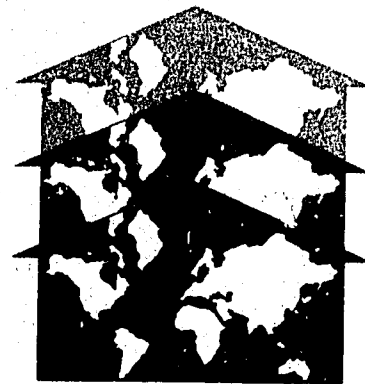


PD-004-189

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**IMPLEMENTATION PLAN
SITES AND SERVICES SUB-PROJECT
TUNISIA HG-004-B**

April 1985



**OFFICE OF HOUSING
AND URBAN PROGRAMS
AGENCY FOR
INTERNATIONAL DEVELOPMENT**

Prepared by

PADCO

**PLANNING AND DEVELOPMENT
COLLABORATIVE INTERNATIONAL**

END OF MISSION REPORT

PREPARATION OF THE PROJECT
IMPLEMENTATION PLAN FOR THE
SITES AND SERVICES SUB-PROJECT
OF TUNISIA HG-004-B

Prepared for

Regional Housing and Urban
Development Office
Tunis, Tunisia

Office of Housing and Urban Programs

Agency for International
Development

Prepared by

PADCO, INC.
1834 Jefferson Place, NW
Washington D.C.

April 1985

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Preparation of the Project Impementation
Plan for the Sites and Services Sub-Project
of Tunisia HG-004-B

As a follow-up to earlier work with the Sites and Services Sub-program, Robert Olsen was sent by PADCO to assist the Agence Fonciere d'Habitation (AHF) and the Caisse Nationale Depargne Logement (CNEL) with the preparation of a project delivery plan and assembly of materials required by USAID. The assignment was carried out in Tunis from April 8 to 19, 1985. The scope of work for the assignment outlines the following information to be reviewed and analyzed by the consultant:

- construction schedules for each site (land and housing development);
- a time phased implementation plan covering site preparation, plot allocations, and housing construction sales;
- cash flow schedules including separate data for each eligible expenditure category and for each site;
- AFH land valuation and pricing policies with specific reference to procedures to be used under this program;
- establishing a Project Evaluation and Tracking System to indicate expected progress on each site; formating of schedules to accompany requests for disbursements;
- review of progress on the proposed changes in the December 1984 Olsen report on site design and selection.

The assistance of Mr. Sialla Abderraham, Technical Director of AHF, and his staff is appreciated. The contribution of Sonia Hammam of the Tunisia RHUDO who provided direction and assistance for the Mission is also appreciated.

I. IMPLEMENTATION PLAN

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Figure I shows a time phased implementation schedule for the Sites and Services Sub-project. Sites have been placed in three groups according to the present state of progress in implementation and the sizes of the projects. Completion of the sites will be phased over a one year period. Figure II shows the projected timing of construction and sales for the proposed sites. Basic data on each of the sites is given in Table I. The first two groups, which include a total of nine sites, account for slightly less than half of the total projected lots under the program. Two additional sites, Matmata and Sidi Amor Bouhajla, with 5 hectares each have been proposed in order to bring the total expenditures up to the amount of the loan. Additional sites can be financed because the exchange rate is more favorable now than the one used for previous calculations and because the 20 percent down payment had not been considered in cash calculations. Technical studies have been completed for the new sites and the bidding procedures will be started soon. It is anticipated that the plans will be modified to reflect the standards required for AID financing before they go out for bids. The design of these projects has not been reviewed by the consultant.

Scheduling information has been provided by AFH, not in the preferred detail in all cases, but it does give an indication of approximate dates when activities will take place. The area that is the most difficult to determine is the beneficiary selection process. This will be done by a committee composed of representatives of AFH, CNEL and local government representatives. Since this procedure has not been followed in the past, it is difficult to estimate the time required. The municipalities have or will assemble lists of families who are interested in purchasing a lot and receiving a construction loan. M. Sialla of AFH plans to meet with officials in each project town to start the selection process in late May or early June after local elections. CNEL will review the applications for conformance to project criteria and credit worthiness. If there are more qualified candidates than lots available, final selection will be determined by a lottery. Since a number of different organizations are involved, there is the potential for the process to move slowly. Figure I indicates that the selection process should start as soon as construction has begun on phase 2 and 3 sites to assure that purchasers are approved by the time construction is finished.

The purchase procedures and core house construction could take as long as three years. Under present regulations beneficiaries have up to one year to accumulate the funds for the required 20 percent down payment. It is likely that many buyers will have the down payment, particularly those in the CNEL savings program, but the final sale of at least some of the lots will likely be delayed. Once title to the lot has been given, the

owner has up to two years to complete the house. If this has not been done, AFH has the right to repossess the property. Delays are usually caused by a lack of funds. This should not be a major problem in the project since residents will be provided with construction loans.

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Since the construction financing will be given in allocations of 25 percent, there will be a considerable effort involved in administering this program over several years. An initial 25 percent will be provided when the sale is finalized. The rest of the construction funds will be provided in three equal payments after the completion of the foundation, the walls and the roof. CNEI has experience in administering small loan programs but a review of staffing and procedures should be done to assure they have sufficient capacity.

