

Liberia Housing Project
1981

PD-APU-399
GPO-47250
UNITED STATES GOVERNMENT

DATE: November 4, 1981

memorandum

REPLY TO: *Mike Nolan*
ATTN: *Mike Nolan*, Regional Housing Officer, RHUDO/Abidjan

SUBJECT: Liberia Low-Income Housing Project/
Trip Report October 7 - 19, 1981

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TO: The Files

I. PURPOSE

Routine project review and implementation assistance.

II. PERSONS CONTACTED

1. NHA

- Jacob Dogbeh - Director
- Theodore Dunbar - Deputy Director
- James Sarkor - Controller
- Roderick Lewis - Chief, Planning & Research
- Francis Antwi - Physical Planner, Planning & Research
- Mohamed Benjamin - Architect, Operations
- Claudius Jonah - Sanitary Engineer, Operations
- Willard Eastman - PCV Architect, Operations
- Luis Perez-Maldonado - TA Team Leader
- Manuel Nazario-Bey - TA Construction Advisor
- Luis Gonzalez-Rodriguez - TA Socio-Economic Advisor

2. NHSB

- Hilary Dennis - President
- Miata Beysolow - Vice President, Credit Dept.
- Alvin Eastman - Vice President, Credit Dept.

3. USAID

- Remo Ray Garufi - Director
- Fred Hagel - Multi Sector Officer
- Edward Giza - Controller
- Rafael Zalaya - Deputy Controller
- Linda Wheeler - Financial Analyst

4. NIC

- Mike Bamfo - Principal Project Officer
- A. Togba - Survey Analyst



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
(REV. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112

III. ACTIVITIES

This TDY was undertaken by RHO Nolan, later joined by Housing Officer George Deikun. The principal purposes of the mission were to review project progress and to provide project implementation assistance to NHA, NHSB, AID/L and the TA Team.

A. New Georgia West Sites/Services Sub-Project

1. Core Unit Construction-Small Liberian Contractors

Five small Liberian contractors signed 90 work-day contracts for the construction of the first 100 units in NGW. The contractors were represented in contract negotiations by Pryde Davies of the Small Liberian Contractors Association. USAID/L has conditioned further construction beyond the first 100 units on AID receiving and approving a sales plan and sub-project delivery plan, AID approval of the core unit plans, LEC and LWSC approval of infrastructure plans and an AID-acceptable solution to sewerage disposal for the New Georgia Site. Among these conditions, to date only the core unit plans have been approved.

2. Sales Plan (Sectors I and II)

A significant redraft of the 4 August Sales Plan taking into consideration previous RHUDO recommendations was completed by NHA Antwi. The Sales Plan cannot be finalized for RHUDO review and approval until actual expenditures and estimated costs to complete Sectors I and II are made available by the Finance and Operations Divisions of NHA. Additionally, the proposed form of the Sales Contract (Annex IV) is still undergoing legal review by NHA.

3. Mix of Options - New Georgia West

The results of a 1980 NHA survey of applicants revealed a significant majority preferring the core option solution instead of the sanitary core or serviced site alone. Based on these results, NHA Director Dogbeh has proposed that all plots in NGW Sectors I and II be core unit options. Upon reflection, RHUDO believes this proposal would not be in keeping with the intent of the PROAG and has recommended that other options should be represented in the actual mix of options for

NGW Sectors I and II. The sanitary core and serviced site options in NGW may serve as market indicators for the desirable mix of options in Sector III and NGE.

4. Sales Contract

NHA and NHSB staff have come to agreement on a form of sales contract which closely resembles the standard mortgage deed contract generally used by NHSB. The draft has been approved by legal counsel to the NHSB and is currently under review by legal counsel to NHA. It must be submitted as an annex to the Sales Plan to RHUDO for approval.

