

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____ DOCUMENT CODE 3
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2. COUNTRY/ENTITY Ivory Coast	3. PROJECT NUMBER 681-HG-005
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4. BUREAU/OFFICE 06	5. PROJECT TITLE (maximum 40 characters) Ivory Coast Shelter and Urban Development Project
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 88	7. ESTIMATED DATE OF OBLIGATION (Under 'B:' below, enter 1, 2, 3, or 4) A. Initial FY _____ B. Quarter <input type="checkbox"/> C. Final FY _____
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			(75)	(450)		(450)
(Grant)	()	()	(75)	(450)	()	(450)
(Loan)	()	()	()	()	()	()
Other U.S.						
1. HG	10,000		10000	10000		10000
2.						
Host Country **		160	160		2500	2500
Other Donor(s)		1390	1390		1390	1390
TOTALS						

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) HGX	(non-appropriated)						10000		10000
(2)									
(3)									
(4)									
TOTALS							10000		10000

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code _____ B. Amount _____	

13. PROJECT PURPOSE (maximum 480 characters)

Improvement of shelter conditions for low-income urban residents with more equitable resource distribution between Abidjan and interior cities. Project design affordable by beneficiaries and fully cost recoverable includes new minimum standard serviced site development and creation of housing finance system for self construction principally in Abidjan, & neighborhood upgrading with access to basic services in interior cities.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of 3 page PP Amendment.)
 *Grants provided by PRE/H for one, three-year resident advisor to work with SETU-- same SCW as noted in PP.
 **If Grant Fin. from PRE/H included :FY 83 Total NC= 160 + 10 = 170
 FY 88 LOF TOT HG = 150 + 2500 = 2650

17. APPROVED BY _____	Signature _____ Title _____	Date Signed MM DD YY _____	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY _____
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INSTRUCTIONS

The approved Project Data Sheet summarizes basic data on the project and **must** provide reliable data for entry into the Country Program Data Bank (CPDB). As a general rule blocks 1 thru 16 are to be completed by the originating office or bureau. It is the responsibility of the reviewing bureau to assume that whenever the original Project Data Sheet is revised, the Project Data Sheet conforms to the revision.

Block 1 - Enter the appropriate letter code in the box, if a change, indicate the Amendment Number.

Block 2 - Enter the name of the Country, Regional or other Entity.

Block 3 - Enter the Project Number assigned by the field mission or an AID/W bureau.

Block 4 - Enter the sponsoring Bureau/Office Symbol and Code. *(See Handbook 3, Appendix 5A, Table 1, Page 1 for guidance.)*

Block 5 - Enter the Project Title *(stay within brackets; limit to 40 characters).*

Block 6 - Enter the Estimated Project Assistance Completion Date. *(See AIDTO Circular A-24 dated 1/26/78, paragraph C, Page 2.)*

Block 7A. - Enter the FY for the first obligation of AID funds for the project.

Block 7B. - Enter the quarter of FY for the first AID funds obligation.

Block 7C. - Enter the FY for the last AID funds obligations.

Block 8 - Enter the amounts from the 'Summary Cost Estimates' and 'Financial Table' of the Project Data Sheet.

NOTE: The L/C column must show the estimated U.S. dollars to be used for the financing of local costs by AID on the lines corresponding to AID.

Block 9 - Enter the amounts and details from the Project Data Sheet section reflecting the estimated rate of use of AID funds.

Block 9A. - Use the Alpha Code. *(See Handbook 3, Appendix 5A, Table 2, Page 2 for guidance.)*

Blocks 9B., C1. & C2. - See Handbook 3, Appendix 5B for guidance. The total of columns 1 and 2 of F must equal the AID appropriated funds total of 8G.

Blocks 10 and 11 - See Handbook 3, Appendix 5B for guidance.

Block 12 - Enter the codes and amounts attributable to each concern for Life of Project. *(See Handbook 3, Appendix 5B, Attachment C for coding.)*

Block 13 - Enter the Project Purpose as it appears in the approved PID Facesheet, or as modified during the project development and reflected in the Project Data Sheet.

Block 14 - Enter the evaluation(s) scheduled in this section.

Block 15 - Enter the information related to the procurement taken from the appropriate section of the Project Data Sheet.

Block 16 - This block is to be used with requests for the amendment of a project.

Block 17 - This block is to be signed and dated by the Authorizing Official of the originating office. The Project Data Sheet will not be reviewed if this Data Sheet is not signed and dated. Do not initial.

Block 18 - This date is to be provided by the office or bureau responsible for the processing of the document covered by this Data Sheet.

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- C. HG Statutory Checklist
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 - 1. Technical Analysis
 - 2. Financial Analysis
 - 3. Social Soundness Analysis
 - 4. Administrative Analysis
 - 5. Economic Analysis

Glossary of Acronyms

- BCET : Bureau Central des Etudes Techniques: Central Office for Technical Studies, Ministry of Construction and Urbanism (MCU)
- BICICI : Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire: International Bank for Commerce and Industry of the Ivory Coast
- BICT : Banque Ivoirienne de la Construction et des Travaux Publics: Ivorian Bank for Construction and Public Works
- BNEC : Banque Nationale pour l'Epargne et le Credit: National Housing Savings Bank
- CAA : Caisse Autonome d'Amortissement: National Sinking Fund
- CCI : Credit de la Cote d'Ivoire: Ivory Coast Credit Bank
- CNPS : Caisse Nationale de Prevoyance Social: National Social Security Fund
- DCDU : Direction Centrale des Domaines Urbains, MCU: Department of Urban Lands
- DCF : Direction de la Conservation Fonciere, Ministry of Finance (MinFin): Department for Land Registration
- DCVR : Direction Centrale des Voiries et Reseaux, MCU; Department of Road Works
- FAA : Foreign Assistance Act
- FCFA : French West African Franc
- FSH : Fonds de Soutien de l'Habitat: National Housing Support Fund
- GOIC : Government of the Ivory Coast
- HG/HGP : Housing Guaranty Program
- IA : Implementation Agreement
- IMF : International Monetary Fund
- MCU : Ministere de la Construction et de l'Urbanisme: Ministry of Construction and Urban Planning
- MinFin : Ministere de l'Economie et des Finances: Ministry of Finance

MSA : Ministere des Affaires Sociales: Ministry of Social Affairs
NSHF : National Social Housing Fund
PADCO : Planning and Development Collaborative, Washington, D.C.PDU I:
Urban Development Project I
RHUDO : Regional Housing and Urban Development Office
SAL II : Structural Adjustment Loan II
SETU : Societe d'Equipement des Terrains Urbains: National Urban Land
Development Company
SICOGI : Societe Ivoirienne de Construction et Gestion Immobiliere: Ivorian
Housing Construction and Management Company
SOGEFIHA: Societe de Gestion Financiere de l'Habitat: National Housing
Finance Management Company
SSA : Shelter Sector Assessment
TA : Technical Assistance
VAT : Value Added Tax
WB : World Bank

I. SUMMARY

The Office of Housing has been involved with HG programs in the Ivory Coast for the past 15 years. HG-005 will consolidate institutional and policy gains that have been made over this period.

It is the third project in AID's cooperation with the GOIC in the shelter sector since the mid 70's. The \$10 million HG loan and TA grant financing will assist the GOIC in:

- A) implementing major shelter policy reforms in collaboration with AID and the World Bank under the second structural adjustment loans (\$250 million) which include:
 - equitable distributions of resources and administrative decentralization
 - restructuring of investment and development of the economy
 - making available loan financing on a national basis through a National Social Housing Fund
 - producing a larger number of low income units
- B) facilitating a significant role for the private sector in low income housing financing and construction.
- C) strengthening implementing institutions.

Administrative and Financial Network

The (Caisse Autonome d'Amortissement) National Sinking Fund (Ministry of Finance) will be the HG borrower and will assume foreign exchange risk.

The Social Housing Fund (CAA with the Ministry of Construction and Urbanism - inputs) will be involved with programming and monitoring of the loan and GOIC counterpart funds, a revolving fund, and the management banks.

The Management banks will be onlending to developers and beneficiaries, making payments to contractors and suppliers and will be recovering developer and beneficiary loans. The management banks along with SETU will choose the beneficiaries along guidelines established by AID and MCU. SETU will be responsible for project preparation, publicity and marketing; land development for urban upgrading and extensions, monitoring of owner constructed housing, and with the management bank, selection beneficiaries.

The Ministry of Finance will allocate GOIC counterpart funds.

The suppliers will establish material depots on the project sites. The contractors will be responsible for land development and urban upgrading. The small scale builders will be performing dwelling unit construction.

The plot and dwelling unit beneficiaries will pay monthly and user

charges. The beneficiaries who will receive plots and loans will make downpayments and monthly payments. They will be responsible for land registration and dwelling unit construction.

Project Financing

The project financing will be a \$10 million HG for Abidjan. Factors which determined the amount for the project included:

- institutional capacity of SETU, the major executing agency.
- financing sufficient for development of readily accessible sites.
- total funds in loans and numbers of beneficiaries of a manageable size.

The Project

The major elements of the project are:

- construction of approximately 4,500 minimally serviced urban sites with basic community services;
- provision of up to 4,500 small home construction loans for site improvement by lot owners with local banks and small private building contractors as implementing agencies.

The project reinforces and consolidates the policy initiatives taken by HG-003. These include:

- cost recovery through user charges and taxation.
- the use of small Ivorian construction firms.
- the adoption of lower technical standards to permit affordability of low income households.

The project will better define institutional roles and will improve upon the allocation process.

- MCU, as the implementing agency, will have responsibility for the overall policy framework for both land development and financial networking, and, in collaboration with AID and other implementing agencies, will hold ultimate approval of: appropriate project sites and standards; land acquisition; beneficiary selection and lot allocation system; and provide the policy guidelines to the NSHF for use of sectorial funds.

Financing for the NSHF will be held and managed by the CAA. However, overall performance monitoring and investment programming will be done by an inter-ministerial committee to be set up by September 1983.

The day to-day financial management of NSHF resources from this project and individual beneficiaries will be the responsibility of participating private banks.

Technical Assistance

Technical Assistance is vital to the success of the project for the following reason:

- to increase simultaneously the institutional capabilities of SETU, MCU, the Ministry of Finance and the National Social Housing Fund.

The proposed institutional and policy development to be promoted by the TA are preconditions for national replicability. A long term relationship within these institutions will be required to establish the processes for immediate and long range project administration. The scope of HG-005 combined with ongoing Ivorian and Regional responsibilities will preclude RHUDO from committing the necessary staff time to affect the institutional development objectives of HG-005 without long-term TA.

Technical assistance will be provided to several institutions engaged in 681-HG-005 implementation:

- Ministry of Construction and Urbanism: Assistance in elaborating sound policies and programs of low income shelter development in the National Social Housing Fund;
- Societe d'Equipment des Terrains Urbains (SETU): Continuing the seven years of collaboration with AID shelter projects, assistance in building institutional capacity and in staff training for more efficient project implementation and equitable beneficiary selection;
- Ministry of Finance, Department of Land Registration: Assistance to improve the efficiency of existing administrative procedures for granting land titles;
- Commercial Banks: Assistance in beneficiary selection and implementation of the small loan program.

Project Rationale

The basic thrust of the project is to reinforce recent policy initiatives established through the Shelter Sector assessment and Structural Adjustment Loan discussions. HG-005 will be the first project within the context of the new policy reforms. The principle elements of the reforms include:

- public investment primarily in the production of plots.
- improvement in housing finance mechanisms in order to better mobilize savings and transfers of credit
- improvement of public agencies active in the shelter sector.

