. These agencies include: the Division for the Technical Control of Construction (DCTC), the National Agency to Combat Against Substandard Housing (ANCHI), the National School of Architecture (ENA), the National Institute for Urban and Regional Planning (INAU) with its research unit (CERAU), and training schools for technical assistants.

- Since 1981, MHAT has increased its own technical professional staff by 96 positions and its administrative professional staff by 35 positions. This is a 21 percent increase in the number of professional positions within the Ministry and does not include normal turnovers. The majority of these new positions have been assigned to work in the Regional Delegations. Approximately 52 new professionals have been assigned to the 12 delegations involved in the HG-002 project.
- An analysis of GOM's rate of disbursement for the project shows a significant difference between the amount of budgetary funds allocated to the project (in all, about 160 million dirhams), those actually obligated (approximately 41 million dirhams as of December 31, 1984) and those disbursed (only 21.5 million dirhams). While the GOM as a whole disburses about 33 percent of its total annual allocations, the rate for the HG-002 project has been around 20 percent. Within the HG-002 project itself, the rate of disbursement for the core housing program has been considerably higher than that of the upgrading program.
- Several factors have had an impact on the rate of disbursement for the project:
 - The first is simply the difficulty and complexity of the upgrading projects themselves (including difficult site conditions, the need for close and lengthy coordination with local officials and inhabitants, etc.).
 - The second is that the GOM did not really decide to borrow on the loan until July 1984. It was only at this time that HG-002 subprojects, most of which had already been started, could be differentiated from those entirely financed by the Government. Until this distinction was made and until GOM spending priorities were reconfirmed during the recent financial crisis, budget restraints affecting MHAT's programs had been applied more or less across the board. The signing of the HG-002 loan now provides a powerful argument to ensure that adequate funding is given to HG-002 financed subprojects in the future.
 - Third, the Project Delivery Plan was based upon an exchange rate of 6.8DH/\$ while the first disbursement of \$4.8 million is being liquidated at the rate of about 9.09DH/\$. GOM's rate of spending in this case would thus have to be increased by 30 percent in order to absorb dollars at the rate originally planned. In fact, it is expected that this increase will reach 40 percent with future disbursements. Given the decentralized nature of the project and relatively small size of the subprojects, such significant increases in spending cannot be quickly incorporated into the Project Delivery Plan. Funds can be effectively increased only by the expansion or addition of subprojects, which will require more time.

- And, finally, present financial and budgeting procedures allow less than six months per year in which contracts can be engaged. This severely limits the rate of disbursement for the project due to the additional difficulties in synchronizing project development and payment applications with the brief annual periods in which funds are actually available. Some of the more experienced delegations have learned how to deal with this situation, although most of the others have not. The complexity of working within these budget procedures, as well as their effect on managing a large number of spatially and organizationally diverse subprojects within a limited time frame, was not fully foreseen at the time that the Implementation Agreement and Project Delivery Plans were prepared.

There are several reasons why the project now needs a three-year extension of the guaranty in order to successfully achieve its goals and objectives. The most obvious is that the project was delayed by the developing economic crisis in 1983 which resulted in budget cuts and delayed disbursements in 1984. Delays in getting the project underway were not primarily due to MHAT and/or its administrative capacity, but rather to GOM policies in general and to the slowness of GOM's commitment of necessary funds to the project in preference to other investment priorities. As the report shows, however, the long gestation period did allow MHAT and the GOM to make considerable progress in addressing the issues raised in the original Project Document.

The above mentioned difficulties in making disbursements, i.e. in accordance with the amounts and timing foreseen in the Project Delivery Plan, also provides an important reason why a substantial extension of the project is necessary. Now that disbursement problems have been more clearly identified, it will require additional time to implement faster payment mechanisms.

It will also require more time and planning to disburse the increased dirham amounts due to the continuing rise in the value of the dollar. Especially during the early stages of the project, the lower value of the dirham will decrease the rate of the dollar cashflow.

Now that the GOM has finally borrowed on the HG-002, it has also become more responsive to collaborating with AID and in implementing joint recommendations. For example, both MHAT and the Ministry of Finance have taken immediate corrective measures to increase the rate of project disbursements as a result of the recent MHAT/USAID project review. MHAT has issued instructions to its Regional Delegations to take immediate measures to obligate the necessary funds, while the Ministry of Finance has agreed to accelerate contract approvals and payments. The Mission is now preparing a PIL requesting the Ministry of Finance to adopt procedures for contract approvals and payments that will facilitate faster progress on the project construction sites. This situation shows the positive effect that the HG-002 can now have in promoting procedural changes that will have a beneficial effect on all of MHAT's programs and projects.

A. INTRODUCTION AND BACKGROUND

In its original conception, the HG-002 project was based on the US Government guarantee of a \$65 million loan to support all four of MHAT's major housing programs for low-income families. These programs included the upgrading of two large-size bidonvilles in Tetouan and Mohammedia, the upgrading of small and medium-size bidonvilles, urban core housing and rural housing. Because of the large-size and wide scope of this proposed undertaking, an updated Shelter Sector Assessment was carried out in early 1981 just prior to the writing of the Project Paper. The study pointed out a "gap" in MHAT's housing programs which it felt could be addressed by a reorientation of the "Programme Social" to serve lower-income urban families. It also underlined MHAT's need for increased numbers of technically qualified staff.

Shortly after the Shelter Sector Study, the Project Paper was written and reiterated several of the same issues and concerns. The most important of these centered around:

- the reorientation and strengthening of MHAT's urban core-housing program,
- the administrative capacity of MHAT to handle such a large and complex project, including concerns about the adequacy, composition and training of MHAT's staff,
- the necessity and use of technical assistance from outside the Ministry to assist in project preparation and management,
- the coordination of individual projects with public authorities and population at the local level,
- and the application of cost recovery for the entire project.

In September 1981, USAID approved the guarantee of a reduced loan for only \$17 million without modifying its reservations and concerns about the above mentioned issues. Thus, in recommending approval of this guarantee, USAID established a series of Conditions Precedents which had to be met by the Moroccan Government before signing of the loan and/or any disbursements could take place. A time limit of three years was also put on the length of the guaranty prior to signing the loan.

At the same time that USAID was reducing the amount of the guarantee, the Moroccan Government was also reducing the number of housing units to be built through the "Programme Social" or urban core-housing program. MHAT's original proposal for the Five Year Plan called for 50,000 units, while the final version of this plan included only 5,000 units. When the Project Paper was formally presented to MHAT by USAID in February of 1982, the Five Year Plan had just been approved by the Moroccan Parliament and a new Minister had taken over at MHAT.

In April 1983, the Implementation Agreement for the project was signed between the Moroccan Government and USAID. During the next year, the Moroccan Government experienced a financial crisis and an important reorganization of its priorities. Nevertheless, the first two sets of "Conditions Precedents" were completed and, after a review of the revised Project Delivery Plan, GOM agreed with RHUDO/USAID strategy to limit HG borrowing only to the amount necessary to meet anticipated financial needs over a period of 12 months. Future borrowing would then be based on the review of updated Project Delivery Plans that would more accurately reflect the financial needs of the project. Following this strategy, the Moroccan Government signed a loan agreement with an American bank for \$4.8 million in September 1984 and the first disbursement was immediately justified and made.

The present report attempts to summarize the developments and progress that have taken place during the period since authorization of the loan guaranty concerning:

- The institutional and administrative capacity of MHAT and the Moroccan Government to manage the planned projects with a special focus on improvements in staffing and training,
- Policy developments and their implementation with a particular emphasis on the development of a cost recovery approach,
- The Government of Morocco's contribution to the program and the progress of those subprojects being financed by the HG-002.

CHAPTER ONE

RESPONSE BY THE MOROCCAN GOVERNMENT AND MHAT TO THE ISSUES RAISED IN THE HG-002 PROJECT DOCUMENT

This part of the report briefly reviews the response by the Moroccan Government to the issues raised during the approval of authorization for the HG-002. The period under consideration runs from September 1981 to December 1984.

A. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

1. INSTITUTIONS AND ORGANIZATION

ISSUE: The Project Paper reiterated the apparent "gap" in GOM housing programs for below median income households between the 30th and 50th percentiles of the urban income distribution and pointed out MHAT's inability to address this problem on its own. It also offered support to MHAT's efforts to create a specialized parastatal agency to focus on the upgrading of substandard housing. The creation of this agency was included in the Five Year Plan as one of the major institutional developments to be accomplished during this period.

a. Organizational Changes Within Existing Agencies

The existing organization of MHAT was established by official Government decree in January 1981. According to this decree, the Ministry consists of a general secretariat and office of inspection, three directorates (housing, town planning and architecture, and regional development), three divisions involved with administration, legal affairs and training, and the regional delegations.

The Directorate of Housing is responsible for the management and coordination of the HG-002 project. After a new Director was appointed in mid-1983, and about the time that the Implementation Agreement was signed, several efforts were made to improve the financial and management capacity of this directorate. These efforts included the hiring of an experienced financial analyst to work on the HG-002 project at the Central Ministry Level, and the assignment of three economists to work fulltime with physical planners involved in upgrading and core-housing projects.

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The recent appointment of a full-time senior administrator to coordinate HG-002 activities between the Delegations and the Central Ministry has also resulted in the timely collection and analysis of accounting information required for the first disbursement.

MHAT's regional delegations were given increased responsibility in the control and management of their projects. Each Delegee now signs a yearly contract with the Minister of Housing which commits his Delegation to the completion of a series of agreed upon activities for that year. A review of the work completed is then held with the Minister at the end of the year. The Delegations also work closely with the local governor, municipalities, and communes.

The Ministry of Finance has delegated more contract approval power to its regional offices (CRED) in order to speed up the contracting process.

In response to increased housing demand by moderate and low-income families living in major urban areas, CIH was awarded a \$51 million line of credit by the World Bank in 1983 to be used to finance low-income housing projects undertaken by private and parastatal developers. CIH has thus begun a major reorientation of its efforts towards helping lower-income families through encouragement of the private building sector. To this end, CIH offers developers 100 percent financing (excluding land purchase), technical and financial assistance, and the possibility of mortgage credit to beneficiaries. Legislation has also been passed which exonerates housing developers from paying taxes on profits made from the sale of housing units. Five types of housing units have been defined as eligible for financing, ranging from very rudimentary core-housing units to small finished apartments. If successful, this program could help fill the "gap" in housing programs identified in the 1981 Shelter Sector Survey.

b. New Institutions

Division for the Technical Control of Construction Standards (DCTC)