5. Sub-Project Delivery Plan

The preparation of the SPDP is awaiting cost estimates currently being developed by NHA Finance and Operations Divisions. While certain aspects of the SPDP including sub-project costs, cash flow, schedule of disbursements cannot be done until cost estimates are available, the NHA and TA team will be expected to proceed with the preparation of a time table for construction and for lot sales and occupancy. RHUDO anticipates cost estimates to be available by the end of November and will TDY about that time to finalize the SPDP with NHA.

6. NHA Construction Cost Control & Documentation

To avoid repetition of past problems experienced by NHA in documenting project costs, NHA Finance Division has developed a cost accounting system which is compatible with construction activities undertaken by the Operations Division and which was discussed with and approved by AID Controller. By means of this system, NHA hopes to ensure a smooth schedule of disbursements and particularly a timely disbursement and liquidation of advances.

NHA has also established a procedure to aid the Small Liberian Contractors participating in the project who have limited credit, if any, with material suppliers. Each individual contractor orders materials needed through local suppliers; upon delivery on-site, the supplier's voucher is signed by the contractor and Project Supervising Engineer and can then be presented by the supplier to NHA for payment drawn against the contractor's contract budget.

7. Sub-Project Construction Drawings and Plans

The core unit plans were approved by AID/E Donnelly in September. NHA is preparing site and infrastructure plans. The preliminary plans for the full Sector I and II have been drawn and NHA is nearing completion of final working drawings for Block A and B. While AID has reviewed preliminary plans, AID's approval must still be obtained on final site and infrastructure plans. The NHA intends to have the electrical plans drafted and costed separately by a private electrical engineering firm.

8. Analyses for Off-site Sewerage Disposal

NHA has completed the analyses proposed in the NHA/AID workplan of September 16 and including some considerable review of the tidal nature of the swamp. Engineer Scott Johnson is expected to TDY shortly to discuss with NHA Claudius Jonah the alternatives for environmentally safe sewerage disposal. If a solution is not immediately forthcoming, specialized TA assistance may be requested of the AID Water and Sanitation for Health Project (WASH).

9. Sub-Agreements with Utility Agencies

a) Liberia Electric Commission (LEC)

LEC has agreed at the staff level to charge project beneficiaries a flat electrical rate of \$17/month and is considering waiving connection costs. This proposal must still go before its Board for approval.

b) Liberia Water and Sewer Corporation (LWSC)

LWSC has agreed at the staff level to install individual meters free of charge in all core units and to waive connection fees. This proposal must still go before its Board for approval.

10. Land Control

Land for the sites and services project is intended to be a GOL contribution. The GOL has given the property rights in the New Georgia site to the NHA through the exercise of the law of public domain. However, compensation to the

property owners has not been forth-coming from the Ministry of Finance and NHA has had to advance its own development funds to begin the compensation process. Legal security of land control must be clarified and a process initiated to obtain re-payment to NHA for land expenditures and ensure future land compensation is undertaken by Ministry of Finance.

B. West-Point Upgrading Sub-Project

1. Sub-Project Delivery Plan and Cost Recovery

Since only the \$5 million grant is available at this time, NHA will prepare a SPDP for Phase I construction only of WPU. The construction in Phase I of all components, except the septic systems for the sanitary units and one sanitary unit near the market, have been nearly completed. Therefore, the SPDP will mainly reflect actual rather than planned construction activity. NHA Finance and Operations Divisions are currently preparing a record of actual costs for Phase I. For purposes of cost recovery, NHA is still in discussion with the Monrovia Municipal Corporation and the Ministry of Education to arrange their purchase of the market, sanitary facilities and school. While pressure is building in the community to turn over the finished facilities, NHA is reluctant to do so without an assured means of cost recovery. Rental collection from the rental units should enable cost recovery on this component. A written plan for cost recovery must still be written, as well as the SPDP itself.

2. Construction Priority. Septic Systems for Public Sanitary Units

The plans for the septic systems for the community sanitary units have been reviewed and conditionally approved by AID. The necessary changes are being made. These plans must still be costed and put out for bid. The finished sanitary units cannot be used until the septic systems are constructed.