The accomplishment of these policy reforms together with institutional development objectives will move the GOIC toward a self-sustaining capability for the massive production of low income shelter. Concurrently, shelter needs will be met in Abidjan, where the shortage is most critical. In addition, over the medium term HG-005 will support the economic adjustment process expected to place the Ivory Coast on a sound economic footing.

II. BACKGROUND: GOIC INITIATED SHELTER PROJECTS

The largest GOIC shelter development efforts took place during the 1960-1970s when very high economic growth rates permitted the government to engage in ambitious building programs. Government shelter development policy and projects during this time focused primarily on lower-middle and middle income housing constructed by the public, parastatal and mixed-economy building and shelter-related financial institutions. These institutions, i.e., SICOGI, SOGEFIHA and SETU, made use of government capital to service land and construct public housing units principally in Abidjan and Yamoussoukro, the new capital to-be.

With the economic prosperity came expectations for higher standards and services, usually on a par with those of Europe or the United States. Consequently, construction undertaken during this period was of high standards and expensive. Affordability by the intended beneficiary groups and cost recovery were for all intents and purposes overlooked in project design and financial management. Rather, heavy government subsidies for infrastructure development, interest rates on mortgages and rental levels resulted in prices to beneficiaries drastically below construction costs and the fair market value at a tremendous and evermounting cost to the GOIC. This system of providing shelter amenities far below market values spurred land speculation and the displacement of targeted beneficiaries by subletting to higher income groups whose needs were not being met sufficiently and who could pay higher prices resulting in profit-making by sublettors.

The allocation of government financed serviced sites and housing units has been the responsibility of a national commission. The track record of this commission does not indicate that allocations have been made wholly on an equitable basis nor with eligibility requirements firmly enforced. The allocatees, in some cases, turned out to have incomes higher than intended for the particular shelter programs. In some instances, the attribution of lots and units was used for political aggrandizement and favors. This practice resulted in allocatees not feeling obliged to pay fees, mortgages and rents, placing tremendous financial stress on the developer institutions left with the responsibility of collecting payments.

Although the overwhelming majority of the publically financed shelter and urban development activities was concentrated in Abidjan, the GOIC did make modest investments in some interior cities. Such investments however rarely were made based upon an assessment of shelter needs or economic growth potentials. Rather, housing and infrastructure projects were more often a function of a town being singled out, generally for political reasons.

Although these practices and results are indicative of the public sector, the GOIC, at the same time, did not define a role for the private sector in shelter projects destined for lower income groups. This resulted in that sector engaging in large, high income residential or commercial developments with high rates of return in the case of the formal sector. In the case of the informal sector, small and medium-sized business, clandestine, unplanned

development for low income groups yielding a piecemeal approach with few inducement opportunities to engage in larger-scale developments to deal with large housing deficits.

The private sector then was not in a position to respond quickly and effectively to the existing shelter demands as a complement to public sector activities. Consequently, between the two sectors, the housing demand was not met, leaving populations, particularly lower income ones, to 'make-do' in make-shift settlements.

Based upon these GOIC policies and practices, AID has added constraints against the following as part of its Shelter Sector Strategy to work with the GOIC toward more efficient sectorial investments:

- employment of high construction standards making housing unaffordable to lower income groups;
- subsidization of construction costs, rents and mortgage interest rates creating a huge financial burden on government resources with no possibility of substantial cost recovery;
- lack of access to construction credit except by the highest income groups;
- reliance on parastatals and large expatriate firms for construction of GOIC-funded efforts;
- unequitable distribution of shelter sector GOIC investments between Abidjan and interior cities.

III. AID/GOIC SHELTER POLICY AND PROGRAM INITIATIVES

In 1976 AID, World Bank, and GOIC developed the jointly financed \$63 million Abidjan Urban Development Project (681-HG-003) as the first major attempt in altering existing Ivorian policies. The project includes the following components: upgrading; sites and services; public rental apartments; technical assistance in housing finance and application of property betterment tax for cost recovery. This project, which is 90% completed, is successfully demonstrating that upgrading is a cost-effective alternative to demolition; reduction of lot sizes and construction standards for rental units still provide healthy shelter conditions while being affordable by low income groups; cost recovery through property taxes will have minimal impacts on standard of living; small and medium-sized private business can construct low income housing efficiently and at reduced costs; and low income groups are able and willing to save through contract plans for investment in housing.

With these advances being made in the shelter sector in Abidjan, AID and the Bank began to focus their attention and that of the GOIC on urban needs outside of Abidjan. It was observed that the Ivory Coast was composed of a network of quickly urbanizing centers whose needs were similar to those of Abidjan even if on a smaller scale. There was also a need to bring the GOIC to commit itself to the more equitable investment of financial resources as well as the decentralization of administration so as to stimulate regional economies.

Policy initiatives under 681-HG-003 were taken a step further in AID's \$20 million Interior Cities Development Project (681-HG-004), authorized in 1981, and in a similar \$10 million, separately funded World Bank project. In addition to the above policy innovations, these projects further reduce construction standards and levels of services, promote a greater allocation of resources to the development of interior cities and seek to reinforce GOIC efforts of administrative decentralization. The AID project 681-HG-004 includes: upgrading, sites and services, and small home improvement and business development loans. The cost recovery plan expands upon 681-HG-003 in that a general property tax, rather than a betterment tax, limited to a specific neighborhood, will be applied throughout a city so as to spread project costs over the entire population, thereby making improvements more affordable by low income groups.

Additionally, it is foreseen that general property taxation can become a local revenue-generating source to be used, inter alia, for project replicability.

Although each of these projects has pushed in the right direction to overcome persistent constraints and to target greater resources to lower income populations, progress to date has been relatively slow in the GOIC's ability to direct urban growth and provide adequate shelter resources to both Abidjan and interior cities. With dramatically high urban growth rates, lack of a shelter investment program which permits systematic investment throughout

the nation's network of cities and with the economic downturn of the late 1970's and 1980's, GOIC officials find an indispensable need for a shelter development strategy which would require a minimal public investment with greater reliance on beneficiaries and the private sector to complete development.

GOIC and AID officials believe that the Ivory Coast is at a crucial crossroad in its ability to master urban growth and provide for its orderly containment so that spontaneous and other sub-standard development does not proliferate and the disparities in investment between Abidjan and interior cities do not permanently stunt the growth of the latter. The GOIC, then, is looking for ways to limit its intervention to doing only what people cannot do for themselves.

An analysis of urban growth trends, shelter conditions, distribution of shelter investments and the current economic situation indicate the need for a broad-based shelter strategy which facilitates the flow of public and private sector resources for the rapid servicing of land at minimal standards and which provides for basic services in urban centers throughout the country.

IV. CRITICAL FACTORS AFFECTING THE SHELTER SECTOR

A. Urban Growth Trends

The population of the Ivory Coast in 1980 was 8.2 million (including 2 million foreigners) with a growth rate of 5.5% per annum. At this rate, which is exacerbated by in-migration of workers from neighboring countries, the total population is expected to double by 1990-95.

The urban population of 3.3 million, or 40 percent of the total population in 1980, will reach 78 percent by year 2000, growing annually by about 8%. Abidjan, alone, with a population of 1.80 million (1981) accounts for about 55 percent of this. Abidjan has sustained an average growth rate of 10 percent per year for the past 30 years and no significant slowdown is projected. By 1990, a population of more than 3.5 million is anticipated.

Growth rates in the interior cities averaged up to a significant 7.5 percent per annum between 1965-75. However, nine interior cities have registered growth rates on a par with, and in some cases exceeding, those of Abidjan.

Urban growth rates on this order create a tremendous demand for new housing and sites as well as strains on urban services in existing communities, particularly those of interior cities and lower income neighborhoods of Abidjan. Growth rates of this magnitude have resulted in annual new housing needs for families with income below the median for 1982-83 in Abidjan of 12,600 lots and in interior cities of about 14,250 lots.

B. Shelter Conditions

With the tremendous demands for shelter in Abidjan and other cities, the existing housing stock has evolved in a diversified manner which may be roughly divided into three major categories: (1) public and modern private; (2) traditional, informal; and (3) spontaneous.

(1) Public and Modern Private Sector

During the prosperous 1970's, public and modern private sector housing construction flourished. Living conditions in the units are generally good; all are fully serviced with electricity and running water and usually have access to basic urban services, i.e., schools and health facilities. Parastatal shelter institutions and private contractors combined to build over 75,000 units and sites during this period. While the quasi-totality of public and private resources went to finance these high standard units with costs to beneficiaries remaining low due to generous subsidies, they then met only 30% of the need in Abidjan and less than 10% in interior cities.

With AID and World Bank efforts in 681-HG-003 in reducing construction standards and increasing rents to reflect market values along with the

enormous debts encumbered by the GOIC from heavy subsidization of these projects, construction of these types of units has virtually stopped since the late 1970's.

(2) Traditional Sector

As a result, outstanding needs continue to be met by the traditional, informal construction sector. This sector's activities account for about half of housing development in Abidjan and the vast majority in interior cities.

In this sector, land development is usually carried out by local tribal leaders who sell off unserviced plots. Housing construction is financed by gains made by tribal leaders on land sales, lot owner savings, and rental income. Construction is carried out by small, independent builders with unit costs lower than the modern sector can provide. Since this type of housing development has not been controlled officially and coordinated with long-term development plans, nor has it come under formal land tenuring procedures, beneficiaries have had no legal title to the land. Those settlements are technically illegal in spite of their semi-permanent nature.

The units and lots are evolutionary ('evolutif') with minimum services and standards that can be improved gradually as owners' resources increase. The size of lots, densities and level of services vary according to proximity to the city center and/or principal employment zones.

Densities on lots vary from 130 to 600 persons per hectare with lot size ranging from 300 to 600m² encompassing six to eight households. Units usually consist of two rooms, though one and three room units are also common. More than 50 percent of these units are connected to electricity and water. However, the majority are not served by sanitary sewers; communal pit latrines and cesspools are used.

Though this sector has met the needs of the majority of low income households, about 80 percent of those residing in this housing type are renters with insufficient savings and access to credit to become plot and dwelling unit owners.

(3) Spontaneous Settlement

Spontaneous settlements account for about 20 to 30 percent of the urban fabric in Abidjan (almost 400,000 people). Densities in these settlements vary from 100 to 800 persons per hectare depending upon the proximity to places of employment.

Unlike the case of traditional sector activities where some effort is made to provide the most basic of services, i.e., dirt roads, public water fountains, electricity, and an orderly subdivision plan, spontaneous settlements vary widely in these respects. Some might approach this level of development but, on the whole, they are located in the least desirable areas such as swampy land or steep slopes or in ravines where only a small minority of households have access to electricity or running water.

Because those settlements are illegal, residents have no property rights or titles and are in a constant threat of displacement by government efforts to break up the formation of large disordered settlements, particularly those close to city centers. With the rapid urbanization and unavailability of lower cost units, most families are obliged to seek shelter in areas developed by the traditional sector or in spontaneous settlements. Although traditional sector developments might in some areas provide the basic necessities, they are for the most part substandard, not necessarily congruent with longer range urban development plans for the city and thereby illegal, nor do they provide for access to land titles. As such, they offer no incentive for occupant investment and progressive upgrading of units and services, thereby stunting private initiatives for shelter improvement.

C. Urban Services

As population increases dramatically, so does the demand for basic services: potable water, electricity, waste disposal, education, health and transport, become scarce. With GOIC resources limited and unable to keep pace in provision of these services to new population, the demand on existing services is tremendous. This is particularly true in the low income neighborhoods of Abidjan where population growth has been the highest and where the level of services has generally been inadequate all along.