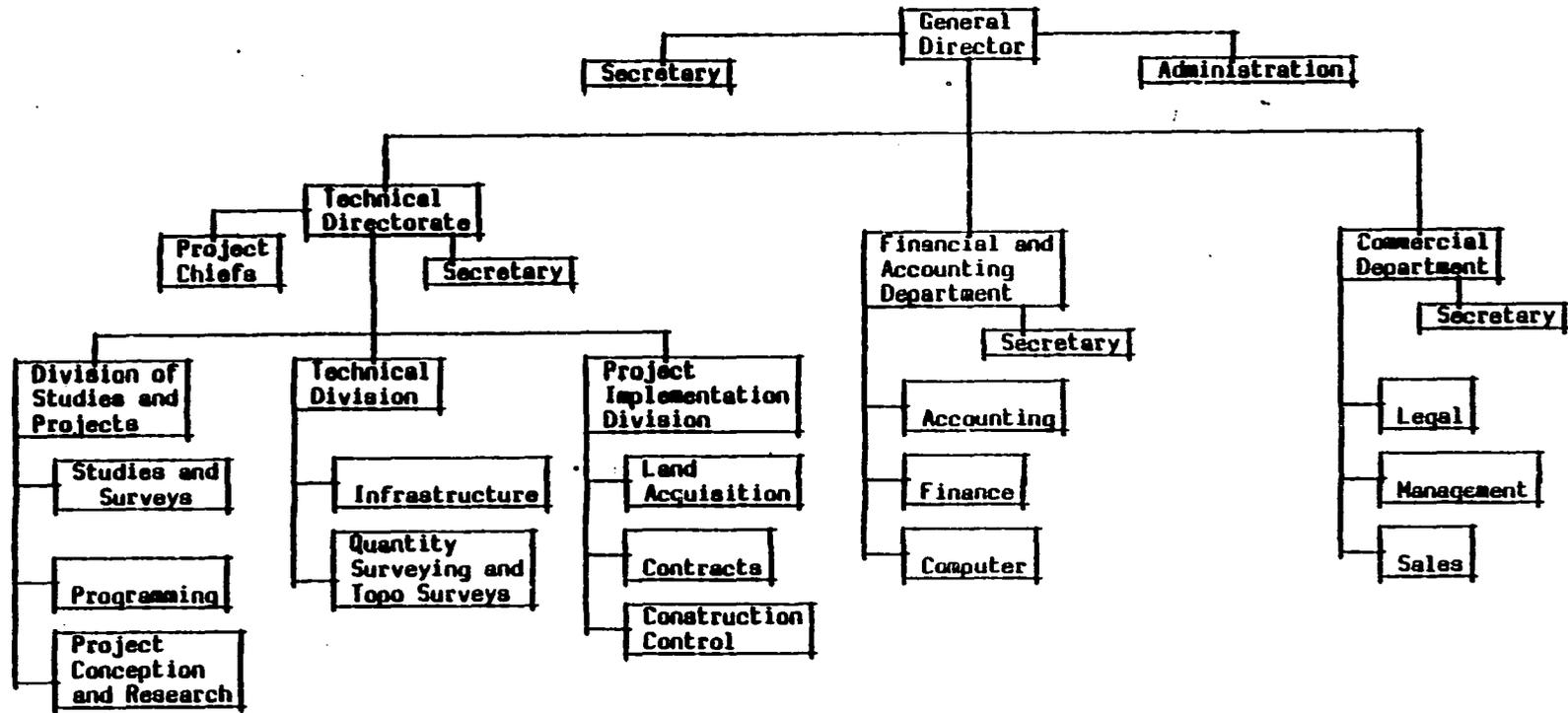
In 1981-82, a new division was established within MHAT to review and control building standards for all new Government construction. A computerized data bank is now being created and, with active support from the Minister of Housing, the division is playing an increasing role in the monitoring and evaluation of Government building projects.

National Agency to Combat Against Substandard Housing (ANCHI)

In January 1984, the parastatal agency to be involved with the improvement of bidonville and clandestine housing areas was created. Figure 1 presents the approved organization chart for this agency.

FIGURE 1

ORGANIZATION CHART FOR THE NATIONAL AGENCY TO COMBAT AGAINST
SUB-STANDARD HOUSING



Presently, the agency has six professional staff and is guided by a board of directors presided over by the Minister of Housing. Projects undertaken by the agency must benefit bidonville inhabitants or those of clandestine neighborhoods. They can include the upgrading of existing neighborhoods, sites and services projects, or the construction of actual housing units for the relocation of certain families. When included in these projects, the agency can also build and sell commercial areas for profit in order to cross-subsidize the low-income housing.

The agency can undertake projects on its own initiative or it can be contracted by other governmental and parastatal entities (such as the Ministry of Housing, municipalities and local communes) to plan, manage and implement projects for them. The agency presently has projects underway in four cities.

Sources of funding include the budget, down-payments from beneficiaries, loans from national or international lenders and even outright grants that can be used to finance low-income housing projects.

e. Observations

The administrative and monitoring capacity of the Directorate of Housing responsible for the HG-002 has been improved with the addition of new professionals with specialized skills in finance and project management. More responsibility and initiative has also been given to the Regional Delegations. The creation of specialized agencies related to MHAT (i.e. DCTC, ANCHI, INAU, CERAU) have given it increased and more flexible capacity to deal with specific issues such as project monitoring, upgrading, training, and research.

2. STAFFING OF MHAT

ISSUE: The Project Paper cited the lack of institutional capacity as a major hindrance to MHAT in meeting its planned investment goals. This deficiency was considered to be both quantitative, i.e. in the number of MHAT's professional and para-professional staff; and qualitative, i.e. in the training and experience of this staff.

Consequently, the paper called for an increase of 73 professionals to MHAT's staff to be involved with the HG-002 project. Fifty-five of these professionals were to be assigned to work on the PMB upgrading program, primarily at the Delegation level, while the remaining 18 new staff members were to work on the urban core-housing program. The paper placed considerable emphasis on staff training.

In USAID's memorandum recommending approval of the Housing Guaranty loan, one of the reasons cited for reducing the original loan amount from \$65 million to \$17 million was to allow the Moroccans time to better organize and train central and Delegation staffs. The Conditions Precedents required that a project organization and implementation plan be prepared before disbursements of the loan could be made. This plan was submitted by MHAT in the second set "of Conditions Precedents".

a. Existing Situation and Constraints

During the first ten years after Independence, the number of public sector jobs increased almost tenfold from 27,000 to 240,000. The vast majority of these positions were created for lower-level employees such as drivers, janitor/guardians, secretaries, etc. The majority of young architects returning to Morocco from studies abroad have also been employed by MHAT either under the civil service program for a period of two years, or under the contractual program for a period of eight years. Approximately 70 percent of the architects working with MHAT are contractual.

As a result, the structure of MHAT's personnel in 1981 included an adequate number of trained architects on the professional level, a more than necessary number of lower-level employees, and insufficient support by technical assistants at an intermediary level. Beginning in 1981, MHAT initiated measures to correct this situation. Several schools for the training of technical assistants were created throughout the country, and the personnel department reoriented its hiring priorities toward the recruitment of intermediate staff.

In hiring any new staff, MHAT faces two important constraints:

- The first is that negotiations with the IMF on rescheduling Morocco's debt have led to a relative freeze on the hiring of new Government employees;
- The second is that the number of new positions created each year has to be negotiated with the Ministry of Finance, included in the law of finance, and voted by Parliament. Within the number allotted to it, MHAT can then determine the profiles of the people to be hired.

b. Evolution of MHAT's Staff

Table 1 reflects the changes in MHAT's overall staff during the review period. From 1982 to the beginning of 1985, there has been a 21 percent increase in the number of technical professional positions within the Ministry. The Office of Personnel includes in this category: architects/urban planners, engineers, and trained technical assistants. During the same period, there has been a 19 percent increase in the number of administrative professional positions. These include: administrators, accountants, sociologists, economists, jurists, and all other disciplines not specifically included in the technical professional category. The total increase in new professional positions has been 131. MHAT's staff is presently made up of 19 percent technical professionals, 8 percent administrative professionals and 73 percent support staff.

While there has been marked improvement in the number of MHAT's professional staff, the support staff has been reduced by 10 percent and the overall Ministry staff reduced by 3 percent. This result is consistent with the hiring constraints and policy cited earlier.

Table 2 shows the present staffing situation for those delegations participating in the HG-002 project. The categories shown are once again those used by the Office of Personnel. They include technical and administrative professionals and support staff. The table shows that sizes of Delegation staffs vary considerably and range from 161 in Marrakech to 26 in Nador. The average size Delegation has somewhere between 40 and 50 total staff members; 21 percent of this staff being technical professionals, and 7 percent administrative professionals. Of the total number of professionals in these Delegations, approximately 29 percent are completing their two-year civil service requirement.

TABLE 1
EVOLUTION OF MHAT'S STAFF

	1981	1982	1983	1984	1985	Change ⁴ 1982-1985	Percent Change
Technical ² Professionals	408	461	479	479	557	+96	21
Administrative ³ Professionals	--	189	210	210	224	+35	19
Support Staff	--	2,239	2,334	2,200	2,170	-229	-10
Total	2,247	3,049	3,023	2,889	2,951	-98	-3

Source: Office of Personnel, MHAT

NOTES:

1. Source: Project Document, USAID, 1981.
2. Technical Professionals include Architects, Planners, and Technical Assistants.
3. Administrative Professionals include Sociologists, Economists, Jurists, and Administrators.
4. Indicates change in number of positions during period 1981-1984.

TABLE 2
STAFFING OF REGIONAL DELEGATIONS AND HOUSING
DIRECTORATE INVOLVED IN HG-002 (1985)

Regional Delegation	Technical ¹ Professionals	Administrative ² Professionals	Support ³ Staff	Total Staff
MARRAKECH	19 + (6)	4 + (1)	131	161
MEKNES	10 + (6)	6 + (1)	91	114
TANGIERS	10 + (1)	6 + (0)	48	65
TETOUAN	10 + (3)	5 + (0)	40	58
TAZA	7 + (3)	3 + (1)	18	32
SAFI	7 + (5)	3 + (0)	31	46
ELJADIDA	12 + (4)	2 + (0)	26	44
NADOR	5 + (5)	2 + (2)	12	26
ESSAOUIRA	5 + (3)	1 + (2)	19	30
SETTAT	5 + (5)	3 + (1)	26	40
KENITRA	10 + (6)	2 + (0)	73	91
KENIFRA	7 + (3)	1 + (1)	18	30
DIRECTORATE OF HOUSING	15 + (4)	21 + (1)	57	98

Source: Office of Personnel, MHAT

NOTES:

1. Technical Professionals include architects, planners, and technical assistants.
2. Administrative Professionals include sociologists, economists, jurists, and administrators.
3. All other staff.
4. () indicates number of civil service positions in addition to contractual.

INVOLVED IN THE HG-002 PROJECT

(1981)-1984

DELEGATION

	Architect	Engineer	Tech.Asst.	Admin.	Account.	Economist	TOTAL
MARRAKECH +3	(9) 10	(3) 3	(10) 12	(2) 2	(1) 2	(2) 1	(29) 30
MEKNES +4	(5) 7	(3) 4	(4) 5	(3) 3	(2) 2	(2) 2	(19) 23
TANGIERS +3	(4) 6	(2) 2	(3) 3	(2) 3	(2) 2	(1) 1	(14) 17
TETOUAN +3	(5) 5	(2) 3	(4) 5	(2) 2	(1) 1	(1) 2	(15) 18
TAZA +3	(2) 3	(3) 4	(3) 3	(2) 2	(1) 1	(0) 1	(11) 14
SAFI +7	(2) 5	(1) 3	(2) 4	(2) 2	(1) 1	(0) 0	(8) 15
ELJADIDA +1	(7) 7	(3) 3	(5) 6	(1) 1	(1) 1	(0) 0	(17) 18
NADOR +4	(3) 4	(2) 2	(3) 4	(1) 1	(1) 1	(0) 2	(10) 14
ESSAOUIRA +6	(2) 3	(0) 1	(2) 4	(1) 2	(0) 1	(0) 0	(5) 11
SEITAT +4	(5) 4	(1) 2	(2) 4	(1) 2	(0) 1	(0) 0	(9) 13
KENIFRA +4	(5) 6	(2) 3	(5) 7	(1) 1	(1) 1	(0) 0	(14) 18
KHENIFRA +10	(1) 3	(0) 2	(0) 5	(1) 1	(0) 1	(0) 0	(2) 12
TOTAL	(50) 63	(22) 32	(43) 62	(19) 22	(11) 15	(6) 9	(151) 203
CHANGE BY CATEGORY	+13	+10	+19	+3	+4	+3	52
% CHANGE BY CATEGORY	26%	48%	44%	16%	36%	50%	34%
% TOTAL CHANGE FOR DELEGATIONS	12 25%	19%	37%				

81%

19%

An attempt was also made during the recent field visits to determine changes in delegation staffs between 1981-1984. While it was difficult to cross-check the information obtained, the results shown in Table 3 do give a relatively good indication of overall trends and changes in staffs at the Delegation level. The table includes a more detailed breakdown of categories including architects, engineers, technical assistants, etc. Essentially all the Delegations visited have increased the size of their professional staffs. The most dramatic changes have occurred in Essaouira and Khenifra (increases of 6 to 10 new professionals respectively). A total of 52 new professionals have been added to the 12 Delegations indicated which represents a 34 percent increase. Approximately 80 percent of this increase has been in the technical professional category.

c. Observation

Within the last three years, MHAT has made considerable progress in reshaping the structure of its personnel and increasing the number of professionals on its staff. This trend is likely to continue as more graduates come out of the recently established schools for architecture and technical assistants.