C. Small Business Loan Sub-Project

The small business loan sub-project administered by NHSB has been temporarily, until the HG is available, reduced from \$600,000 to \$200,000 to keep it in

proportion with the limited scope of the overall project going forward under the \$5 million grant. Applications have been received by NHSB for upwards of \$150,000 of which some \$80,000 in loans have been approved in New Krutown, West Point and New Georgia. Approximately \$21,000 has been disbursed. The largest number of loans approved are in the New Krutown area labor - intensive loan candidates have been difficult to find in West Point because of the density of the settlement not permitting adequate work space. In contrast, candidates have been fewer in New Georgia because of the lack of an established community as yet.

The National Investment Commission, retained by NHSB to survey existing or potential small and medium business enterprises in project areas has completed its reports. Additionally, NIC is assisting NHSB to identify potential loan candidates and is providing on-going management consultation to loan beneficiaries.

A definitive system has been established between AID controller and NHSB to permit a flow of advances against approved cases for loans and to assure timely liquidation of advances received.

D. Institution Building Sub-Project

The PROAG provides for approximately two years of budget support (\$300,000 each) to NHA and NHSB. The exact term of two years expired 9/13/81 leaving \$66,000 and \$150,000 as yet unspent by NHA and NHSB respectively. While the PROAG permits some flexibility to the 2 year term, AID/L is unwilling to continue budget support beyond 9/13/81 without a PROAG Amendment.

While the intent of the PROAG budget support was that institutions would pick up the costs of supporting staff pertinent to the AID project at the end of two years, the fact is the economic positions of GOL and of these institutions have seriously deteriorated over the last year. NHA Dogbeh has already approached AID/L requesting continuation of budget support based on an insufficient operating budget provided NHA by GOL.

E. NHSB Borrowing of HG Loan

NHSB has redone its loan cash flow at 16% retaining all assumptions earlier presented in Merrill's initial cash flow. They have determined, even with up front

escrow investments, that a sum of approximately 1.5 million is needed to be invested to build up a capital reserve against later year deficits in inflows. The major shortfall is due to a domestic on-lending rate of 12%. NHSB and AID/L intend to meet with MINFIN and MINPLAN officials to discuss possible sources of investment capital including ESF funds.

F. Working Relations between NHA and AID/L

1. Controller Relations

AID/L Controller in discussion with NHA Controller Sarkor agreed to provide the bi-monthly services to NHA of an AID financial analyst (Isaac Roberts) to review NHA's AID accounts and assist in reconciliation with AID records.

2. NHA Staff Representation and Management

NHA Deputy Director Dunbar wants to develop, internal to NHA and in addition to the TA team, one person or more likely a committee of pertinent division representatives (Finance, Operations, Planning) to be responsible for and current with all AID project activities that NHA is undertaking. NHA wants an NHA representative (s) to be present along with TA team members at any AID meeting (unless restricted to AID staff alone) discussing elements of the project. Aside from strengthening AID/NHA staff relations, this management structure, which RHUDO wholly supports, should improve internal project management and enhance staff interest and involvement in project details. It may also reduce present project delays by coordinating work priorities among staff, encouraging staff accountability in timeliness and quality of work, and ensuring that senior level decisions are promptly carried out at the staff level.

G. NHA Staff Training

NHA would like to go forward with some limited scope staff training directed toward development/enhancement of practical skills essential to the operations of Finance, Operations and Planning and Research Departments. RHUDO will review a training proposal prepared by TA team and submitted for reference to contractor Maston at an earlier date.

H. Technical Assistance Contract

1. Financial Advisor

NHA Director Dogbeh and Controller Sarkor have decided to review candidates to fill this fourth position. (cable: Monrovia 08986) Dogbeh will interview candidates while in Washington at the Shelter Training Workshop.