Additionally, one must consider the acceleration of spontaneous settlement formation taking place over the past few years in Abidjan and principal interior cities as an outcome of the GOIC's inability to provide adequate number of serviced sites to control growth. The insalubrious conditions existing in such areas and the nonexistence of basic services pose a severe health hazard and diminish economic productivity of the population. At the same time, the proliferation of these settlements will make any future development in those areas occupied more complicated and costly.

D. Distribution of Shelter Investments

Coupled with the high urban growth rates and the degradation in shelter conditions is the inequitable manner in which the modest amounts of GOIC sectoral resources have been allocated to cities throughout the country. Cities have not necessarily received a fair share of these resources relative to the total population they service, their existing shelter deficiencies and their potential for economic growth.

Although 681-HG-004 is making some headway in improving the distribution of available resources, the GOIC has been slow in formulating a well-thought-out investment policy and beneficiary city identification process. Consequently, investment in housing and urban development has been highly skewed over the last ten years. Yamoussoukro and Abidjan had the highest shares (20,163 and 14,161 FCFA) per capita followed by the southwest (7,107 FCFA) per capita. The east had the smallest per capital share (566 FCFA) and the remainder varied between 1,000 to 2,000 FCFA per capita.

Given that the Ministry of Planning recommends that sectoral investment levels for interior cities should be on the order of 12,000 FCFA per capita annually and in Abidjan at 20,000 FCFA, it is evident that most regions and cities have not been receiving equitable shares of investment for shelter and basic services.

E. Economic Situation

The economic vitality of the Ivory Coast has been severely affected in the past several years by a downturn in the economy caused by a fall in the price of its principal exports, coffee and cacao. The average annual growth rate of the economy of 7 percent which was sustained in the 1960s and 1970s fell to 1.4 percent in 1981. While Ivory Coast has not been forced to reschedule its foreign debt, it has been running a high debt service ratio for the past four years, approaching 40 percent. The continuing rise in the value of the U.S. dollar in comparison with the French franc to which the Ivorian CFA franc is pegged has further exacerbated this problem. One result of this has been a need for Ivory Coast to channel much of its public savings into debt repayment thereby limiting the funds available for public sector shelter development.

With IMF cooperation a First Structural Adjustment loan was made by the World Bank to help the country meet its obligations. This first loan of \$150 million called for substantial reductions in public spending and combined with the recession, the measures taken had drastic impact on construction. The volume of public investments fell off by over 90 percent between 1979-81 and employment in the sector fell off by 30 percent with some of this employment displaced into the private sector.

With mounting debts caused by excessive subsidization and rent supports and the severe economic downturn which has resulted in few resources being available in the sector, the GOIC's receptivity to the general direction of policy innovations developed in 681-HG-003 and 681-HG-004 has increased. See Annex: Economic Analysis for a full discussion of the economic context and expected economic and financial impacts of 681-HG-005.

V. PROJECT RATIONALE

A. Conformity with GOIC and AID Shelter Sector Strategy

For purposes of developing this fifth housing guaranty project in the Ivory Coast, AID undertook a Shelter Sector Assessment (SSA) in order to provide a fresh look at on-going projects and the critical factors affecting the sector. The SSA, then, gave direction to AID's strategy and longer term program development under which this project would be a first initiative. In so doing, the SSA looked at the existing needs and factors affecting them as well as the shortfalls in policy and institutional arrangements to deal with these needs. The assessment fulfilled this objective as well as identifying the present project. It has also had the additional and somewhat unexpected benefit of serving as the basis for major shelter policy reforms.

At the same time that the assessment was being undertaken, i.e., end of 1982, early 1983, GOIC officials were discussing conditions with the World Bank for a second Structural Adjustment Loan (SAL II) of \$250 million, one component of which was to include a number of shelter sector reforms. With the GOIC having to respond to the Bank with a proposal for shelter sector reform, the SSA and AID policy recommendations served as the principal basis for a revision of the national housing and urban development policy. Among the major points of the policy which are included in the SSA recommendations are the following: develop a broader range of summarily serviced sites so as to be affordable by a broader income range to be sold at least at cost and some at fair market values; progressive upgrading of minimal standard sites; development of core units to quickly augment housing supply and land improvement; reduction of present high subsidies with future subsidies remaining low; mobilize savings or private sector involvement in construction; develop individual and institutional savings and other investments to establish a housing finance system for land and unit self-help construction so as to speed up land occupation and improvement; creation of a National Social Housing Fund which would regulate and manage shelter finances from public (Fond de Soutien de l'Habitat, FSH) and private sources; reorganization of the sector's parastatals as mixed economic societies in order to place them on firmer financial footing and restructure their pricing policies so as to eliminate recurrent cost burdens; gradual selling off of publicly owned and managed units; generate local level finances and reinforce the financial base of municipalities through creation of a limited cadastral survey which will serve as the framework upon which a full property taxation system will be made operational; define the role of small and medium-sized enterprises in the sector; and revamp the existing allocation system so as to assure more equitable distribution of shelter resources. (See Annex: Administrative Analysis for more complete summary of the SAL agreement on Shelter Policy.)

In addition to these new directions, a series of actions have occurred with regard to local governments. Basically, these actions relate to the establishment of municipalities in Abidjan and many interior cities in 1980 and the subsequent election of councillors and mayors of these towns. This

forms part of the GOIC effort to decentralize many of the urban development functions from the central government to local authorities. While effective financial control of the municipalities has not yet passed from the central government, this is expected to happen in the not too distant future.

AID, therefore, has adopted the following goals for its shelter strategy based upon its experiences with the two current projects and those of the Bank, findings of the SSA, the inactivity of the formal construction sector since the late 1970's because of the economic crisis and the consequential pragmatism with which the GOIC is viewing its policies and programs for more efficient shelter development:

- respond quickly to the largest portion of housing deficits nationwide by increasing the supply of lots and units at lower standards affordable by a wider range of low income households;
- strict application of cost recovery;
- facilitate access by all income groups to housing finance but targeting GOIC resources of low income families;
- strengthen role of local governments in shelter development and cost recovery;
- equitable allocation of resources to the intended beneficiaries;
- promotion of a more equitable distribution of urban investment for more balanced national economic development;
- promote private sector investment in land development and housing construction;
- permit gradual rise in housing rents and prices to reflect fair market values.

AID has fully discussed this strategy with the GOIC as being the policy guidelines for its participation in the shelter sector over the next few years. The GOIC's acceptance of the strategy and its consistency with the national housing policy cited above make AID feel confident that 681-HG-005, formulated upon most of these goals, will have significant impacts in reviving the moribund sector, promote greater resource allocations to low income groups and respond to the sectorial constraints and needs by putting into place policies and mechanisms for a much larger effort, funds permitting, by the GOIC.

B. Project Goal and Purposes

The overall sectorial goal to which this project contributes is the improvement of shelter conditions for low income urban residents in Abidjan.

The project purposes have been so defined as to be fully consistent with AID strategy and GOIC policy objectives, and present means to deal with the shelter constraints identified in Section IA. The project will also permit the GOIC to take greater advantage of individual owner and private sector participation in implementation.

The primary purposes are:

- reinforce recent policy initiatives in housing which point GOIC toward sounder shelter development practices;
- provision of credit for unit construction by owners within a newly established shelter finance mechanism;
- cost recovery to permit replicability;
- affordable/minimum development standards;
- provision of land tenure;
- equitable beneficiary selection;
- use of local, small and medium-sized contractors;
- improved institutional capacity to plan and execute projects.

The Technical Assistance will include the additional purposes of:

- develop and reinforce a systematic approach to investment programming which would include an assessment of shelter need and economic growth potential;
- improve distribution of shelter financial resources between Abidjan and interior cities;
- promote financial self-reliance at the municipal level;
- coordinate and reinforce with regional development activities around urban centers, as appropriate.

VI. PROJECT DESCRIPTION

A total housing guaranty commitment of \$10 million is being requested for the Abidjan project. This funding will be supplemented by: Grants for technical assistance; \$2.500 million GOIC counterpart contribution; and \$1.39 million in beneficiary downpayments for loans.

A. The Project

The design of this project is an attempt to knit together several elements which will meet project purposes requiring the minimum of GOIC investments to facilitate orderly development by servicing land at a basic level while allowing low income families access to land and home ownership through a finance mechanism. As such, this is the first effort by the GOIC at the concrete execution of its recent national shelter policy and commitments to the World Bank as part of SAL II in meeting the growing shelter need while not incurring a long-term, non-recoverable debt to itself.

Several factors were assessed in determining the \$10 million HG financing for this project. The following points speak to the reasonableness of this level as not being excessive nor insufficient:

- Institutional absorptive capacity of SETU, the major executing agency, is such that this construction activity, in addition to its other responsibilities for AID and World Bank projects, will not overly tax staff and administrative capabilities.
- The total funds in loans and number of beneficiaries is of a manageable size and interesting to private banks who will participate while being large enough to make an impact on the financial sector and serve as a model program for future activities of the newly created NSHF.
- From a technical standpoint, the financing available is sufficient for the development of readily accessible sites according to the site selection criteria established for the project.

The project will consist of the following elements:

- Construction of approximately 4,500 minimally serviced lots for owner occupation allocated through a strict beneficiary selection procedure to assure access to project outputs by the target population.
- Provision of an equivalent (4,500) number of small loans for land acquisition and core unit construction by the beneficiaries. The loan system will be a first initiative under a national social housing finance program to be administered by the NSHF.

- Construction costs, implementing agencies fees and foreign exchange risks have been factored into project cost to beneficiaries and will be recovered in the mortgage payments under the loan program. User fees will permit cost recovery of small market sites.
- SETU will be the principal implementing institution for land and infrastructure development and supervise core unit construction to be undertaken by small, private building contractors ("tacherons") hired and paid directly by project beneficiaries. Private banks will administer the loan program for a negotiated commission to be paid by beneficiaries as part of their mortgage.
- Land titles will be granted to all beneficiaries of lots according to existing standard procedures employed by the MCU and MinFin.

1. Description of Project Elements

AID and its GOIC collaborators have attempted to knit together a coherent program of distinct but interrelated project elements. These include:

a. Loans for Serviced Lot Acquisition and Owner Unit Construction.

A single loan is to be provided to beneficiaries for purchase of a lot and for materials for dwelling unit construction. Beneficiaries will be accorded the loan upon selection from a lottery of candidates deemed eligible by both SETU, based upon AID/GOIC beneficiary selection criteria, and by private banks who have pre-approved the financial solvency of the candidate. Cash transfers to beneficiaries will be minimized such that the loan for site acquisition comes automatically upon allocation and the construction loan will be primarily in the form of basic construction materials such as cement, sand, lumber, and roofing materials. Bids are to be let among local suppliers who will be required to establish and manage a material depot on each site. This is expected to result in lower material and transport costs for the beneficiaries whose alternative would be to purchase materials in small quantities. Approximately one-third of the construction loan will be in the form of cash for payment of labor and the purchase of locally produced doors and windows, paint, etc.

An important sub-element of the project, which permits an active role for beneficiaries in molding the social and physical environments of these new communities, is the use of small independent builders or "tacherons" by beneficiaries. This is an established practice in the Ivory Coast, particularly in informal settlements, but this will be the first project where the practice forms an integral part of a government sponsored housing project.

A summary of target group income, loan amounts and terms, and affordable plot standards is presented in Table VI.1. Essentially three basic packages of plots and loans are envisaged, those for 150, 175, and 200 square meter plots as indicated in Table VI.2. An equal share of each plot type is to be distributed among three or four sites which have been selected for the

project: Niangon Nord, Port Bouet, and Abobo Northwest. A fourth site at Djibi is being held in reserve since favorable exchange rates may permit a larger number of plots and loans to be developed. The location of each site as well as a description of selection processes are indicated in Annex: Technical Analysis.