The Ministry of Housing is also in the process of revising its statutes for architects in order to make their salaries more competitive with the private sector and to encourage them to stay in Government service. The creation of parastatal organizations related to housing and urban development has also provided a means for the best qualified and interested professionals to remain in public service.

B. TECHNICAL ASSISTANCE (TA)

ISSUE: The Project Paper stressed the lack of adequate administrative capability as one of MHAT's major weaknesses. To overcome this situation, at least in the early stages of project development, the funding of a large amount of additional outside technical support was included as part of the HG loan. Up to \$4 million was set aside for up-front technical support and assistance. The TA activities to be funded by this amount included:

- socio-economic surveys of the bidonvilles to be upgraded by the project
 - effective demand study for the four major cities to be involved in the urban core-housing project
 - pilot demand study for a modified rural housing program
 - mini-computer for project management
 - resident advisors to MHAT, the ALCB and regional delegations
 - accounting services
 - architecture and engineering studies
 - aerial photography
 - technical services related to the upgrading of Tetouan and Mohammedia
-

1. Status of Technical Assistance Activities

Given that the HG loan was reduced to \$17 million, MHAT requested that the original \$4 million set aside for TA in the Project Paper also be reduced in order to allow more funds for actual project development. A modified list of TA activities and a budget of \$2 million for technical assistance were approved as part of MHAT's submission of the second set of Conditions Precedents. This new list of technical assistance activities includes:

- Preliminary studies, management, technical project studies and other activities related to MHAT's new policy orientation of accelerating planned urban development through collaboration with the private sector (\$1 million).
- Technical services and studies (including preliminary and final studies) related to the upgrading of the Dersa project in Tetouan (\$400,000).

- A national housing demand survey up to the year 2000 which is also geographically distributed across the country. The study is to be based on the analysis of census data and the results of specific related surveys (\$400,000).
- Training for nine MHAT professionals in computer applications at RTI (\$100,000).
- Purchase of micro-computers and training in financial management applications related to monitoring the PMB and Programme Social projects (\$100,000).

Relatively little progress appears to have been made in getting these activities underway. On the other hand, MHAT and the Ministry of Finance have chosen to use their own funds to finance several of the TA activities called for in the original Project Paper. These include: socio-economic surveys of bidonville populations; architectural, engineering and topographic studies for individual projects; and aerial photography.

MHAT has contracted with INAU to do socio-economic surveys of the eight bidonvilles to be upgraded by the HG-002 project. The amount of this contract is \$35,000, or roughly two-thirds of the amount originally foreseen in the Project Paper.

MHAT has spent about \$100,000 of its funds on engineering studies, cadastral surveys and some construction site controls related to the HG-002 financed projects. An equal amount is now under contract.

Arrangements are also being made to purchase micro-computer hardware and software with DEOB/REOB funds. Additional "hands-on" training will be provided from RHUDO's operating budget.

It is not GOM's policy to pay for resident advisors from loan funds. In addition, MHAT feels that the quantity and quality of the professionals working in its Regional Delegations has sufficiently improved that it does not need resident advisors having the professional profiles which were called for in the Project Paper. A review of actual progress on the urban core-housing projects, as well as an overview of MHAT's growing experience with upgrading projects in Meknes, Kenitra, Larache, and Settat, would substantiate this point of view. Delays in project implementation have been due more to institutional bottlenecks such as problems inherent in the budget/payment process and in dealing with the local public utility companies, than to MHAT's own capacity to administer the project.

2. Observations

MHAT has not moved very quickly in initiating technical assistance activities that it included in its new TA proposal. It is evident that the most important of these activities will need to begin very soon if they are to have the desired effect on the formulation of the next Five Year Plan and on MHAT's programs during the next few years. A considerable amount of preliminary work needs to be done.

On the other hand, MHAT has addressed most of the technical assistance issues raised in the original Project Paper.

C. TRAINING AND PROFESSIONAL DEVELOPMENT

ISSUE: The Project Paper placed considerable emphasis on the creation of additional training opportunities in the field of neighborhood upgrading and low-income housing. To this end, both on-the-job and more formalized training activities were proposed in order to benefit three professional levels: technical assistants, mid-level professionals from the MHAT's Regional Delegations, and senior MHAT representatives. Daily on-the-job training was to be provided by the USAID-funded resident advisors.

1. Situation in 1981

The Government decree of February 1981, concerning the reorganization of MHAT, established a new division responsible for the continued training and professional development of MHAT's staff. This division was given a wide range of responsibilities, including:

- the coordination of training opportunities , both in-country and abroad, for MHAT's mid- and upper-level professionals;
- the collaboration with other Ministry departments in setting out a training program for technical assistants;
- the encouragement of bilateral and multi-lateral cooperation in the fields of housing, urban planning and regional development;
- the collection and distribution of available documentation in the fields of architecture, urban planning and regional development;
- and the organization and management of MHAT's archives.

At the time the Project Paper was written, MHAT and the Moroccan Government had just inaugurated several new education and training initiatives in the fields of architecture and planning. These included:

- the creation of a national school of architecture;
- the creation of seven regional centers for the training of technical assistants and one national center for the training of specialized technical assistants in the fields of architecture and civil engineering;
- and the creation of a national training and research center for urban and regional development (INAU and CERAU).

In addition to these formal efforts undertaken by MHAT, USAID-sponsored training activities at this time included on-the-job training by the newly installed technical assistance team to the Ben M'Sik project, the participation of several Ministry staff members at international conferences and seminars, and USAID-sponsored scholarships for advanced planning studies in the US.

Scholarships for advanced study and training abroad were made available to MHAT professionals through other bilateral and multilateral programs.

2. Developments Since 1981

Since 1981 and the establishment of a training division within MHAT, a growing number of professionals have been able to benefit from specialized training both in Morocco and abroad. Moroccans have participated in short- and medium-term courses concentrating on development issues related to public administration, low-income housing, urban and regional planning, the use and interpretation of aerial photographs for housing and planning, and other planning concerns faced by developing countries. Courses outside of Morocco have primarily taken place in Europe, Japan and the United States.

During the period 1981-1983, USAID funded four senior-level resident advisors who provided on-the-job training to MHAT at the central Ministry and to selected regional delegations on issues concerning housing policy, upgrading and project management. USAID also sponsored four or more Moroccan participants at its housing conferences in Botswana and Senegal.

The period 1981-1983 witnessed considerable progress and development within the training institutions established by MHAT and the Moroccan Government, including:

a. ENA

The National School of Architecture began operation in 1980 and now has 314 students attending class in five of the six years of study required for a diploma. Approximately 10 percent of the students come from foreign countries. Moroccan students receive full scholarships and are selected according to the results of a written test. Entrance to the course is very competitive. For this year's class alone, 2,300 applications were received, 1,100 students took the test and 42 were finally selected.

Coursework consists of three two-year cycles with additional summer training in either Morocco or in France. Considerable concentration is placed on housing and urban development issues related to Morocco.

b. INAU

The National Institute for Urban and Regional Planning was established by MHAT in 1981 as its principal research and training institution. It has primarily focused its training activities on the education in physical and social planning of mid-career professionals from other Ministries. During its first four years in operation, the institution has admitted between 20 and 25 students per year with a predominant number of students coming from the

Ministry of Agriculture. Other Moroccan ministries that have been represented include Interior, Finance, Energy, Housing, National Education, Justice and Post/Telecommunications. Eight foreign students have also been admitted during the last year.

The coursework presented by INAU lasts 2-1/2 years and includes basic analytical studies and their practical application, a summer training program in the field, more detailed studies related to specific planning areas (infrastructure and public facilities, urban, rural, housing, tourism, employment, etc.), a team research project in collaboration with CERAU, and independent study leading to the preparation of a thesis.

The institution has access to 27 full- and part-time professors from a wide range of disciplines.

Within INAU, CERAU has been established as a research unit. Both staff members and students from INAU work with this unit as need or interest dictates. CERAU can also function as a private consultant and has already had several contracts with MHAT and the Moroccan Government to provide consulting services in housing and planning. This research unit is presently responsible for the cost recovery survey of those bidonvilles to be upgraded under the HG-002.

c. Training Schools For Technical Assistants

The seven regional training schools for Technical Assistants and the national school for Specialized Technical Assistants all began operation in 1980 and all offer two-year courses. Approximately 20 students are admitted yearly to each regional school, while about 80 students holding baccalaureates are admitted each year to the specialized school in Casablanca. The latter group can specialize in either architecture/town planning or civil engineering. All students complete a summer training program in which they assist MHAT and its regional delegation in housing and upgrading programs. Upon successful completion of the course, technical assistants undertake their two-year civil service requirement with MHAT or other parastatal organizations. MHAT has made a strong effort to hire all specialized technical assistants once their civil service obligations have been met. More than 70 specialized technical assistants from the first graduating class have been hired by MHAT.

3. Observations

GOM and MHAT place increasing importance on the training and development of professional staff. The three major training institutions (ENA, INAU and the schools for technical assistants) which were created by MHAT in 1981 are now fully operational. These institutions give important support to MHAT and the GOM through the provision of continuing education opportunities for professional staff, research facilities, and the means of exchange and contact with other research and educational institutions outside of Morocco. Of particular importance is the training in physical and social planning which is given by INAU to professionals from other ministries and agencies.

D. POLICY, DEVELOPMENT AND IMPLEMENTATION

ISSUE: The Project Paper pointed out the need for improved policies in order to increase MHAT's impact on the housing delivery system. It strongly underlined the need for an overall commitment by the Moroccan Government to a policy of cost recovery.

1. General Policies

During the present Five Year Plan, the Moroccan Government has placed increasing importance on policies favoring the decentralization of many Government activities and responsibilities. While Regional Delegations have always played an important role within MHAT's organizational structure, their autonomy and responsibility have significantly increased during the last few years due to this situation. Corollary to the increase in responsibility, more resources and better staffing are being made available to them.

There has also been increased importance given to the private sector in the construction of housing for lower income families. For example, legislation was passed in 1983 which eliminates taxes on private housing investment for the first 15 years after construction. Encouraged by a \$51 million line of credit from the World Bank, Morocco's major housing finance institution (Credit Immobiliere et Hotelier) has redirected a major effort in its lending policies toward private developers involved in low-income housing.