2. TA Grant n° 0146 Evaluation

RHUDO has proposed scheduling of an evaluation in February 1982 of this project.

I. Amendments to PROAG

Several amendments are needed to the present PROAG based on the evolution and long delays in implementation of the project. Those indentified thus far include the following:

1. Section 4.01

Per Frankel correspondence July 2, 1981, retitle Article IV to read Paying and Transfer Agency Agreement, Fees and Payment and amend Section 4.01 to discuss Paying and Transfer Agency Agreement.

2. Section 5.06

Extension of terminal dates for meeting CPs.

3. Section 6.06

Reallocation of grant funds may need to be considered in excess of the 15% PROAG limitation if the HG loan is not shortly taken down. Cost estimates presently being prepared on the sites/ services and upgrading sub-projects will determine this need.

4. Section 7.04

If agreed to by USAID/L, extension of the terms of budget support beyond two years is needed to provide for expenditure of funds initially allocated and as yet undisbursed.

5. Section 8.04

Based on NIC recommendations of the recommended range (\$4000-7000) for small business loans, the \$2500 loan limitation in the PROAG should be amended.

6. Section 10.01

Amend to permit the financing of community facilities in the upgrading area.

7. Section 9.01

Delete reference to AID Fiscal Agent and substitute Paying and Transfer Agent with appropriate address per Frankel correspondence July 2, 1981.

J. Project Implementation Letters

1. A PIL should be issued by AID/L updating the median family income for Monrovia, PROAG Section 6.02.

2. A PIL should be issued by AID/L discussing and approving decision to commence upgrading activities in West Point rather than New Krutown.

IV. ACTION REQUIRED

A. NHA and TA Team

1. NGW Sectors I and II work Priorities

a) Prepare summary construction costs, actual and estimated for completion each construction component including site preparation, roadwork, drainage, water and sewer, electrical, core units, community facilities (if financed under grant), demo units, warehouse.

- b) Complete NGW sales plan incorporating cost data and NHA/NHSB approved sales contract (Annex IV).
- c) Completion site and infrastructure plans, obtain LWSC approval and submit to AID/L for approval.
- d) Contract for design layout and costing of NGW electrical plan, obtain LEC approval and submit plan to AID/L for approval.
- e) Undertake joint discussions among engineers RHUDO/Johnson, NHA/Jonah and AID/L on NGW Sewerage Disposal question and reach mutually agreed solution.
- f) Secure written agreements with LEC and LWSC of program for NGW utilities metering, connection and consumption charges minimizing to extend possible costs to beneficiaries.
- g) Prepare timetable for construction and for lot sales and occupancy for NGW Sectors I and II.

2. WPU Phase I Work Priorities

- a) Prepare summary construction costs, actual and estimated for completion each construction component including roadwork, sanitary units, septic tank systems, market, school, rental units, site offices.
- b) Complete revisions of West Point septic system plans per AID/L critique, cost plans and put out for bid. Apart from costs summary, item A, this should be utmost priority in order to make sanitary units operational.
- c) Prepare construction timetable for completion WPU Phase I including turnover of facilities for public use.
- d) Prepare written plan for recovery of grant funds spend in West Point. This should include recovery by direct means (e.g. sale of school, market, sanitary facilities to GOL) or indirect means (e.g. taxes, usage fees)

B. RHUDO

- 1. Review TA team training plan submitted to Maston.

2. Review draft NGW sales plan as revised by NHA staff.
3. Review draft sales contract for NGW lots.
4. Prepare draft PIs referred to in Part III J above.

C. AID/W Office of Housing

Schedule interviews in Washington for potential candidates for financial advisor position.

D. AID/L

Continue to explore with GOL the possibility of additional capital resources for NHSB in order to encourage taking of HG loan and continuation of project beyond initial \$5 million grant.

cc: Remo Ray Garufi, USAID Director
Luis Madonado-Perez, NHA TA Team Leader
George Deikun, PRE/H ✓