A preliminary distribution of plots and facilities by site is presented in Table VI.3. These figures are indicative since the useable areas of the sites will not be known precisely until technical studies are performed during the pre-implementation stage.

TABLE VI.I

PLOT FINANCING AND STANDARDS BY PLOT TYPE AND LOAN TERMS

<u>Monthly Income Standards</u>	<u>Loan Terms</u>	<u>Down Payment</u>	<u>Loan Amount</u>	<u>Monthly Payment</u>	<u>Total Invest.</u>	<u>Plot Standards</u>	<u>Dwelling Unit</u>
FCFA 40,000	12% pa 15 yrs	FCFA 77,800 \$US 216	700,920 1,947	8,412 23.37	778,800 2,163	Plot size: 150m ² Access: Pedestrian path	Size: 18-20m ² Basic finishing 10 cm. concrete block
\$US 111	13% pa 15 yrs	FCFA 75,267 \$US 209	677,404 1,882	8,570 23.80	752,671 2,091	Sanitation: Pit latrine Water Supply: Access less than 50 meters Electricity: Access less than 50 meters Storm drainage: Ditches	Some self-help - Two rooms - Toilet
FCFA 60,000	12% pa 15 yrs	FCFA 122,933 \$US 341	1,106,400 3,073	13,279 36.89	1,229,333 3,415	Plot size: 175m ² Access: Unpaved street	Size: 24-26m ² Basic finished 15 cm. concrete block
\$US 167	13% pa 15 yrs	FCFA 115,914 \$US 322	1,043,230 2,898	13,199 36.66	1,159,144 3,220	Sanitation: Pit latrine Water supply: Direct access Electricity: Direct access Storm drainage: Ditches	Some self-help - Two rooms - Kitchen - Toilet
FCFA 75,000	12% pa 15 yrs	FCFA 146,833 \$US 408	1,321,500 3,671	15,860 44.06	1,468,333 4,079	Plot size: 200m ² Access: Paved, unpaved streets	Size: 28-30m ² Basic finishing 15 cm. concrete blocks
\$US 208	13% 15 yrs	FCFA 140,095 \$US 389	1,260,863 3,502	15,952 44.31	1,400,959 3,892	Sanitation: Pit latrine Water supply: Direct access Electricity: Direct access Storm drainage: Culverts & ditches	- Two rooms - Kitchen - Toilet

TABLE VI.2.

DISTRIBUTION OF INVESTMENT BY PLOT TYPE AND COST

		Distribution of Investment			Total Plot Type Investment		Share Total Investment
		by Plot Type			FCFA	\$US	
		FCFA	\$US	%			
150m2 (1500)	Plot Cost	287,671	799	38	431,506,500	1,198,500	22.7%
	Connect, School, Sanit.	105,000	292	14	157,500,000	438,000	
	Dwelling Unit	<u>360,000</u>	<u>1,000</u>	<u>48</u>	<u>540,000,000</u>	<u>1,500,000</u>	
	Total	752,671	2,091	100	1,129,006,500	3,136,500	
<hr/>							
175m2 (1500)	Plot Cost	399,144	1,109	34	598,716,000	1,663,500	35%
	Connect., School, Sanit.	185,000	514	16	277,500,000	771,000	
	Dwelling Unit	<u>575,000</u>	<u>1,597</u>	<u>50</u>	<u>862,500,000</u>	<u>2,395,500</u>	
	Total	1,159,144	3,220	100	1,738,716,000	4,830,000	
<hr/>							
200m2 (1500)	Plot Cost	510,959	1,419	36	766,438,500	2,128,500	42.3%
	Connect., School, Sanit.	190,000	528	14	285,000,000	792,000	
	Dwelling Unit	<u>700,000</u>	<u>1,944</u>	<u>50</u>	<u>1,050,000,000</u>	<u>2,916,000</u>	
	Total	1,400,959	3,891	100	2,101,438,500	5,836,500	
<hr/>							
	All Total Investment				4,969,161,000	13,803,000	100 %
	All Plots Investment				1,796,661,000	4,990,500	36.2%
	All C.S.S. Investment				720,000,000	2,001,000	14.5%
	All Dwelling Units				2,452,500,000	6,811,500	49.3%

TABLE VI.3.

PRELIMINARY SITE PROGRAM

<u>Item</u>	<u>Niangon Nord</u>	<u>Port Bouet</u>	<u>Abobo Nord-Ouest</u>	<u>Djibi</u>	<u>Total</u>
Area	40 ha.	25 ha.		Open	95-105+ ha.
No. Plots 35-40 plots per ha.	1400-1600	875-1000	1225-1800	0-1000	4500
Distribution Plot Size					
150	470-530	290-330	410-600	0-250	1500
175	470-530	290-330	410-600	0-250	1500
200	470-530	290-330	412-600	0-250	1500
Primary School Classrooms	34-38	21-24	30-43	0-18	108
Playground	1	1	1	0-1	3-4
Neighborhood Market	1	1	1	0-1	3-4
Model Houses	6-9	6-9	6-9	0-9	24-36
Site Office ^{1/} Social Centers	1	1	1	0-1	3-4
Reserves ^{2/} Dispensary Other Services	N.A.	N.A.	N.A.	N.A.	N.A.

^{1/} One or two model houses are to be used.

^{2/} Public facility reserves are to represent 6-7% of the total project area.

b. Model Core Unit Housing

As a means of introducing the concept of core unit construction as a technique for quick site improvement while remaining affordable by low income families, a series of up to nine prototype houses, built by "tacherons" will be developed on each project site. The purpose of the model houses will be to:

- demonstrate to project beneficiaries and "tacherons" how to make the most use of small plots by the use of common walls building layout;
- illustrate some of the house plans which will be provided to beneficiaries for possible use;
- illustrate the core house concept by providing both core houses and fully developed units;
- indicate the levels of investment required for construction of core and fully developed units.

c. Site Office and Social Center

One or two of the model houses is to serve as a site office and subsequent social center. It will serve as a meeting place for:

- agents from SETU who will monitor plot development, model house construction, provide assistance to beneficiaries during plot and house plan selection, building layout and construction. In addition, the agents will work closely with agents from the bank managing the program to verify that material and cash loans result in actual construction;
- agents from the management bank who will assist beneficiaries fill in applications and eliminate those clearly ineligible for consideration; inform the public as to its financial obligations; monitor with SETU work-in-place resulting from construction loans; follow-up for late payment and defaults;
- social workers from the MCU (BCET), municipality and MSA will provide information, guidance, and community organization for project beneficiaries.
- instruct beneficiaries on the proper use and maintenance of infrastructure and services.

d. Standards

- Standards developed under this project are a function of affordability by beneficiaries. That is, in order to be fully

cost recoverable while yet affordable, it was assumed that about 20% of beneficiary household income could be committed to shelter and related expenses. It was from this total financing level that infrastructure, community facility and unit standards were designed. Descriptions of sub-division, plot, and dwelling unit standards which are affordable by the target group(s) as well as their associated costs per plot type are presented also in Tables VI.2. and VI.3.

- Public facilities: Basic elementary schools and markets (surfacing and utilities only) are to be financed under the project. However, reserves will be set aside for other facilities (dispensary, administration, playground, etc.) in accordance with the standards indicated in Table VI.4.

e. Institutional Elements

Institutional development is viewed as one of the principal project elements. Through the provision of long and short-term technical assistance, AID will be able to reinforce policy initiatives begun during the SSA study. A detailed description of the administrative and financial framework envisaged by the GOIC, RHUDO, and the IBRD is set forth in Sections VII and VIII. In general, this includes:

- constitution of a National Social Housing Fund (NSHF) which will mobilize, program, and monitor resources for the shelter sector. It is envisaged that private banks will manage individual project funds. The HG-005 program would be the first program to be carried out using this format.
- management banks: Funds from the CAA and NSHF will be lent to private banks which will:
 - lend the funds to project beneficiaries and possibly SETU (AID and GOIC might maintain direct payments to SETU from CAA as being practiced currently under HG-003 and HG-004.);
 - recover funds and return funds required to repay the HG loan and keeping the remainder in a revolving fund to be reused under NSHF directives;
 - make payments to suppliers, contractors, and consulting firms upon SETU's instructions.
- Implementing agency: SETU as the key implementing agency will be strengthened by the addition of two long-term advisors. SETU is currently being restructured to permit it to better fulfill its functions. (See Annex: Administrative Analysis for summary of TOR for World Bank-Financed (SAL II) team which will recommend procedures for SETU reorganization.) Thus, the AID TA will come

at an opportune time to assist in the agency's development. A technical and financial advisor assisted by specialized short-term assistance are envisaged as discussed in Section IX.

- Other elements: The policy and institutional elements which the project will achieve include:
 - a more equitable beneficiary selection system using a lottery;
 - plot allocation on the basis of a list established by lottery (those first on the list have first choice);
 - 15 year loans (10 years is the length currently practiced);
 - higher on-lending terms which permit full cost recovery;
 - introduction of construction loans in the form of building materials on site.

TABLE VI.4.

ABIDJAN SITES AND SERVICES

SUBDIVISION AND INFRASTRUCTURE STANDARDS

<u>Subdivision</u>	<u>Infrastructure</u>	<u>Superstructure</u>
(Uses as percentage of total land area)		
. Roadways 20-25	. Main (primary) road -paved -w/street lighting/ electricity	. Primary school (24 classrooms per 1000 plots)
. Community facilities and open space 6-7	-w/water supply -w/drainage culvert -w/bus stops -w/garbage depots	. 1 small basic market per site (pavement & utilities only)
. Marketable land 65-70	. Secondary roads -unpaved -drainage ditches -street lighting/ electricity -w/water supply -w/garbage depots	. 1 cluster of model houses (6-9) of which one is to be used as site office and community center
	. Tertiary roads and pedestrian paths -unpaved -drainage ditches -street lighting -open spaces -garbage depots	

VII. FINANCIAL PLAN

A detailed financial plan of the project of the HG-005 project has been prepared in order to illustrate how the total investment will be deployed over the life of the project. The financial plan is indicative of how much and when funds will be required. The actual flow of funds through institutions and beneficiaries is discussed fully in Section VII: Implementation Plan and in Annex: Financial Analysis.

In Table VII.1. and VII.2., a distribution of investment is presented for the Abidjan. The U.S. contribution will take two forms: a HG loan of which \$10 million. In addition, a grant for technical assistance will be given. The Ivorian Government will match 25% of the HG investment through provision of the equivalent of \$2.5 million for the project for the Abidjan component. There will be a GOIC contribution to the grant. In addition to U.S. and GOIC contributions, beneficiaries of plot and loan programs in Abidjan will contribute to the project in the form of downpayments. This will represent the equivalent of about \$1.33 million.

With the combined resources, the program will consist of a total project investment on the order of \$14 million.

A. Investments

In Table VII.3., the distribution of investment by plot type and project elements is presented. In general, the table shows investment by:

- unit investments by plot type including plot, dwelling unit, and miscellaneous items including a pit latrine, utility connections, and school contribution;
- total investment by plot type (1500 of each) for each of the above categories;
- the shares of total investment among each plot type;
- the shares of investment for plots, dwelling units, and miscellaneous items.

This distribution of investment was based on the results of an analysis of standards, project costs, loan terms, and household affordability. The table is a printout of results of application of the PADCO/Bertaud model which permits each of the above variables to be assessed in relation to the whole. The table concerns an area of 40 hectares (i.e., one-third of the total sub-project area).

TABLE VII.1.