Within this framework, MHAT sees its own role becoming more and more one of a catalyst towards increasing private sector investments in housing. This policy orientation was in fact communicated to the AID Mission by the Minister in the course of discussions on the Urban Development Assessment. The first concrete applications of this new policy will occur in the form of planned development zones to be refinanced in the short term by private sector funds. RHUDO is now monitoring pilot projects in Rabat-Sale, Meknes and Tetouan to evaluate their eligibility for TA funding requested by MHAT under HG-002. As cited earlier, half of MHAT's budget for HG-002 funded technical assistance will concern the development of policies and programs related to this new approach in hope that it will be included as a major program in the next Five Year Plan.

2. Cost Recovery

During the last three years, MHAT and the Ministry of Finance have taken steps to initiate more viable cost-recovery procedures for each of MHAT's low-income housing programs. With the arrival in 1982 of a new Minister of Housing with a financial orientation and background, MHAT showed a growing interest in implementing a cost-recovery approach to its projects. An initial report on cost recovery was written by the AID-funded resident policy advisor from which certain policy options were then developed. Negotiations with agencies related to the cost-recovery issue were initiated by the Ministry.

From MHAT's point of view, the most significant development in encouraging cost recovery has been the creation of the "Fonds Social d'Habitat" which allows MHAT to reinvest the monies recovered from its core-housing projects into new projects.

a. Urban Core-Housing Program

- **Situation in 1981**

Beginning in the mid-1970s, the following cost-recovery scheme was applied to MHAT's urban core-housing units:

- one-third of the total unit cost for land, infrastructure and construction was to be paid upon taking possession of the unit
- one-third of this cost was to be paid upon completion of the ground floor unit
- the final one-third was to be paid upon completion of the upper floor

All payments were to be made through local treasury offices to a "for deposit only" treasury account.

In almost all cases, beneficiaries made the first payment inasmuch as they were obliged to do so to obtain access to their housing units. On the other hand, no mechanism was established or follow-up activities initiated to recover the remaining two-thirds of the unit's cost. MHAT was not administratively set up for this activity nor did it have a strong interest in recovering full costs because the money recovered could not be used directly to build additional units. As a result, the program in the late 1970s was used primarily for political purposes and especially to provide houses to disadvantaged families. No initiatives were taken to recover costs from the partial "sale" of these early units.

- **Situation in 1984**

In 1983, MHAT negotiated with the Ministry of Finance to convert the original "for deposit only" account to a special account which MHAT could then draw upon to implement similar types of urban and rural core-housing projects for low-income families. This account, entitled the "Social Housing Fund"; was passed into law by the Moroccan Parliament on January 11, 1984. Deposits to the account can include costs recovered from the sale of urban and rural core-housing units as well as budgetary

funds from the treasury. Withdrawals from the account can include payments to the "domaine" for the purchase of land, the payment of infrastructure and construction costs, as well as any related costs including those for studies, etc. The limit on the maximum balance of the account was established at 50 million dirhams.

In order to collect payments for its urban and rural core-housing units, MHAT has signed a convention with the CIFM which has a long experience in collecting rents for Government-owned properties. The CIFM will be paid a commission for its services. Payments will be made by one of two possibilities:

- by a series of lump sum payments
- by a substantial down payment and a relatively short period of monthly payments

An attempt will also be made to recover the costs of the earlier projects.

b. Rural Core-Housing Program

- **Situation in 1981**

The rural core-housing program was first begun in the 1978-1980 Three Year Plan with a series of "pilot village" projects. It was modified in the present Five Year Plan to include smaller projects for a greater number of sites. No cost-recovery mechanism was established and no formal directives were given to the Regional Delegations concerning this issue. In some cases, initial down-payments were deposited in the FNAET account in order to cover the cost of land purchase. Because of budget cuts and difficulties confronted in the sale of existing units, a considerable portion of the remaining program during this Five Year Plan will not be implemented. MHAT is now in the process of rethinking its approach to rural housing and it is likely that the program, as it now stands, will be dropped in the next Five Year Plan.

- **Situation in 1984**

Cost recovery for units already completed will also be done by the CIFM and monies recovered will be deposited in the "Social Housing Fund".

c. Upgrading of Large-Sized Bidonvilles

- **Situation in 1981**

The upgrading of large bidonvilles has been considered only when there has been the possibility of considerable external financing (eg. from USAID, World Bank or EEC). For each project, MHAT has attempted to work out a cost recovery approach acceptable to the international donor agency. In 1979, the Ministry of Finance signed a convention with the Banque Centrale Populaire making this financial institution responsible for the recovery of project costs from three upgrading activities sponsored by

the World Bank (Rabat-"Doum", Meknes-"Borj Moulay Omar" and Kenitra-"Seknia"). The interest rate to beneficiaries was fixed at 7 percent and the recovery period between 10 and 20 years. The monies recovered are placed in a special bank account held by the BCP in favor of the Government and its special program for upgrading of substandard housing. This account also earns an annual interest of 7 percent on the balance.

Deposits to the account can include funds from the Government, monthly payments from beneficiaries, interest payments, monies from the outright sale of plots or housing units, and penalties recovered from late or non-payment of debts.

Withdrawals from this account can include loans to beneficiaries, payments to the treasury, legal fees of recovering costs, the commission of the BCP and interest.

Under the agreement between the GOM and the BCP, the BCP is responsible for the administrative aspects of recovering plot and charges and in providing material loans. For this service, it is paid a fee of about one percent on the interest rates charged to beneficiaries. MHAT's regional delegation was responsible for contacting all beneficiaries and assisting them in preparing loan applications. These were then forwarded to the BRP (local BCP bank) for processing and the BRP became responsible for collecting the applicant's monthly payments. In Meknes, the BRP and MHAT's project team initially shared the same site office until beneficiaries became familiar with making their payments at the bank.

- **Situation in 1984**

The working procedures of this cost-recovery system have now been established and tested through their application to the Rabat and Meknes projects. MHAT and the BCP have also gained valuable practical experience and knowledge in dealing with very low-income families. In general, beneficiaries have been making the necessary effort to meet their payments. This remains true in spite of the relatively rapid housing consolidation now taking place in the upgraded areas.

d. Upgrading of Small- and Medium-Sized Bidonvilles

- **Situation In 1981**

In its initial conception this program had three main objectives:

- to create employment within the bidonville itself through the use of the Promotion National
- to train workers in basic construction skills
- and to improve rudimentary living conditions within the bidonville, and in particular sanitation facilities; the only costs to the MHAT were those of construction materials

Since this program was by nature "social", no cost-recovery method was initially proposed. The degree of upgrading and the type and extent of additional improvements, land tenure, etc., to be undertaken in a second phase were left also to the discretion of the different Delegations and the local authorities. Of the projects undertaken during this period, only the project in Larache was fully upgraded, although no real cost recovery has yet begun.

- **Situation in 1984**

The experiences gained from the first application of this program, the more pragmatic financial orientation of the present Minister of Housing, and the influence of the HG-002 have been responsible for the development of a cost-recovery approach to this program. The mechanism applied will involve the services of the BCP, although the exact terms will be determined after the socio-economic/cost-recovery surveys have been completed for the bidonvilles within the HG-002 project. Considerable knowledge and experience are now becoming available from the upgrading of large-scale bidonvilles such as Meknes and Rabat.

3. Observations

A firm commitment to a policy of cost recovery was established during the report period. Under the present Minister, MHAT took the initiative to establish more viable cost-recovery approaches for its programs. Through negotiations with the Ministry of Finance, the CIFM, and the BCP, groundwork has been established for a cost-recovery approach which is in MHAT's interest to see implemented. One of the key new elements in this approach is the "Fonds Social d'Habitat" which allows MHAT to reinvest monies recovered from its core-housing programs. At this time, it is still not clear to what extent MHAT will be able to do the same with monies recovered from the PMB program. The ANCHI does have the possibility to reinvest monies recovered from beneficiaries and its projects will be partially auto-financed using down-payments. The initial cost-recovery success and willingness to pay, found in large-sized upgrading projects sponsored by the World Bank, has given more confidence to the GOM in applying cost recovery to other upgrading projects.

CHAPTER TWO

PROGRESS EVALUATION OF THE HG-002 PROJECT

This part of the report presents a brief summary of GOM's contribution to the program as well as the implementation status of the projects being financed by the HG-002. The latter part of the chapter concerns a review of the projects based on actual site visits with representatives from the Directorate of Housing.

A. MHAT'S RATE OF DISBURSEMENT FOR THE PROJECT

Table 4 indicates the amount of monies which GOM has obligated and disbursed for the FMB and PS elements of the project up to December 31, 1984. For core-housing projects, approximately 18 million dirhams have been disbursed, or 73 percent of the funds that have been obligated to date. For PMB projects, the rate of disbursement is much lower with only 22 percent, or 3.3 million dirhams, disbursed out of a total 15.9 million that have been obligated. Table 4 also shows that, according to the Directorate of Housing, almost 50 percent of the first loan of \$4.8 million has been disbursed with approximately 85 percent obligated. MHAT has also supplied justification to the Ministry of Finance for expenses totaling \$1,204,237 with another \$405,202 pending.

Table 5 shows an estimate of surplus funding which will become available due to increases in the rate of exchange between the dollar and the dirham. It is anticipated that there will be an increase in available funds equivalent to almost 30 million dirhams. When compared to the original total project cost indicated in the Project Delivery Plan, MHAT will have to undertake additional work equivalent to 37,102,500 dirhams (or an increase of 27 percent) in order to absorb these additional funds.

B. EVALUATION OF SUBPROJECTS FINANCED BY THE HG-002

Each of the urban core-housing and bidonville upgrading projects to be financed by the HG-002 was visited by the USAID/MHAT joint review team. This mission was the first in a series of regular monitoring visits to be undertaken by representatives from USAID and MHAT.

During the review mission, two major issues or problems were encountered in relation to the core-housing program. The first problem concerns the **stoppage of construction at several sites**. The majority of core-housing projects were started in 1983 and are now close to being completed. Work, however, has been stopped on four of the eight projects due to the fact that contractors have not been paid by the Treasury. In all cases, this situation has existed for several months and those housing units which are only partially complete risk increasing damage from vandalism and exposure. Thus, MHAT's highest priority at this time is to resolve this problem with the Ministry of Finance and the Treasury so that work can be started again and the units completely finished. Only housing construction for projects in Asilah and Safi has been completed with most units in Safi actually occupied by beneficiaries.

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The second major issue is that concerning the continued affordability of the units. Since contracts cannot be amended to reflect price increases, delays in core-housing projects mean that fewer units will be built and that the cost per unit will therefore increase. This is another reason why it is imperative that contractors be paid as soon as possible and that work be restarted. MHAT will have to once again review the affordability of those units seriously affected by project delays.

Other problems which have had an impact on the core-housing projects include:

- **Programming and cost problems encountered in dealing with responsible water and electricity companies:** At present, each Delegation negotiates on its own with local water and electricity companies. Review of this situation with ONEP, ONE, and regional companies is needed to establish common procedures for the core-housing program that will minimize delays, ensure fairness and guarantee that costs will remain affordable to target population.
- **Timing and coordination of construction completion, infrastructure development, beneficiary selection and occupancy:** There has not been sufficient coordination of the timing of these activities to ensure that housing units are occupied shortly after their completion.