COSTING OF PROJECT OUTPUTS/INPUTS

(In \$000 or equivalent)

Project #: 681-HG-005 Title: Ivory Coast Shelter and Urban Development

<u>Project Outputs</u>	<u>Project Outputs</u>
	<u>Abidjan</u>
HG Loan (non-appropriated)	10,000
AID Grant	
Technical Assistance	1,000
Host Country	
Complementary Financing	2,833
Beneficiaries Downpayments	<u>1,389</u>
Total	15,222

TABLE VII.2

SUMMARY COST ESTIMATE AND FINANCIAL PLAN

(In US\$000)

<u>Source</u>	<u>AID</u>	<u>Host Country</u>	<u>Other(s)</u>	<u>Total</u>
Abidjan**				
Plot Development	3,620	905	502	5,027
Construction	4,930	1,233	685	6,848
Other*	950	238	132	1,320
Public Facilities	<u>500</u>	<u>125</u>	<u>70</u>	<u>694</u>
TOTAL	10,000	2,500	1,389	13,889

* Excludes TA.

** Costs include 15% increase per annum for inflation plus contingencies, but program will also be readjusted as necessary.

TABLE VII.3.: AFFORDABILITY ANALYSIS FOR A TYPICAL SITES AND LOANS
DEVELOPMENT OF 40 HECTARES

Plot Type_	#1	#2	#3
Plot Type %	33.3	33.3	33.3
Monthly Income	40,000	60,000	75,000
% Income	0.21	0.21	0.21
Monthly Payment	8,570.80	13,199.38	15,952.97
Downpayment %	10	10	10
Interest Rate	13	13	13
Recovery Period	15	15	15
Total Capital/Unit	752,671	1,159,144	1,400,959
Mortgage Loan	677,404	1,043,230	1,260,863
Land Cost/m2	200	250	300
Site Preparation Cost/m2	0	0	0
On Site Infrastructure/m2	1,200	1,415	1,565
Off Site Infrastructure/m2	0	0	0
Construction Cost/m2	20,000	25,000	25,000
Core House Size	18	23	28
Connection/Plot	75,000	150,000	150,000
School Cost/Plot	30,000	35,000	40,000
% Circulation	0		
% Open Space + Facilities	7		
Plot Size (m2)	150	175	200
Fixed Plot Size	150	175	200
Total Area (m2)	400,000		
Average Household Size	5.5		
Total Plots No.	1,599		
Density Y P/Ha.	220		
School Mk. Area	12,000		

Use of the model was an integral part of the design methodology. A similar analysis is planned for the interior cities sub-project when specific sites are identified for sites and services development.

Project Cash Flow

In order to demonstrate the financial feasibility of the Project, a cash flow (Recovery and Reuse of Capital) was developed to show that the HG loan and Ivorian counterpart funds will be re-paid by loan beneficiaries. The cash flow in Table VII.4. is based on a unit HG value of 1000 and an Ivorian counterpart contribution of 250 which is equivalent to the ratio envisaged in the overall program of \$12.5 million. The table shows:

- The HG payments over the first 10 years when interest only is paid (line 1).
- The HG payments over the last twenty years when both interest and principal must be paid (line 1).
- The amount recovered under the HG-005 at an economic rate of 9% per year over 15 years. This lending rate to banks was calculated such that when bank commissions and 1% for foreign exchange risk levied by the CAA are included among mortgage costs, all project costs will be recovered from beneficiaries through the on-lending interest rate, i.e., about 13%, which still permits the project to be affordable by the target population.
- The difference between what is recovered and what is re-paid to the HG which can be re-lent under the amounts and terms described in the column on the right with programming for these funds done by the NSHF and other interested parties with specific uses to be worked out through formal sub-agreements but which would require reuse of those funds for other social housing projects whose objectives reflect those of HG-005.
- The amounts which are recovered under the re-lending programs (diagonal down to right).

The system worked out permits the HG loan and Ivorian capital to be repaid through a re-lending program which, in effect, permits the original capital to be used roughly twice in the sector.

B. Deployment of Resources

The following provides a general indication of how project resources will be deployed over the life of the project. Table VII.5.A. shows how estimated GOIC and HG investments will be distributed among the Abidjan sites, and what amounts will be allocated for land development and housing finance.

In Table VII.6., a summary investment schedule for the project is presented.

C. HG Borrowing Timing

A preliminary assessment indicates that a borrowing during the third quarter of FY 84 for roughly \$10 million will be required.

TABLE VII.4.
RECOVERY AND REFLOW OF CAPITAL
(IN TEN THOUSAND U.S. \$)

Y E T F :	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1000 Borrowed from USAID at 12.25% interest	122.5									122.5	135			
250 Ivory Coast Counter- part Funding at 0% interest														
1250 Total Revolving at 9% for 15 years				152.1			152.1							152.1
75.6 at 12% for 15 years				122.5	4.26		4.26							4.26
33.8 " " " " "				29.6		4.87	4.87							4.87
36.8 " " " " "							15.57							15.57
44.2 " " " " "							166.8	6.37						6.37
50.7 " " " " "							122.6		7.3					7.3
58 " " " " "							44.2			1.31				1.31
66.31 " " " " "											9.51			9.51
63.40 " " " " "												9.72		9.72
72.52 " " " " "													10.44	10.44
81.97 " " " " "														111.91
94.92 " " " " "														295.65
108.53 " " " " "														131
124.27 " " " 14 "														94.92
142.67 " " " 13 "														
164.28 " " " 12 "														
36.04 " " " 11 "														
40.04 " " " 10 "														
42.07 " " " 9 "														
47.64 " " " 8 "														
50.51 " " " 7 "														
53.97 " " " 6 "														
58.22 " " " 5 "														
64.22 " " " 4 "														
71.46 " " " 3 "														
91.09 " " " 2 "														
131.85 " " " 1 "														

296.09

-750.00 60% Counterpart funds recovered

19.09 Excess Balance

NOTE 1: Based upon this schedule for recovery and reflow of capital, for every 1000 in Aid funds made available to the MSF, the following loan amounts and on-lending rates to participating banks will be generated over thirty years by the proposed housing finance mechanism:

- 1,250 at 9% for 15 years (social credit rates)
- 750 at 12% for 15 years (commercial rate)
- 1,300 at 12% for average length of 7 years (commercial rate)

TABLE VII.4.
RECOVERY AND REFLOW OF CAPITAL
(IN TEN THOUSAND U.S. \$)

	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
5)																			
			152.1				152.1												
			4.26					4.26											
			4.87						4.87										
			5.57							5.57									
			6.37								6.37								
			7.3									7.3							
			8.35										8.35						
55			9.55											9.55					
	9.13		9.13												9.13				
		10.44	10.44													10.44			
			11.95														11.95		
			289.89	13.67															13.67
			135		15.64														15.64
			64.92			18.25													18.25
							21.71												21.71
								25.86											25.86
									6.25										6.25
										6.89									6.89
											7.66								7.66
												9.29							9.29
													10.71						10.71
														12.66					12.66
															15.51				15.51
																20.31			20.31
																	30.07		30.07
																		53.71	53.71
																			1145.91

the 45th
by 174

NOTE 1 - 122.5 Interest paid to USAID by the bank for 1000 borrowed during the first 10 years (for 1000 borrowed to USAID).
- 135 Annual repayment to USAID by the bank for 1000 borrowed during the 20 last years (for 1000 borrowed to USAID).
- 157 Annual payment to the bank for 1350 granted to individuals on 15 years.

TABLE VII.5. (A+B)

PROJECT FINANCING SCHEDULE

Hypotheses

1. USAID financing: \$10 million)
Ivorian complement: \$ 2.5 million) Total: \$12.5 million
2. Release of Ivorian funds in proportion to USAID outlays.
3. Three project sites, total financing being allocated as follows:

Niangon Nord:	\$5 million
Port Bouet :	\$3 million
Abobo Nord :	<u>\$4.5 million</u>
Total	\$12.5 million
4. Improvement work period on each site: One year.
5. Progressive utilization of the "subdivision" credit over the period required to complete the work.
6. Subdivision credit representing 55% of total credit.
7. Immediate establishment of financial arrangements for long-term loans to individual borrowers on completion of all improvement work on all sites.
8. Aggregate investment:

Financed by credits :	\$12.5 million
Financed by individual contributions:	<u>\$ 1.3888 million</u>
Global investment :	\$13.888 million

TABLE VII.5.A.
ALLOCATION OF FUNDING

(In \$ million)

	<u>Long-Term Financing</u>			<u>Subdivision Financing</u>		
	<u>Total</u>	<u>USAID share</u>	<u>I.C. share</u>	<u>Total</u>	<u>USAID share</u>	<u>I.C. share</u>
Niangon Nord	5	4	1	2.75	2.2	0.55
Port Bouet	3	2.4	0.6	1.65	1.32	0.33
Abobo Nord	4.5	3.6	0.9	2.475	1.98	0.495
TOTAL	12.5	10	2.5	6.875	5.50	1.375

TABLE VII.5.B.
SCHEDULE OF FUND DISBURSEMENTS

(In \$ million)

	<u>Total</u>	<u>USAID share of</u>	<u>I.C. share of</u>	<u>USAID outlay</u>	<u>I.C. outlay</u>
End 2nd Semester 84	1.375	1.1	0.275	1.1	0.275
End 1st Semester 85	3.575	2.26	0.715	1.76	0.44
End 2nd Semester 85	7.8875	6.31	1.5775	3.45	0.8625
End 1st Semester 86	10.475	8.38	2.095	2.07	0.5175
End 2nd Semester 86	12.5	10	2.5	1.62	0.405
				<u>10</u>	<u>2.5</u>

VIII. IMPLEMENTATION PLAN

This section will discuss the roles of the institutions engaged in implementation of both sub-projects. There will also be a presentation of the implementation schedule (Project Tracking Chart).

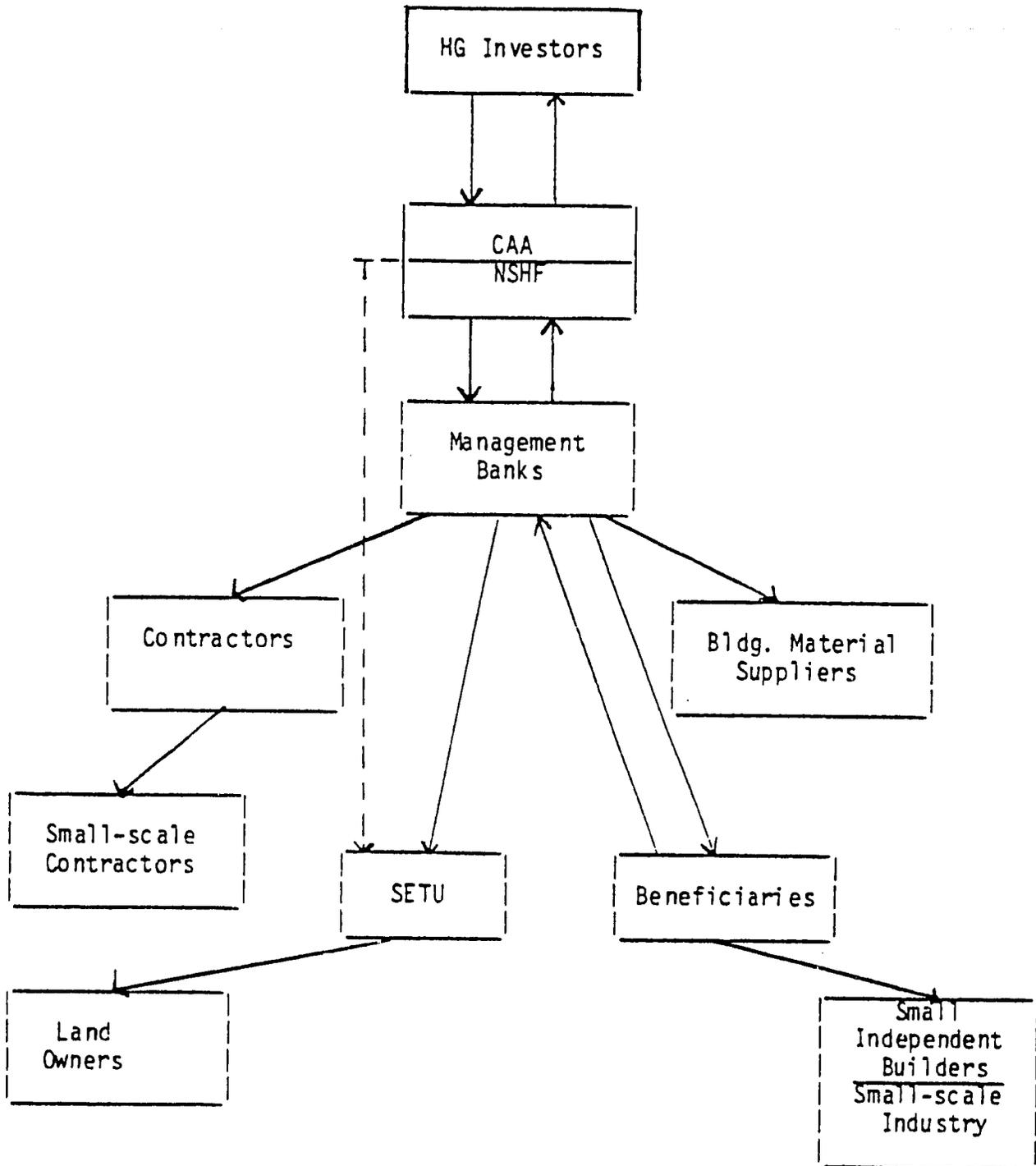
A. Implementation Scenarios

For purposes of clarity, an implementation scenario is presented below. In the scenarios, the CAA (Caisse Autonome d'Amortissement - National Sinking Fund) of the Ministry of Finance will borrow HG loans with the GOIC guaranty, be responsible for overall financial management of all project funds, and make disbursements upon AID approval to implementing agencies.

- The Ministry of Construction and Urbanism, as the implementing agency, will have responsibility for the overall policy framework for both land development and financial networking, and, in collaboration with AID and other implementing agencies, will hold ultimate approval of: appropriate project sites and standards; land acquisition; beneficiary selection and lot allocation system; and provide the policy guidelines to the NSHF for use of sectorial funds.
- Financing for the NSHF will be held and managed by the CAA. However, overall performance monitoring and investment programming will be done by an inter-ministerial committee to be set up by September 1983.
- The day-to-day financial management of NSHF resources from this project and individual beneficiaries will be the responsibility of participating private banks. (See Figure VIII.1. for Flow Chart of Financing.) An agreement will be established between the CAA/NSHF with a private bank(s) to manage the HG-005 program for a commission to be negotiated. The bank(s) will be charged with making loans to project beneficiaries and possibly SETU, evaluation of beneficiary financial standing, making payments to suppliers and contractors, cost recovery through loan repayments collection, and litigation as necessary. The banks will be responsible with SETU for monitoring building material loans to beneficiaries and inspecting work-in-place. It will be necessary for the bank(s) to be capable of administering up to 4500 loans in Abidjan. (See Annex: Financial Analysis for more detailed explanation of the financial circuit.) Although the PID suggested the Credit Cote d'Ivoire (CCI) could fulfill this role, AID has contacted all major banks in Abidjan about the program and their interest in becoming associated. The response for the most part has been positive leading AID to believe that a number of banks could potentially be involved. CCI under these circumstances would compete as any other institution for management of loan portfolios.

FIGURE VIII.1.

CAPITAL FLOW CHART



- AID, MCU, SETU and participating banks will respect the beneficiary selection criteria mutually established in order to assure that the target population is in fact the beneficiary of lots thereby overcoming speculative interests by higher income groups and facilitating loan repayments. Beneficiaries will be pre-selected by participating banks based upon financial solvency with final selection done by a lottery administered by SETU, MCU and AID. (See Annex: Technical Analysis for details on the selection process.)

In order to be eligible for a plot and loan under this project, potential beneficiaries will satisfy 4 major selection criteria:

- a. Total household income should not exceed the Abidjan median of 75,000 CFA per month. This median has been calculated and checked according to the latest figures available, and is reasonable according to experts consulted (BCET/MCU and Direction de la Statistique/Ministry of Plan).

Total household income in Ivory Coast may be defined as follows:

- (1) income from principal activity of head of household;
- (2) regular income from secondary activities of head of household (e.g., commerce);
- (3) family allowances (regular) (allocations familiales; aides-familles); and
- (4) income from other members of the household (portion regularly contributed).

Beneficiaries will be grouped according to three monthly income levels of 40,000 CFA, 60,000 CFA and 75,000 CFA, and will be offered a range of solutions affordable at these levels. It is estimated that about 50% of Abidjan households fall within these income ranges.

- b. Beneficiaries should not already own houses or plots for dwelling construction in Abidjan.
- c. Beneficiaries should occupy the plot as their primary residence within a certain time span. A maximum limit of 24 months seems appropriate given previous experience.
- d. Beneficiaries should be able to meet the required initial downpayments for each lot type, and should be able to satisfy the bank(s) concerned as to their ability to make regular months repayments of the loan. A priori, persons who have already established savings accounts (of whatever kind, and not excluding informal sector savings associations), would seem to be a preferable choice for this initial project. Banks consulted have shown themselves to be relatively open-minded on this subject, and advantage will be taken of this to make a special effort to include

non-salaried applicants, who, to date, have largely been excluded from formal housing credit programs (but who constitute an important part of the target group - around 46%).

- e. Female heads of households will be encouraged to apply under the program and will not be discriminated against.
- Project beneficiaries will be charged with making repayment of their loans, taking care of necessary administrative procedures for obtaining building permits and land registration and arranging construction of their dwelling units.
 - Project standards and site selection will have been developed and agreed to by MCU and AID.
 - Land acquisition in the Abobo Nord Ouest and Djibi sites will be a joint effort by MCU and SETU in consultation with the municipal governments concerned. Port Bouet and Niangon Nord sites are already owned by the State.
 - SETU is the key implementing agency with respect to plot development and dwelling unit construction supervision. It will be responsible for:
 - a. all tasks related to site preparation, letting of bids for studies and construction, and monitoring construction through a general contractor;
 - b. constructing a demonstration site of model core units to provide examples of what households can build with the available level of construction financing and how to make best use of smaller lots;
 - c. furnishing construction technical assistance to small businesses and lot owners, as required, in building on the lots and unit construction; and
 - d. develop a coordinated site monitoring procedure with the participating banks and AID for each of the project areas to assure that work-in-place corresponds to individual authorized loan expenditures for construction.
 - The GOIC and AID have adopted a practice of using local, Ivorian consulting firms to the maximum extent possible for the preparation of specialized studies, engineering, and preparation of contract documents. Bids will thus be let to prepare necessary studies during the course of the project.
 - For the execution of the sites and services and urban improvement projects in Abidjan, a major general contractor will be selected on the basis of competitive bidding. However, the contractor will also

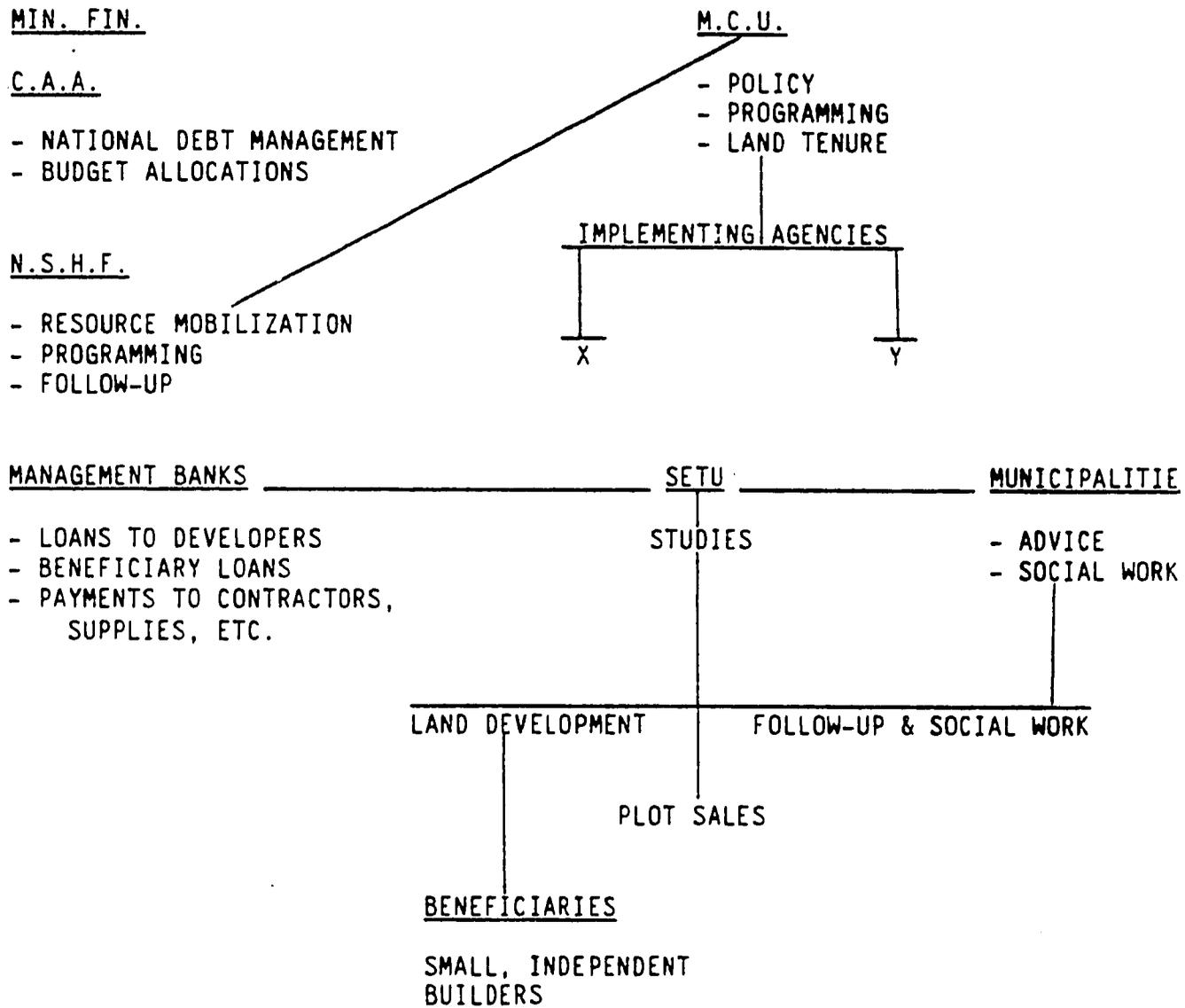
be charged with monitoring small and medium-sized Ivorian contractors in the execution of specific tasks who will also be selected through a competitive bidding process. AID has sought to include small and medium-sized businesses in all its projects in the Ivory Coast. Satisfactory results in HG-003 have served as a basis for including an impressive number of those businesses in HG-004 work.