The upgrading projects that were visited were considerably less further along in their development than the core-housing projects. Only Iziki and Laareb in Marrakech seem well along. The contractor for the Iziki project in Marrakech had also not been paid by the Treasury, but work was continuing. For most of the other projects, studies have been completed and start of infrastructure work was imminent. Additional problems that were encountered included the following. The first is that:

- **The budget system adopted by the Ministry of Finance allows less than six months during the year in which Delegations can engage contracts.** This system is especially difficult to coordinate with the upgrading approach. Most projects have been slow in getting underway because of the uncertainty of their financing. The Mission is drafting a PIL requesting the Ministry of Finance to extend this contracting period and to accelerate contract approval and payment procedures.
- **Another problem is that Delegations vary substantially in the upgrading experience they possess.** Both USAID and MHAT should continue to monitor the projects on a regular basis and encourage the continued exchange of information.

TABLE 4

OBLIGATION AND DISBURSEMENT OF FUNDS FOR THE HG-002 PROJECT UP TO DECEMBER 31, 1984

PROGRAM	OBLIGATION OF FUNDS UP TO DEC. 31, 1983	CREDITS DELEGATED IN 1984	CREDITS OBLIGATED IN 1984	PERCENT OF CREDITS OBLIGATED IN 1984	TOTAL FUNDS OBLIGATED 1983-1984	TOTAL FUNDS DISBURSED	PERCENT FUNDS DISBURSED COMPARED TO TOTAL OBLIGATED
P.M.B.	10995417	19189130	5675388	29.6	15870805	3341556	22
P.S.	25018803	17857988	-	-	25018803	18244596	73

NOTE:

49.47 percent of the first loan of \$4.8 million has been disbursed
85.2 percent of this loan has been obligated

As of December 20, 1984, MHAT has supplied justification to the Ministry of Finance for expenses totaling \$1,204,287. An additional justification for \$405,202 was in preparation in early January.

Source: Directorate of Housing, MHAT

TABLE 5

ESTIMATE OF SURPLUS FUNDING

	DH	DOLLARS
TOTAL REIMBURSABLE PROJECT COST (1)	110,850,000	15,000,000 (2)
FIRST DISBURSEMENT AT 9.09 DH/\$	43,632,000	4,800,000
REMAINING REIMBURSABLE COSTS	67,218,000	10,200,000
FUTURE DISBURSEMENTS AT 9.5 DH/\$	96,900,000	10,200,000
TOTAL EXTRA FUNDS	29,682,000	3,124,421
TOTAL COST OF SUBSTITUTE PROJECTS NEEDED TO ABSORB EXTRA FUNDS AT 80% REIMBURSABLE	37,102,500	3,905,526
% INCREASE OVER ORIGINAL PROJECT	26.8%	

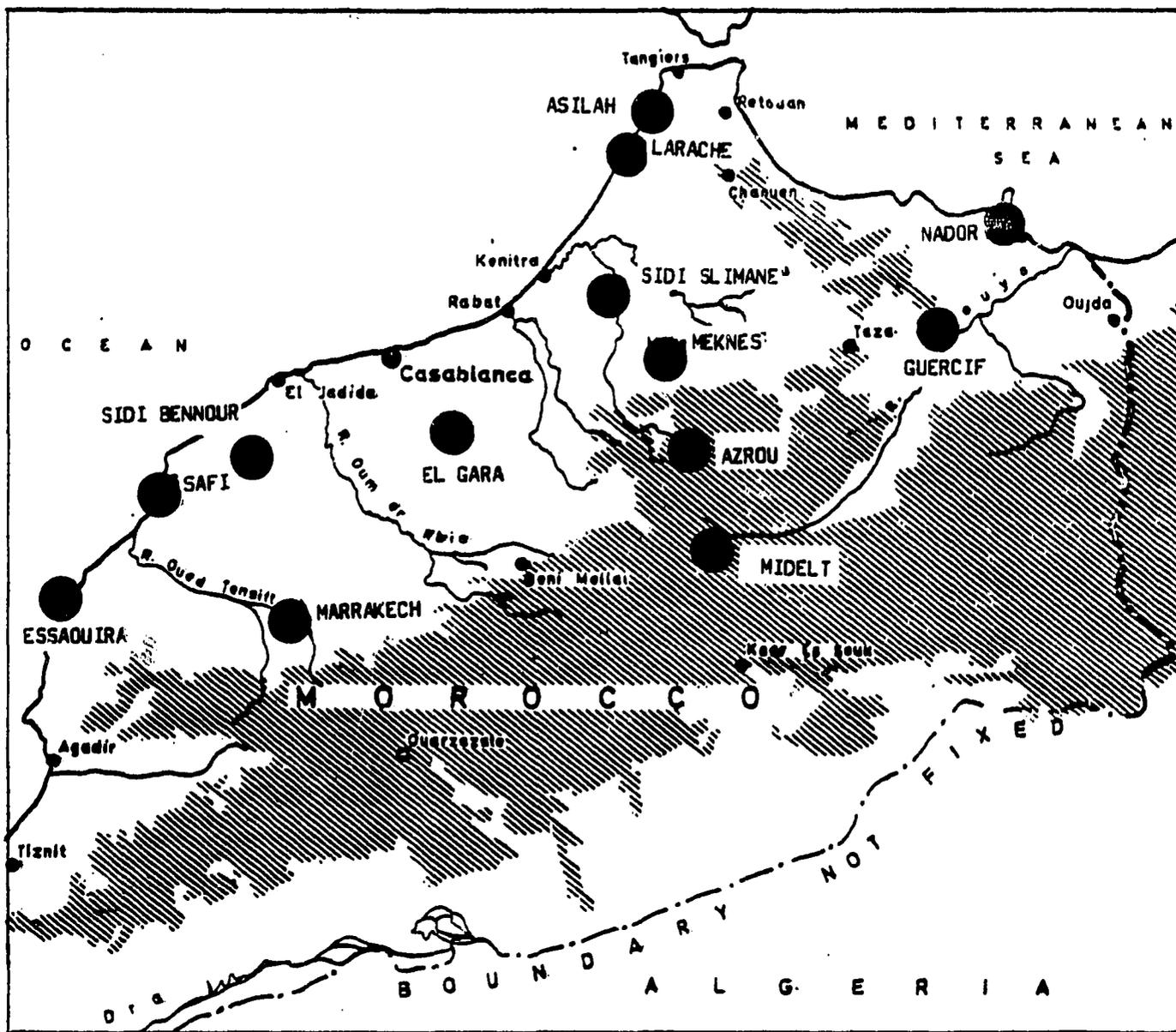
FIGURE 2
LOCATION OF HG-002 SUBPROJECTS

CORE-HOUSING

PMB

ASILAH
LARACHE
SIDI SUMANE
AZROU
MIDELT
EL GARA
SAFI
ESSAOUIRA

LARACHE
NADOR
MEKNES
GUERCIF
MARRAKECH (2)
SAFI
SIDI BENNOUR



SUBPROJECT: KAOUKI, SAFI (DELEGATION: SAFI)
NUMBER OF UNITS PROGRAMMED: 150
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 150

LAND

1.95 hectares acquired by MHAT.

STUDIES

are complete except for survey of plot boundaries

FINANCING

Contracts have been let and payments made or being processed for: studies; installation of sewers, water, and electricity; housing construction; and roads, though not including final road surface and sidewalks.

SITE WORKS

Water, electricity and sewers have been completed. The base course and curbs for roads have also been completed. Final road surface and sidewalks have not yet started.

HOUSING CONSTRUCTION/IMPROVEMENT

150 core-housing units completed having 1 room + WC. The Delegation would like to engage the contractor to add 1 room to existing units; otherwise, few families have begun construction of additional rooms.

PUBLIC FACILITIES

Primary school, dispensary, and mosque have been completed on an open site immediately adjacent to project. Women's and youth centers and a sports field planned in same area.

MANAGEMENT

One architect, two engineers and four specialized technical assistants, two on permanent basis, worked on project with no serious management problems. The Delegation has expressed a need to add one administrative assistant to its staff.

BENEFICIARIES

A priority has been given to inhabitants from Trabsani, a squatter neighborhood located on a dangerous sea cliff near the center of the city. Other beneficiaries have been chosen by the method proposed in response to USAID's "Conditions Precedents"; 102 housing units are now occupied.

OBSERVATIONS

The project is well executed and virtually complete. Road surfacing and sidewalks should be completed and cost recovery activities started as soon as possible. Given the complicated construction details of the proposed house plan, the Delegation will have to provide considerable on-site technical assistance to inhabitants in the process of completing their units.



SUBPROJECT: ESSAOUIRA (DELEGATION: ESSAOUIRA)
NUMBER OF UNITS PROGRAMMED: 100
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 100

LAND

1.8 hectares acquired by MHAT from municipality in 1984.

STUDIES

Engineering studies have been completed for sewers by the Delegation and for water by RADEE. The study for electricity is being revised by O.N.E. Architectural studies for housing units have been completed by the Delegation. The survey of plot boundaries will soon begin.

FINANCING

Contracts have been let for sewer and water networks and for housing construction.

SITE WORKS

Housing units are located on only one side of an existing major road to be upgraded by a separate project. The Delegation has 100,000 DH for the preliminary study. Sewer and water supply networks have been completed. The installation of the electrical network has not yet begun, although an existing network runs immediately behind the project at the limit of a previous low-income housing project.

HOUSING CONSTRUCTION

62 core-housing units consisting of 1 room + WC + kitchen have been completed except for the interior finishings. 26 units have walls only partially complete. 12 units are still at foundation level.

PUBLIC FACILITIES

No new public facilities are presently planned in or adjacent to the project.

MANAGEMENT

One architect, one engineer and several technical assistants have worked on the project. Significant delays were experienced in obtaining the engineering studies from the water and electricity companies because of the small size of the project. The Delegation has expressed need for additional technical assistants.

BENEFICIARIES

Several hundred requests have been received by the local authorities for housing units. Beneficiaries will be chosen by the method outlined in MHAT's response to the "Conditions Precedents".

OBSERVATIONS

Only one house type in the project which consists of a simple floor plan around a central courtyard. The core unit is easily expanded.

SUBPROJECT: SIDI SLIMANE (DELEGATION: KENITRA)
NUMBER OF UNITS PROGRAMMED: 100
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 100

LAND

4.17 hectares of recovered land is to be acquired by MHAT following the conditions of an agreement by commission in 1981. Acquisition of the site is now in progress.

STUDIES

Technical studies are complete except for the survey of final plot boundaries.

FINANCING

Contracts have been let and payments have been made or being processed for the installation of sewers and for housing construction. The Delegation wants an additional 8,000 dirhams per unit to complete the interior finishings. Contracts are also under review by CRED for pedestrian paths, water supply, electricity and the survey of final plot boundaries.

SITE WORKS

Installation of sewers has been completed. Installation of pedestrian paths, electricity and water supply networks have not yet started. All site work has been programmed for completion before June 1985.

HOUSING CONSTRUCTION/IMPROVEMENT

100 housing units have been completed since December 1983. These units include 3 rooms + WC + kitchen. The delegation wants to complete interior finishings including plaster/whitewash, doors, and kitchen sink.

PUBLIC FACILITIES

No new public facilities in or adjacent to the project are planned at present.