- Participating building materials suppliers will be required contractually to establish material storage depots and materials management procedures on each site since building material loans will be made available rather than any cash loans to help assure that financing will be used for the intended purpose. Materials suppliers will be selected through a competitive bidding process.
- As is the current practice, "tacherons" will be engaged by plot beneficiaries to construct individual dwelling units. Generally, the owner provides the "tacherons" with building materials while the "tacheron" arranges for help in construction. Activities of the "tacherons" will be supervised by SETU with possible sub-contracting with a general contractor.
- The MCU and MinFin's Land Registration Directorate will assure that land titles are provided to lot owners in accordance with customary procedures. (See Annex: Administrative Analysis for details on this process.) Granting of land titles in the Ivory Coast is a lengthy process because of the many steps and offices involved. AID financed TA will work with the agencies involved to step up systematic procedures to expedite this process.
- Social workers from the Ministry of Social Affairs (MSA) will assist in community development programs such as health education and work with SETU in educating beneficiaries as to proper use of infrastructure and services and their maintenance.
- The Municipality of Abidjan will assist in working with community leaders and beneficiaries in explaining project objectives and procedures and need for site monitoring as a means of gaining greater local cooperation and work closely with MSA workers on community development.

FIGURE VIII.2.

ABIDJAN PROJECT

ADMINISTRATIVE FRAMEWORK



B. Implementation Schedule

During both the PID and PP stages of project design, it was decided by AID and the GOIC to more fully develop the project as it would be implemented immediately after project authorization.

AID has developed the implementation schedule delineated in the Project Tracking Chart. (See Figure VIII.3.) This schedule for project implementation is provided for the three project sites required for the Abidjan sites and loans project (Niangon Nord, Port Bouet, and Abobo Nord Ouest).

The Niangon Nord project is scheduled to start the earliest as the government has already expropriated the site and topographic surveys already exist. The Port Bouet site has been expropriated by the GOIC; however, topographic surveys have not yet been carried out. The Abobo Nord project will be the last to begin and be completed as negotiations with local landholders have only just begun. In order to speed up the acquisition of this site, a summary plot development for the local landholders will be developed with GOIC resources. Approximately three plots with land title will be granted per hectare of land expropriated; this will serve as compensation and is included among project land costs to be recovered from services sites sales.

FIGURE VIII.3.

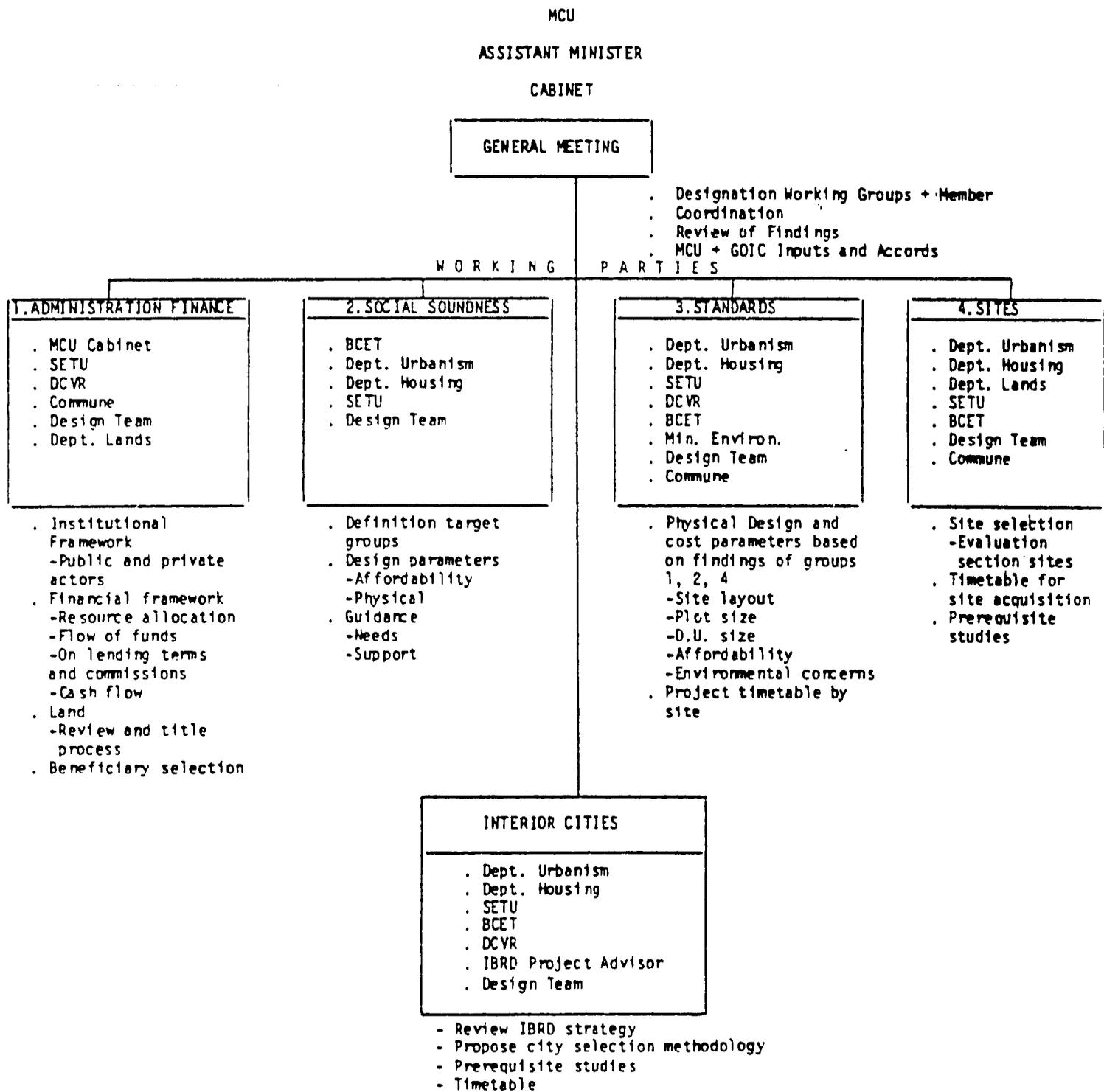
PROJECT TRACKING CHART

		1984	1985	1986	1987	1988	1989
<u>Abidjan:</u>							
Niangon Nord	A)	E	B	C	D		
Port Bouet	B)	T	E	B	C	D	
Abobo Nord	C)	L	T	E	B	C	D

Note: Calendar years are used in this chart.

KEY: E = Engineering Studies
 B = Bids & Contracts
 C = Construction
 D = Beneficiary Dwelling Unit Construction
 T = Topographic Surveys
 L = Land Assembly

FIGURE XI.1.: PROJECT DESIGN ORGANIZATION AND FUNCTIONS



IX. TECHNICAL ASSISTANCE AND STAFF DEVELOPMENT

A. Description

Technical assistance for HG-005 will be needed for long-term sustained support and short-term specialized services. Assistance will address needs at several levels: the technical aspects of project implementation and monitoring; the policy level inputs that the experience of this project and related developments will have for concretization of shelter sector reforms and program replicability; and institutional and staff development.

1. Long-Term Technical Assistance

AID foresees the need for two long-term technical advisors: an architect/urban planner generalist and a financial policy specialist to accomplish its objectives. These advisors will begin their activities in conjunction with implementation of the project.

a. Architect-Urban Planner Generalist

Under the auspices of the S.A.L. agreement, two studies will be executed regarding SETU's reorganization and financial situation. In general, the GOIC intends to provide SETU with more authority to carry out its programs. Though the results of these studies will not be known for a few months, it is generally accepted that technical assistance will be required to help it develop appropriate financial and technical expertise. Thus, AID sees the provision of long-term advisor for up to three years in SETU as an opportune time to effect important institutional development and project implementation. Among the tasks of this advisor will be the following:

Tasks related to SETU Institutional Development:

- Establishment of a programming capacity within SETU to carry out preliminary planning and project design according to target group affordability and social constraints.
- Establishment of a data bank to assist in the development of projects. In addition to general urban and social data, a system should be established to monitor costs and technology.
- Introduce affordability and financial concerns at the technical level.
- Advise SETU in the establishment of a department to follow-up projects during and after improvements have been made. Such a service would assist households during building layout, offer prototype house plans, provide technical advice during construction, and ensure maintenance over a specified period (i.e., 5 years). In conjunction with lending institutions, the service would also inspect work-in-place to ensure that loans have been used for their proper purpose.

- Assist in the overall staff development of SETU in achieving greater efficiency for project implementation in Abidjan.
- Assist in the establishment of better procedures to evaluate engineering studies conducted by consulting firms and costs and proposals prepared by contractors.
- Assist in the development of procedures to provide more opportunities to employ small and medium-sized Ivorian contractors.

Tasks Specifically Related to HG-005

- Assist SETU to finalize standards and costs of the projects to correspond to the financial parameters of the HG loan, on-lending program, and household affordability.
- Assist in the development of site plans which reflect affordability and social concerns.
- Assist SETU to monitor engineering studies, bids, and contracts.
- Assist in the development of a model house program and follow-up service on each project site.
- Assist SETU in the development of alternative means of sewage disposal through the use of appropriate technologies.
- Assist SETU in the monitoring of the materials depot on each sub-project site.
- Assist in the development of plan types to be used by plot and loan beneficiaries.

The advisor will also assist the MCU on a formal basis in elaborating policy and programs for all aspects of low income shelter including urban upgrading and sites and services.

b. Financial Policy Specialist

The assistance of a financial policy specialist will be required at three levels: development of policy and programs within the NSHF; financial aspects of the HG-005 implementation; and improvement of the land titling process. Because this advisor's tasks will relate to several different institutions with respect to implementation, i.e., private banks and SETU, and his scope of activities includes policy and administrative matters at the ministerial level, AID foresees this advisor being placed in the cabinet of the Minister of Construction and Urbanism and directly responsible to him. The special value of this advisor will be his ability to draw upon implementation level experience from HG-005 in developing the policy and

programs of the NSHF. It is implied here that the MCU will have principal responsibility for the policy and programming functions of the NSHF while the Ministry of Finance will have ultimate responsibility for funding through the CAA.

Among those tasks which relate to the financial mechanisms and policies to be employed by the NSHF but which also relate to HG-005 implementation are the following:

- To define how HG and GOIC resources are to be employed. The project paper chose the simplest form of lending to demonstrate that the investments could be recovered and that a revolving fund could be established. However, HG and GOIC counterpart resources might also be mixed with rediscounted funds from the Central Bank in order to increase the amount being redeployed in the revolving fund.
- Within the lending framework which is adopted, finalize lending terms which take into account the costs of HG financing, bank commissions, etc., for the loan program;
- Determine which bank(s) will administer the loans. This will require a more thorough analysis of banks which express interest, and the policy which is adopted. It may be wise, for example, to use several banks for different sites and cities. However, the banks' commissions may be disproportionately higher in administering the smaller programs.
- Define in detail the administrative procedures which should be followed to facilitate provision of loans. Care should be taken to limit administrative requirements in order to save time and money. Group contracts (and fees) might be envisaged, for example, for life and fire insurance.

An activity of utmost importance of this advisor will be to work with the MCU and Ministry of Finance in developing expeditious and systematic procedures for the processing of both temporary and permanent land titles for HG-005 beneficiaries. This is presently a cumbersome and lengthy process which when improved through HG-005 could provide an incentive for more rapid lot improvement throughout the country.

Tasks relating specifically to HG-005 which will be worked out with SETU and participating banks include the following:

- Establish forms and procedures for loan applications;
- Assist in the development of sub-project publicity campaigns and market studies;
- Financial accounting and analysis for each sub-project including drawdown and loan requests and project cash-flows;

- Define in detail the criteria which will be used in the selection of eligible applicants for plots and loans and the beneficiary selection process by lottery;
- Coordinate the beneficiary selection process and relate it to progress in plot development and time to fulfill administrative requirements. The goal would be to complete development and assign plots in the same time span;
- Supervise the beneficiary selection process in order to ensure that objectives are met;
- Ensure that a system is in place to inform beneficiaries about administrative and credit requirements. Assist in the establishment of relevant functions within the social center of each project site during dwelling unit construction;
- Monitor beneficiary loans and facilitate coordination among beneficiaries, social groups, suppliers, contractors, and banks;
- Bring to the attention of AID any obstacles which impede the successful execution of the project;
- Establish a monitoring and evaluation system for each operation in order to improve on future programs.