MANAGEMENT

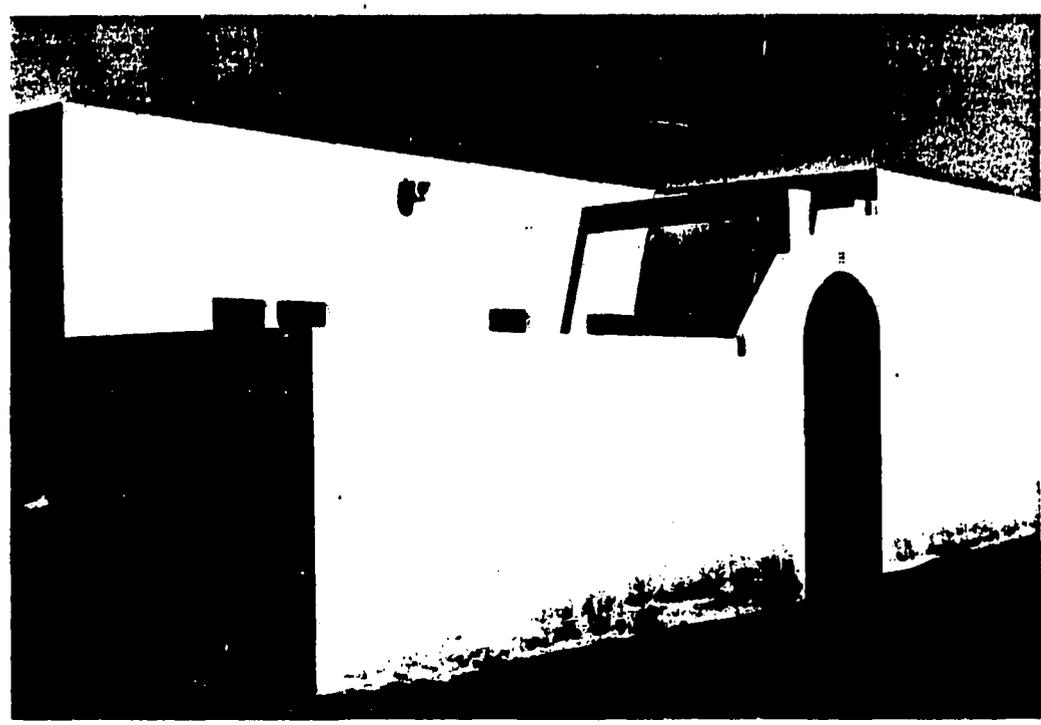
All studies have been done by Delegation using its architects, engineers and technical assistants. Significant delays have been encountered in dealing with the electric and water companies and in trying to reduce costs of their respective networks. Private contractors will install the water and electrical networks.

BENEFICIARIES

More than 350 requests have been received by the local authorities for housing units. Selection of beneficiaries will take place in December 1984 and will follow the method outlined in response to USAID's "Conditions Precedents".

OBSERVATIONS

The Delegation has made several important efforts to reduce costs of the units through negotiation with water and electricity companies, the use of short-term roof waterproofing (since most beneficiaries will build upper floors) and so on. Housing units are essentially complete on the ground floor level. It is very important to have all units occupied as soon as possible in order to avoid the deterioration of units. Pedestrian paths and electricity can be added later.



SUBPROJECT: MIDELT (DELEGATION: KENIFRA)
NUMBER OF UNITS PROGRAMMED: 100
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 80

LAND

2.17 hectares have been acquired by MHAT from private owners in 1984.

STUDIES

All technical studies are complete except for survey of final plot boundaries.

FINANCING

The contract for installation of the sewer system is under review by CRED. Cost estimates for water and electricity installation are in preparation by ENP. The contract for the construction of housing units has been let and construction has started.

SITE WORKS

No work on infrastructure has begun.

HOUSING CONSTRUCTION

The construction of core units having 1 room + WC + kitchen has been stopped for more than 1 year because contractor has not been paid by Treasury. 48 units need only interior and exterior finishings to complete. 32 units have only foundations. Additional costs have been encountered in foundation work due to sloping site.

PUBLIC FACILITIES

Construction of a mosque adjacent to the housing units has not yet begun.

MANAGEMENT

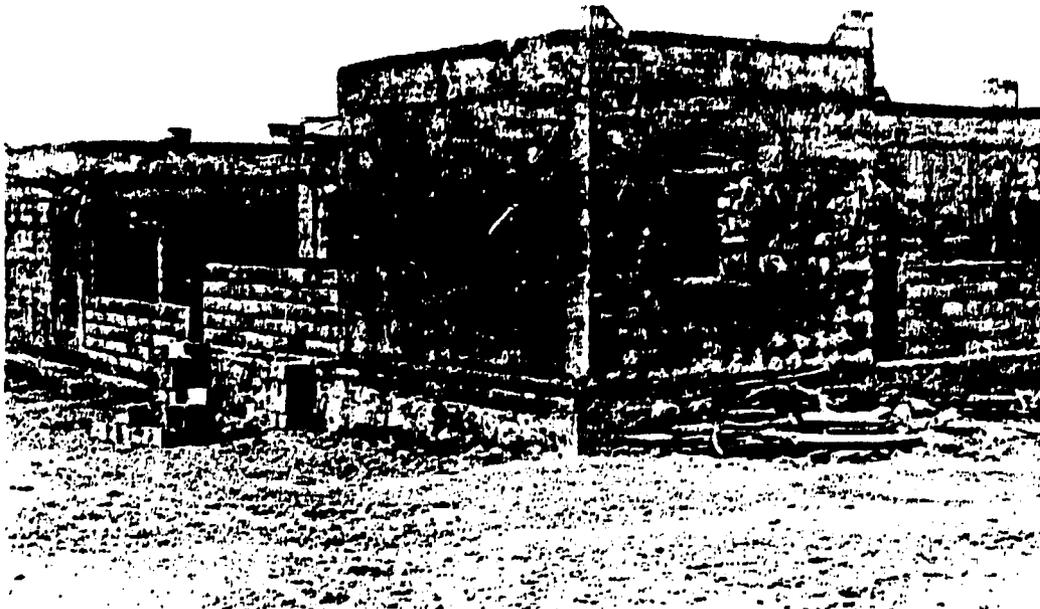
Infrastructure studies were done by consultants and the water/electricity companies. An architect, engineer and technical assistants from the Delegation have worked on the project. Distance of project from Delegation has presented problems in project monitoring and control.

BENEFICIARIES

No actions have been taken to identify potential beneficiaries.

OBSERVATIONS

The partially complete housing units are in danger of deterioration and vandalism due to the closing of construction site. Foundation work has been more extensive than anticipated. Expansion of the core unit into an open area between two units may present future problems.



SUBPROJECT: LARACHE (DELEGATION: TETOUAN)
NUMBER OF UNITS PROGRAMMED: 150
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 150

LAND

3.0 hectares of municipal land are to be acquired by MHAT. Acquisition of the site is in progress.

STUDIES

Studies have been completed for sewers, roads and housing construction. Those for water and electricity are to be done by RAD. The study of final plot boundaries is in progress.

FINANCING

Contracts have been let for roads, sewers and housing construction. Two separate contractors have been awarded contracts for the construction of 100 and 40 units respectively.

SITE WORKS

Installation of sewers is approximately 90% complete. Roads have been laid out and graded. Work on electricity and water has not yet begun.

HOUSING CONSTRUCTION

100 core units with 2 rooms + WC + kitchen are under construction by the initial contractor and are approximately 60% complete. The remaining 50 units under construction by second contractor are about 40% complete. Inhabitants can add a third room on the ground floor plus stairway and upper floor. No problems have been experienced with the site or foundations.

PUBLIC FACILITIES

Construction of public facilities included in integrated project (core-housing, bidonville upgrading, and plots) has not yet begun.

MANAGEMENT

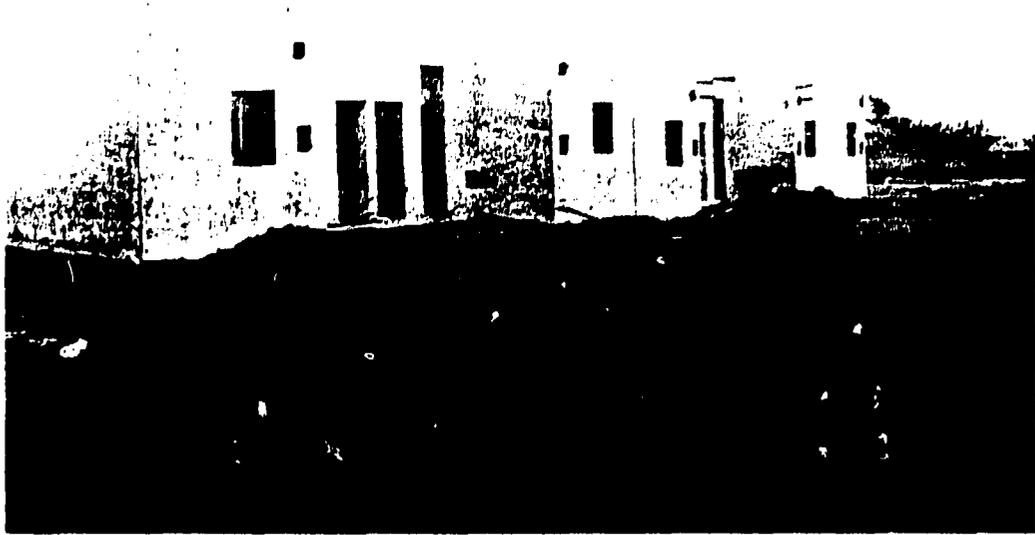
4-5 technical assistants will be assigned to work in a site office of about 15 people to manage the integrated project. An engineer and architect will make weekly visits.

BENEFICIARIES

have not been yet identified.

OBSERVATIONS

The Tetouan Delegation has been able to efficiently manage past projects and has very good support from the local people and authorities in Larache.



SUBPROJECT: AZROU (DELEGATION: MEKNES)
NUMBER OF UNITS PROGRAMMED: 100
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 60

LAND

2.71 hectares of government land is in process of being acquired by MHAT. The price of land has not yet been determined.

STUDIES

Are complete for sewers, roads and housing construction.

FINANCING

Contracts have been approved and let for the installation of sewers, roads and for housing construction. Housing construction has been stopped for 9 months because contractor has not been paid by Treasury. Since the amount of contract cannot be amended, fewer units will be built due to the delay and price increases.

SITE WORKS

No work on infrastructure has begun.

HOUSING CONSTRUCTION

Construction of the core units with 2 rooms + WC + stairs has just started again after a 9 month delay. 8 units now have their roof slabs in place. 16 units have complete walls. 46 units have walls started or foundations under construction.

PUBLIC FACILITIES

The proposed plan and location of public facilities within the project site need to be reviewed. No construction of these buildings has begun.