2. Short-Term Technical Assistance

Short-term assistance will be needed both for HG-005 implementation and for policy-related matters. AID will work closely with the MCU, Ministry of Finance and the long-term advisors in identifying specific needs.

a. Policy Development in the NSHF

The MCU has requested AID to provide both long and short-term assistance in developing policies, investment and technical programs as they relate to the low income housing activities of the NSHF. Specific assistance for the near future will be identified as an outcome of a major World Bank financed study for setting up the NSHF. Further assistance will be identified by the financial policy and technical advisors.

b. Project Implementation

Short-term assistance in project implementation will be required prior to the arrival of long-term advisors and subsequent to their departure. This assistance may include: geo-technical and limited socio-economic studies, site and beneficiary monitoring, mini-computerization and training in its use for project management; and architectural, cadastral and topographic plans.

B. Schedule

Long-term advisors should arrive in the field during June-September 1984, so that they are part of initial program development and follow through with the bulk of implementation activities for a three-year period. Project implementation will be assisted prior to their arrival and after their departure through short-term assistance.

C. Grant Budget

The following budget is included as a guide to potential future considerations of grant funding beyond modest amounts which may come from PRE/H:

Total budget (AID grant)	\$1 million
• Architect/Urban Planner Generalist 3 years at \$150,000 per year	\$450,000
• Financial Policy Specialist 3 years at \$150,000 per year	\$450,000
• Short-term Assistance	\$100,000
• Contractor selection and supervision is under full AID control to assure that the individuals engaged will be most effective in pushing through the policy initiatives of this project. If the TA were HG loan funded, the GOIC would have a greater say in the matter which could dilute the effect of TA. This is of particular concern in this project as the contractors will be directly attached to the MCU, SETU and local financial institution;	
• More HG funds will be available for project outputs directly benefitting low income groups, i.e., more serviced sites, loans, community facilities;	
• Since the technical assistance will benefit the shelter sector as a whole rather than just the immediate project beneficiaries, it is believed that grant funding rather than loan funds, which may have to be recovered from project beneficiaries, would be more appropriate.	

D. Staff Development

In addition to the technical assistance needs of implementing institutions, an assessment was made of additional staff needs. In all institutions, the two AID-funded technical advisors will play a principal role in making recommendations for improving organization and efficiency of existing staff.

1. NSHF: The fund will make use of the financial and accounting capabilities of the CAA in which it will operate. Policy level work will be done primarily in the MCU and by the AID-financed technical advisors. A limited number of administrative staff will be needed once the fund and its policies are constituted. This staffing will be financed by the GOIC.
2. SETU: Two additional civil/building engineers and/or technicians will be required to work with the building monitoring and TA roles foreseen in conjunction with sites and services and dwelling unit construction. Financing for these staff will come from fees paid to SETU for management of HG-005.
3. Participating Private Banks: Additional staff might be required for processing and monitoring of beneficiary dossiers but this depends primarily on the number of banks involved in the project. Staff would be hired from commissions earned by the bank.
4. MSA: Existing community development staff will be able and ready to undertake a role in the project upon official request from the MCU and municipal governments.
5. MinFin/DCF: Existing staff will be better organized to handle the land titling procedures and no additional assistance is envisioned.

X. MONITORING PLAN

Existing USAID staff in the RHUDO will be adequate to undertake the following responsibilities by working in concert with AID-financed technical advisors and project officers in each implementing institution.

Routine project monitoring will be the responsibility of the project officer at RHUDO/Abidjan, working with technical advisors and MCU officials, and will be done on a regular basis assessing project status and construction activities. The project officer will schedule regular project site visits.

The project officer will be able to work with agents and teams representing the government and private organizations concerned in project development. These will be:

- SETU - technical assistants and supervisors
- Participating Banks - representatives
- Teams of 4-6 social workers/CDO's from the Ministry of Social Affairs (Ministere des Affaires Sociales). These teams are already permanently in place in the municipalities concerned, and will begin their interventions in the project when advised (BCET will advise them). If necessary, teams will be reinforced from other municipalities.
- Technical agents (especially health and hygiene workers) attached to the local municipalities who usually work as a team with the social workers
- Other municipal agents

These agents will be provided with a common office at each site, which will provide a focal point for their activities, and will enable the project officer to meet with them regularly on site.

The project officer will monitor the progress of beneficiaries moving on to the sites, their use of services, progress in construction of core units, as well as the reinforcing of contractual agreements. The project officer will work through the formal annual monitoring review done by MCU/BCET, which has been performing this function in HG-003.

BCET will establish a baseline of socio-economic data on beneficiaries at the end of the first year of the project. Among the pertinent data to be examined will be SETU land records and banks' credit records of beneficiaries. Technical assistance will be required to assist BCET in setting up this baseline of data and to perform four annual monitoring exercises, beginning the year following the establishment of the baseline data through the life of project.

The project officer will also have the right to review regularly credit dossiers maintained by the bank. As such, the project officer will be able to correlate work in place on the project with beneficiary drawdowns.

XI. PROJECT ANALYSES

A. Project Development Process

In the development of this project, AID engaged the GOIC to participate actively in every step of process from the SSA to detailed project design for this PP. The objective was to work the project through with GOIC officials so that there would be a mutual understanding of the shelter problems addressed by the project based upon a first-hand critical review of pertinent factors. It was also assumed that such participation would undoubtedly enhance the accountability of the GOIC and implementing institutions to the project. The process gone through is briefly described here.

During the course of the SSA, a dialogue was established with the MCU on housing policy issues. Out of these discussions evolved project proposals which would reinforce and implement housing policy initiatives. Thus, at the PID preparation phase the "types" of programs which should be envisaged were already established:

Sites and services and housing construction loans

In order to ensure full GOIC participation and to facilitate the project's conception and development, working groups were formed at both the PID and PP phases of project design as is indicated in Figure XI.1.

Appropriate members of each working group were identified at a large general meeting organized by the MCU and work programs and timetables were set. The working groups then reported back to the general meeting on their findings at mid-term and the end of the mission. The general meetings were chaired by the Assistant Minister and thus the proposals were fully aired by the MCU.

Working groups involved participants from other ministries including Plan and Environment with data and direction also sought from several divisions of the Ministry of Finance, Central Bank for West African States, CAA and private banks.

B. Summary of Analysis Undertaken

1. Abidjan Project

- Administrative and financial arrangements: The HG 005 project is the first project to be studied within the framework of overall policy and institutional reforms contemplated in the shelter sector as part of SAL II. As a consequence, the formats suggested will have extra import in guiding critical GOIC decisions. A full discussion of the proposed administrative and financial organization is found in Sections VII and VIII.
- Site selection: Based on criteria discussed in Annex: Technical Assistance, a series of sites were evaluated. The GOIC subsequently reserved the four first ranking sites for the project.

- Target group definition and social characteristics: The median income and appropriate sub-target groups were defined. In addition, socio-cultural factors which would influence the project were defined. These concerns and guidelines are noted in Annex: Social Soundness Analysis.
- Physical standards: The physical standards which were developed were based on available GOIC resources, the administrative and financial mechanisms envisaged, target group affordability and other socio-cultural constraints, and development costs.

The steps which have been taken in the design process, as well as those which remain are illustrated in Figure XI.2. The development of standards and costs which are affordable by the project beneficiaries is viewed as a process. As full cost recovery is desired, the standards should reflect real HG terms and on-lending interest rates. Nevertheless, the basic standards which have been defined should be a close approximation of the final results.

2. Economic Analysis

An economic analysis was undertaken to determine: total levels of GOIC investments in the shelter sector and by income groups; the sector's relative position in the total economy; the absorptive capacity of the Ivorian economy and its debt servicing requirements with respect to the cumulative effect of four previous HGP's and the addition of a fifth project; cost efficiency of the project solutions; and the externalities as induced by project activities.

3. Environmental Analysis

An Initial Environmental Examination (IEE) has been submitted and recommended a negative determination. The Africa Bureau's Environmental Officer concurred in that recommendation.

XII. CONDITIONS AND COVENANTS

AID foresees the need for the following conditions and covenants to expedite implementation of HG-005 in addition to those normally called for in HG Implementation Agreements:

A. Conditions Precedent To First Disbursement:

1. Written confirmation from the Central Bank that funds programmed for the loan program originating under the HG will be exempt from regulations of the Central Bank and use is to be defined in negotiation with participating private banks.
2. GOIC through the MCU must commit itself to eviction of beneficiaries not complying with terms of sites and services projects. New beneficiaries eligible under the same selection criteria must also agree to assume the original beneficiary's financial commitments with respect to participating banks.
3. MinFin and MCU are to exonerate the project from the following taxes and fees according to customary practice since the project is social in character:
 - Value Added Tax (TVA)
 - Services Tax (TPS)
 - Registration Fees.
4. Sub-agreement between the CAA and participating private banks on terms of repayment of the original loan and uses to be made of the revolving fund created under the guidance of the NSHF.
5. MinFin will provide a written commitment to implement a general property tax system in beneficiary interior cities as a cost recovery mechanism.

B. Covenant

MinFin will seek to facilitate construction and consultant contract approvals such that a written commitment from MCU with MinFin's approval will be sufficient to undertake the processing of contracts. Financing (HG Borrowing) would have to be in place before contract is signed in final by MinFin rather than at the outset of the six month approval procedure.

C. Negotiating Status

AID will send a Letter of Advice to the Borrower (CAA) after an authorization of the HG.

The Grant Project Agreement and Implementation Agreement, by and between the Borrower, GOIC and AID, will be the first to be negotiated. Sub-Agreements among implementing institutions will be subject to AID approval.

The three basic Loan and Guaranty documents will then be negotiated:

1. Loan Agreement between the U.S. Investor and the Borrower;
2. The Guaranty Agreement between AID and the U.S. Investor;
3. The Host Country Guaranty Agreement between AID and the Government of Ivory Coast.

XIII. EVALUATION PLAN

There will be two evaluations for HG-005. The first evaluation will be performed at the mid-point of the project; the second will be the end of project life evaluation.

A. Mid-point Evaluation

At the mid-point of the project (end of calendar year 1985 to mid-1986), the evaluation will examine:

- Attainment of goals and outputs as measured against original targets.
- Status of the NSHF.
- Examine the role banks have played.
- Examine how the issue of cost recovery has been handled, especially in secondary cities.
- Assess the development of SETU.
- Assess the effectiveness of the community development mechanisms.
- How far the project is progressing on completion of serviced sites, as construction should be completed by end of calendar year 1985.
- Assessment of beneficiary selection, lot allocation and occupation based upon baseline data obtained as part of the BCET monitoring plan.
- Extent to which the credit mechanism is in place for the sites and services component of the project.
- Monitor how beneficiary selection has been done and status of AID assessments.
- Examine effectiveness of long and short-term technical assistance.

B. End of Project Evaluation

After the project has been completed, the final evaluation will examine how well the objectives of the project have been met. An assessment of the project's goals will be made. Specific assessments will be made on the following:

- Whether government subsidies are eliminated and a credit mechanism is functioning as anticipated.
- Standards are affordable to target group at full cost recovery.

- Beneficiaries receive title to land.
- Beneficiaries receive loans for materials.
- Target group is served.
- Ivorian contractors receive share of contracts
- Are mechanisms in place for cost recovery.
- Assess the manner in which the project was implemented with recommendations for improvement, as appropriate, in inter-institutional linkages, administrative procedures as necessary, and project-funded technical assistance.