MANAGEMENT

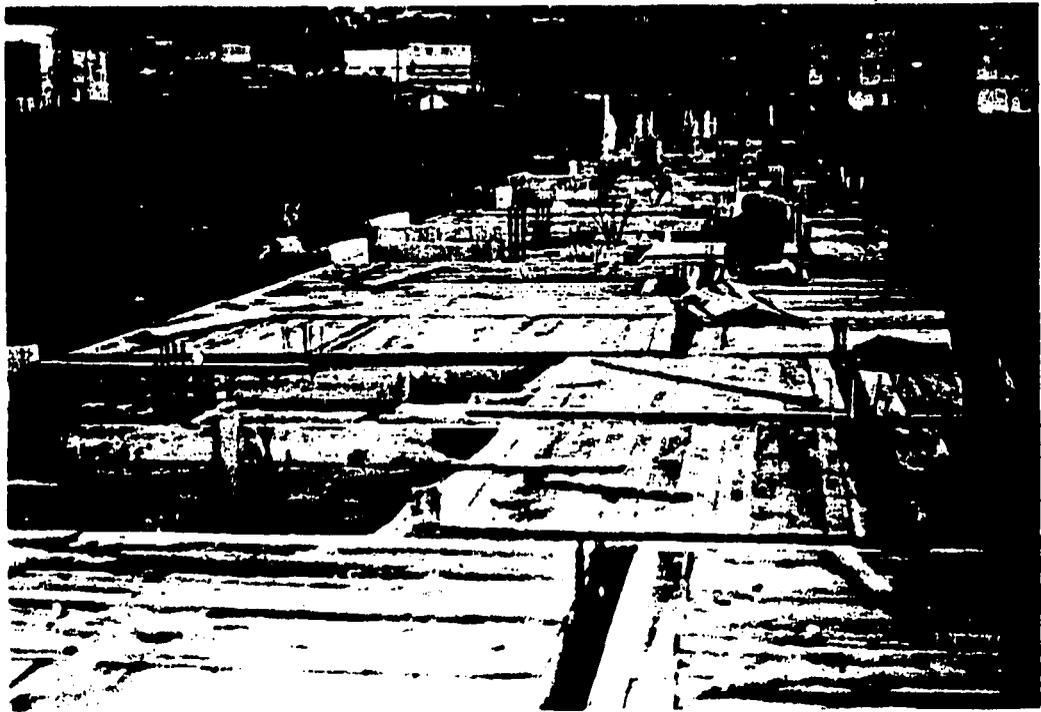
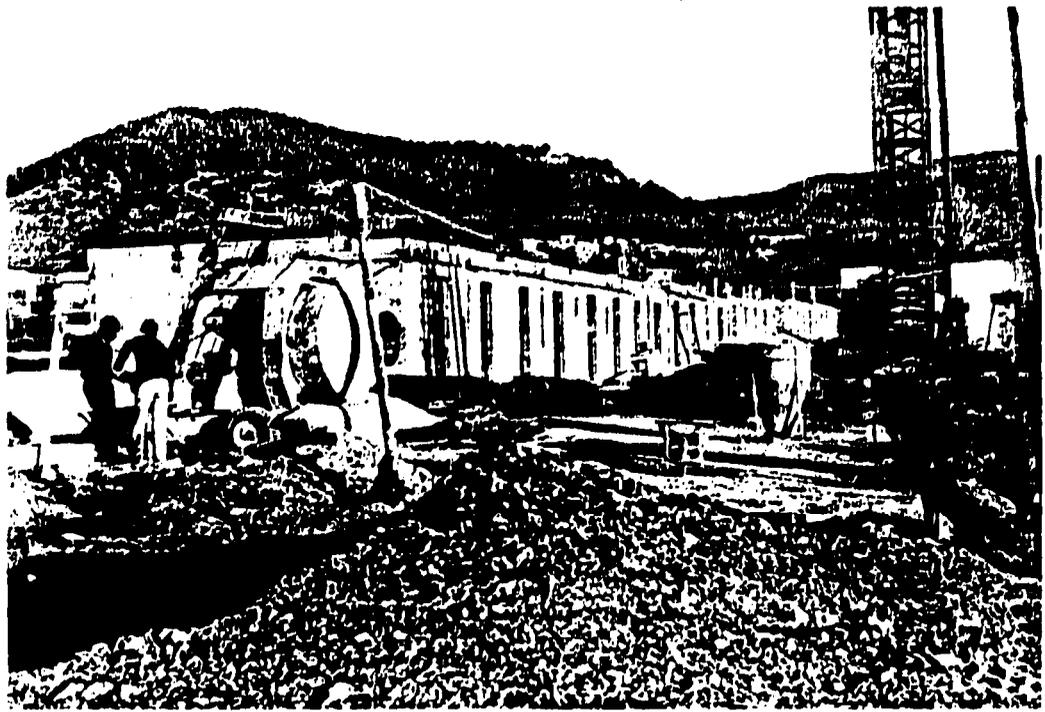
Because of the long delay, the Delegation will re-establish management procedures. Monitoring and control of construction progress has been done by a technical assistant with help from an architect and/or engineer as required.

BENEFICIARIES

These families have not yet been identified.

OBSERVATIONS

The change in levels on the ground floor does not appear to be a cost-effective solution. Significant foundation problems exist with a rocky site at one end of project. The Delegation will have to decide which houses to complete to arrive at the maximum number under the existing contract.



SUBPROJECT: EL GARA (DELEGATION: SETTAT)
NUMBER OF UNITS PROGRAMMED: 80
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 58

LAND

1.5 hectares of government land is in the process of acquisition by MHAT. No price for the land has been set.

STUDIES

All technical studies are complete except for the survey of final plot boundaries.

FINANCING

The contract for housing construction has been let.

SITE WORKS

No work on infrastructure has begun.

HOUSING CONSTRUCTION

The construction of core units with 2 rooms + kitchen + WC has been stopped for about 1 year because the contractor has not been paid by the Treasury. Local authorities have also insisted on additional concrete reinforcing within the core units as well as the construction of garden walls which were not included in the original cost estimates. Due to the sloping site, foundations have also been more extensive and costly than anticipated.

PUBLIC FACILITIES

No new public facilities are presently planned in or adjacent to the project.

MANAGEMENT

The distance between the Delegation and the site presents management difficulties due to lack of transportation and the large region and number of communes (40+) with which the Delegation must work. The technical staff working on project includes an architect, engineer and technical assistants.

BENEFICIARIES

These families have not yet been identified.

OBSERVATIONS

The partially completed houses are easily open to vandalism and deterioration. The higher construction cost per unit is partially offset by very low infrastructure costs. It is essential to pay the contractor so construction can resume to ensure the affordability of the units.



SUBPROJECT: ASILAH
NUMBER OF UNITS PROGRAMMED: 100
NUMBER OF UNITS BUILT OR UNDER CONSTRUCTION: 100

LAND

A site of 1.9 hectares.

STUDIES

All studies are completed.

FINANCING AND CONSTRUCTION

All housing construction was completed at the end of 1983 and paid for in 1984. Roads were built and are in process of payment. DH 750,000 have been allocated for water and electricity. Expected to be completed in 1985.

HOUSING

One hundred units, each house consisting of 34 square meters including one room, a kitchen, a toilet, and foundations for an additional room.

PUBLIC FACILITIES

A site has been provided for a mosque. The project is sited adjacent to a public primary school and dispensary.

OBSERVATIONS

A model project.

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SUBPROJECT: AL HAKEM, SIDI BENNOUR (DELEGATION: EL JADIDA)
ESTIMATED NUMBER OF PLOTS: 600

LAND

The site consists of 16 hectares of private land with some landowners living on-site. Acquisition of the site by MHAT is in progress.

STUDIES

Sewer and road studies have been completed. The plot plan is complete but does not adequately consider existing houses on site. The socio-economic survey by INAU is still in preparation.

FINANCING

The first of two payments have been made for roads and sewers in first phase. This phase includes approximately half of the project. Contracts for the second phase of roads and sewers were expected to have been let in December 1984.

SITE WORKS

The site is flat earth and presents no difficulties for development. Vehicular roads and the principal sewer lines are in place for approximately half of the site. Pedestrian paths and sewer connections will be completed later.

HOUSING IMPROVEMENT

No activities have begun.

PUBLIC FACILITIES

No work has begun on the few new facilities planned within the project.

MANAGEMENT

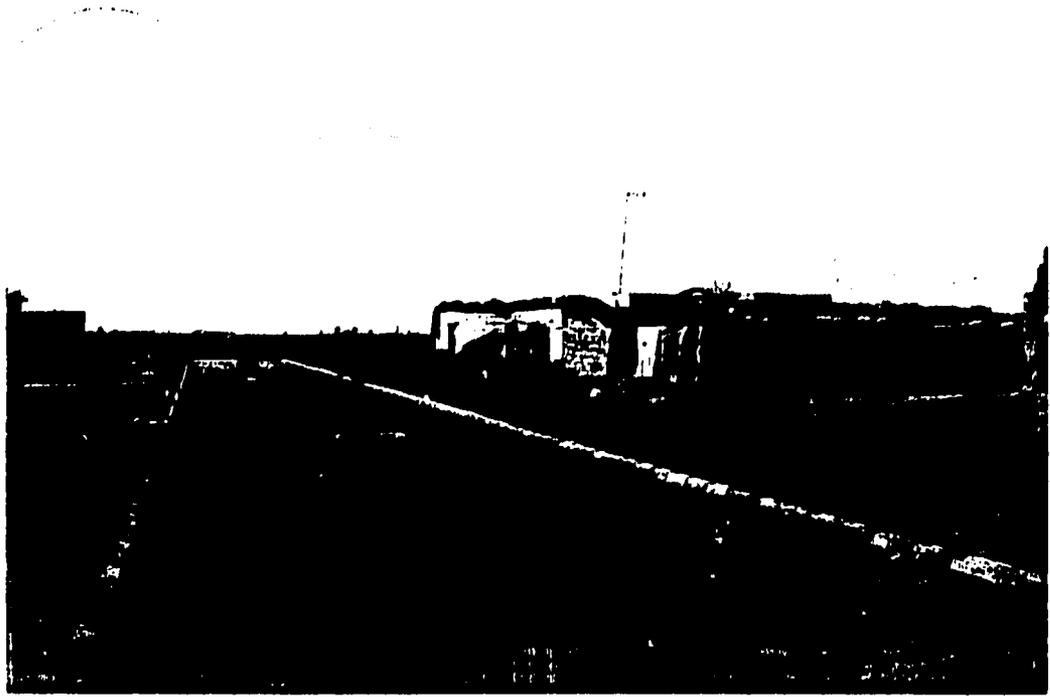
One architect/planner has primarily been responsible for the project to date and has been making weekly visits to the site. More permanent on-site assistance and contact with the inhabitants is required for plot assignments, housing consolidation and cost recovery. At a minimum, the project should have technical assistant(s) on-site fulltime.

BENEFICIARIES

A greater number of plots will be available than needed simply to house on-site inhabitants. Families from three other bidonvilles in Sidi Bennour will therefore be offered plots within the project.

OBSERVATIONS

The Delegation needs to think more clearly through its approach to upgrading and more accurately determine its manpower needs. The willingness of inhabitants from other bidonvilles to move to the project site should also be verified. A plot distribution approach should be established. The Delegation should make contact with those of Tetouan and Meknes to share their experiences.



SUBPROJECT: CARRIERE SAADIA, MEKNES (DELEGATION: MEKNES)
ESTIMATED NUMBER OF PLOTS: 479

LAND

5.1 hectares of Habous land is to be acquired by MHAT. The land price has been determined and the process of acquisition is in its final stages. Virtually the entire site is located in an old quarry.

STUDIES

A plot plan and the design of the sewer installation have been completed. The Delegation wants additional funds to do an architectural study for the project because of its visual importance at a major entrance to city.

FINANCING

The contract has been let for the study of the sewer system. The Delegation has approximately 2.5 million dirhams for project.

SITE WORKS

No work has actually begun although the inhabitants have previously installed a simple sewer system on their own. The installation of infrastructure will be difficult because of different levels in the quarry.

HOUSING IMPROVEMENT

Existing houses are made of traditional materials and are very well maintained. The Delegation intends to work very closely with inhabitants in helping them to improve housing. Approximately 140 families will have to be relocated within the site.

PUBLIC FACILITIES

A small center with shops, bakery/bath, mosque, etc., will be built within the project.

MANAGEMENT

Several architects, engineers and technical assistants presently involved in the successful upgrading of a large-scale bidonville in Meknes will also work on this project. The Delegation has considerable experience in upgrading and many of the necessary procedures have been established and tested.

BENEFICIARIES

The Delegation has registered all families presently living on the project site through its own socio-economic survey.

OBSERVATIONS

The Delegation is well staffed and has considerable experience in upgrading. Difficult site conditions may present substantial problems for the installation of infrastructure and for housing consolidation. Bidonville inhabitants have already shown substantial interest and capability in the improvement and upkeep of their own housing.

SUBPROJECT: LAAREB, MARRAKECH (DELEGATION: MARRAKECH)
ESTIMATED NUMBER OF PLOTS: 300

LAND

The site includes 5 hectares of private land.

STUDIES

Technical studies are complete except for the survey of final plot boundaries.

FINANCING

Installation of infrastructure is essentially complete and payments have been or are in progress.

HOUSING IMPROVEMENT

Few substantial improvements were noted during the visit.

PUBLIC FACILITIES

No new public facilities included in project.

MANAGEMENT

Two architects work virtually fulltime on HG-002 projects and are supported by technical assistants.

BENEFICIARIES

These are known and have been identified by the Delegation through its survey.

OBSERVATIONS

Although the project is apparently complete, the project area shows little change. The Delegation should assist and advise families in housing consolidation and cost recovery.



SUBPROJECT: IZIKI, MARRAKECH (DELEGATION: MARRAKECH)
ESTIMATED NUMBER OF PLOTS: 1,560

LAND

The site includes 35.2 hectares of Guich land, which is in process of acquisition by MHAT.

STUDIES

Technical studies are complete except for the survey of final plot boundaries. The Delegation wants to undertake an architectural study for that part of project site fronting a major road.

FINANCING

Contracts have been let or in process of approval for sewers, roads, water and electricity. The contractor installing the sewer system has not been paid by Treasury but continues to work.

SITE WORKS

The principal sewer system is approximately 80% complete. The water and electricity networks already exist within the project and it is not clear what will be add, to them or changed. Road surfacing is not yet underway.

HOUSING IMPROVEMENT

The majority of houses are made out of traditional building materials and few families have made substantial improvements.

PUBLIC FACILITIES

Construction of new public facilities related to the project has not yet begun.

MANAGEMENT

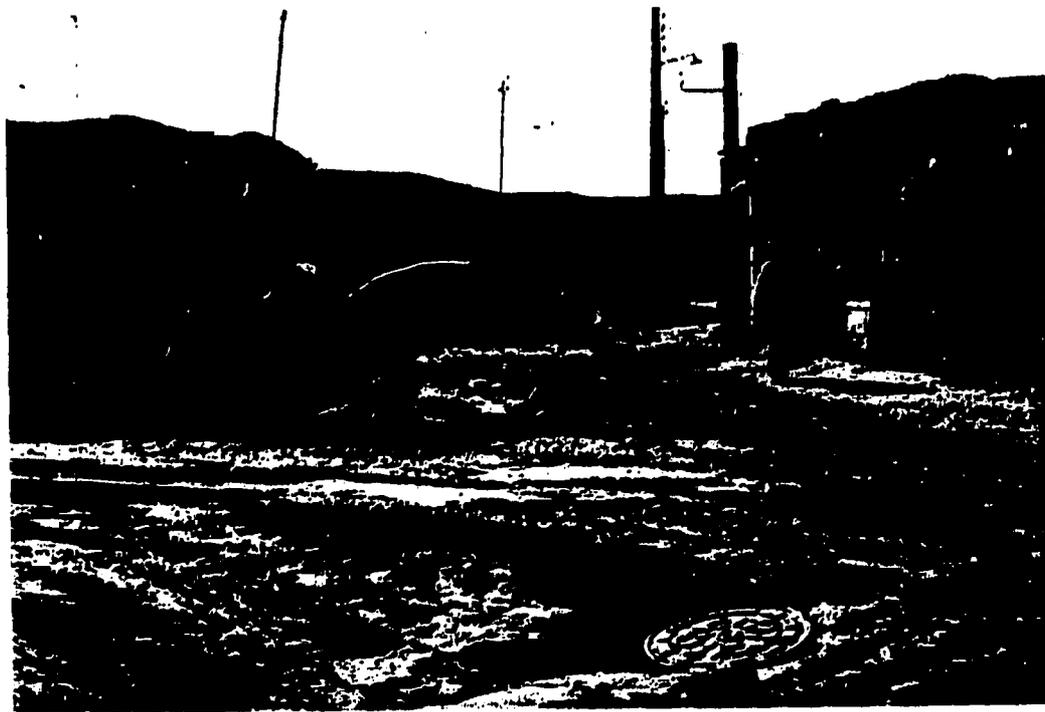
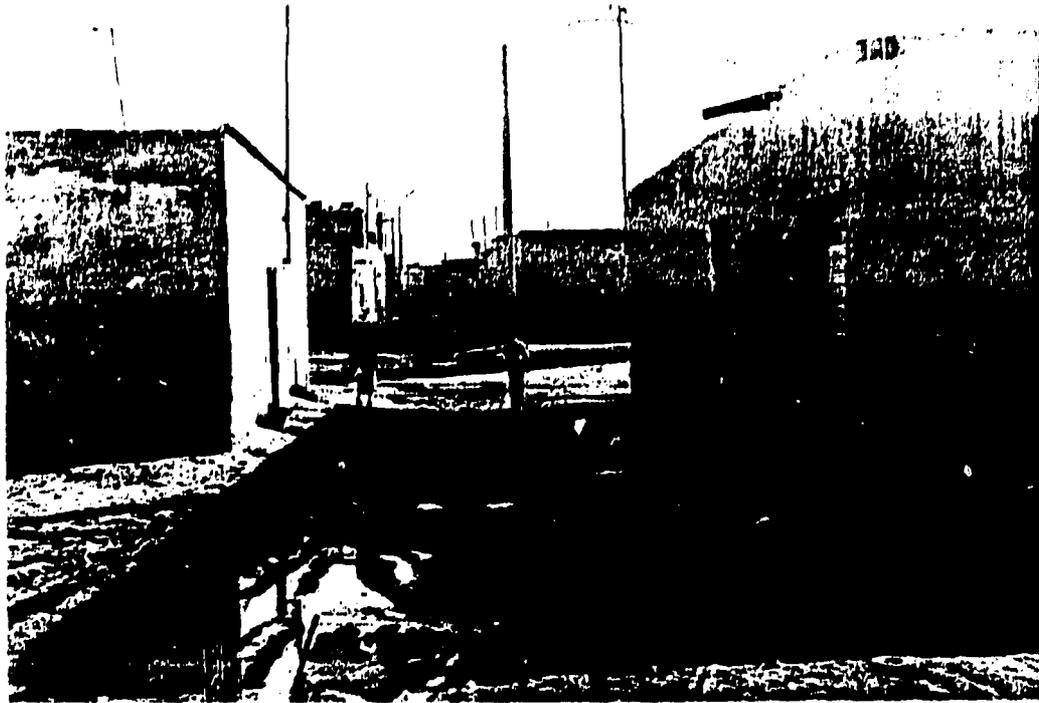
Two architects from the Delegation work fulltime on HG-002 projects and are assisted by technical assistants and Delegation staff as needed.

BENEFICIARIES

These families are known and have been identified by the Delegation through its on-site survey.

OBSERVATIONS

Work on the major roads should begin as soon as possible to prevent deterioration of the newly installed sewer system. Procedures for assistance in housing consolidation should be established by Delegation.



SUBPROJECT: DOUAR LAGHFIRAT, SAFI (DELEGATION: SAFI)
ESTIMATED NUMBER OF PLOTS: 800

LAND

The site consists of 16 hectares of private land. Formal request for acquisition of this site has been made by MHAT.

STUDIES

Road and sewer studies have been completed. The plot plan has also been completed.

FINANCING

Contracts have been let for sewer and road studies.

SITE WORKS

The site has large rocks on its surface. No infrastructure work has begun.

HOUSING IMPROVEMENT

Most houses are made of stone or concrete blocks. The proposed plot plan attempts to incorporate existing houses in order to minimize unnecessary displacements.

PUBLIC FACILITIES

A primary school, dispensary and mosque have been completed on an open site immediately adjacent to the project. Women's and youth centers and a sports field are planned in the same area.

MANAGEMENT

Two technical assistants have been working fulltime on HG-002 projects and are assisted by architects and engineers from Delegation. Consulting firms have been used for major technical studies.

BENEFICIARIES

The number of plots available through the project will be greater than the number of families living on site. The Delegation needs to determine who the additional beneficiaries will be.

OBSERVATIONS

Although this is its first experience in upgrading, the Delegation has successfully implemented projects of similar size and difficulty.



SUBPROJECT: HAY J'DID, LARACHE (DELEGATION: TETOUAN)
ESTIMATED NUMBER OF PLOTS: 750

LAND

The site consists of 14.90 hectares of city land. MHAT has made a formal request for its acquisition.

STUDIES

Studies have been completed for roads and sewers. The plot plan is now in progress.

FINANCING

Contracts have been let for roads and sewers. No problems have yet been encountered.

SITE WORKS

The earth site is relatively flat and does not present major problems for infrastructure. The installation of sewers is approximately 30 percent complete. Roads are 15 percent complete.

HOUSING IMPROVEMENT

Considerable housing improvement has taken place in first phase of project financed by the Ministry (see photographs on facing page). Working procedures and the confidence of inhabitants have been established.

PUBLIC FACILITIES

No work has begun.

MANAGEMENT

The plot plan and house type studies have been done by the Delegation. Technical studies have been done by consultants. 4-5 technical assistants will be assigned to a site office of approximately 15 people to manage the integrated project. Engineer and architect will make regular weekly visits or as required.

BENEFICIARIES

An on-site survey by the Delegation has identified all bidonville inhabitants.

OBSERVATIONS

The Tetouan Delegation is very capable of managing this project. Because of the successful experience from the first phase, the project should be able to move smoothly ahead with full cooperation of the inhabitants.

(NOTE: Photos on the facing page are of the first phase of the project financed by MHAT. Housing consolidation has taken place without loans having been made available to the population.)



SUBPROJECT: CHAOUIBER, GUERCIF (DELEGATION: TAZA)
ESTIMATED NUMBER OF PLOTS: 675

LAND

The project site of 26 hectares is part of a larger site of 40 hectares.

STUDIES

The engineering studies for streets, sewers and electricity are complete.

FINANCING AND SITE WORKS

About 6 million DH have been allocated to finance construction of roads and sewers contracts for which are in the approval process. First works to be completed in 1985.

PUBLIC FACILITIES

At present there is one mosque. Land has been set aside for a primary school, dispensary, local municipal office and cultural center.

OBSERVATIONS

The project will require at least two years due to a late start.

SUBPROJECT: LOMAS, NADOR (DELEGATION: NADOR)
ESTIMATED NUMBER OF PLOTS: 2732

LAND

19 hectare site of which about 5 is government owned and about 13 privately owned (private title originating from the period of Spanish occupation). An additional site of 4 hectares has been provided for relocation of families displaced by site works.

STUDIES

- Street plan made by delegation
- Preliminary studies for site works has been completed, but, engineering and bidding to be done by "Regie Autonome De Distribution D'Eau Et D'Electricite De Nador."

FINANCING

- 510,000 DH for engineering studies
- 1,990,000 DH for infrastructure
- None of these credits are, as yet, obligated

SITE WORKS

Drainage was installed in about 40% of the site area with previous credits (about 350,000 DH).

PUBLIC FACILITIES

Not surveyed.

OBSERVATIONS

The delegate was replaced by MHAT following the review visit on December 3, 1984. A follow-up visit is planned for mid-March.