TABLE I
HG-004 PROJECT SITES

<u>PHASE 1</u>	<u>Area (Ha)</u>	<u>Number of Lots</u>	<u>Plan Approval</u>	<u>State of Implementation</u>
1. Bou Arada	3.57	233	Yes	AFH site completed May '85
2. Haffouz	2.70	178	Yes	AFH site completed May '85
3. Hajeb El Aoun	3.36	205	Yes	AFH site completed Apr '85
4. Jelma	3.86	218	Yes	AFH site completed May '85
5. Maknassy	2.98	174	Yes	AFH site completed Apr '85
Sub-Total	<u>16.47</u>	<u>1,008</u>		
<u>PHASE 2</u>				
1. Gafour	2.65	179	Yes	Contractor selected
2. Matmata	5.00(1)	325	No	Technical studies complete
3. Sbeitla	3.68	209	No	Contractor selected
4. Sidi Amor Bouhajla	5.00(1)	325	No	Technical studies complete
Sub-Total	<u>16.33</u>	<u>1,038</u>		
<u>PHASE 3</u>				
1. Ghardimaou	7.09	461	Yes	Technical studies complete
2. Kasserine	7.85	490	Yes	Tech. studies in process
3. Kebili	8.57	471	Revisions proposed	Technical studies complete
4. Tajerouine	6.23	409	Yes	Technical studies complete
5. Tozeur	<u>7.58</u>	<u>471</u>	Revisions proposed	Tech. studies in process
Sub-Total	37.32	2,302		
TOTAL	70.12	4,348		

(1) Additional sites selected in April 1985. The area and number of lots are an estimation.

FIGURE I
IMPLEMENTATION DIAGRAM

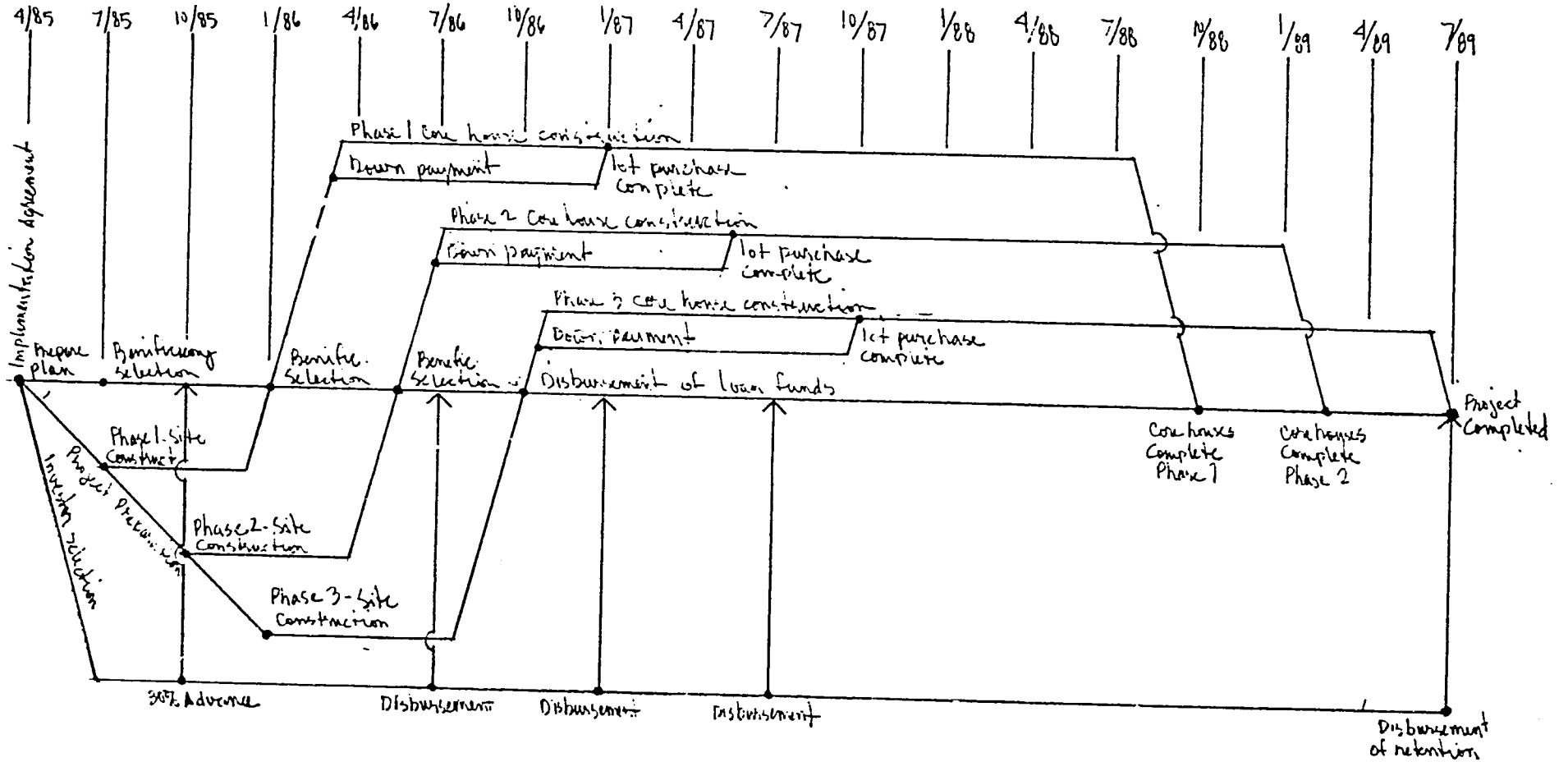
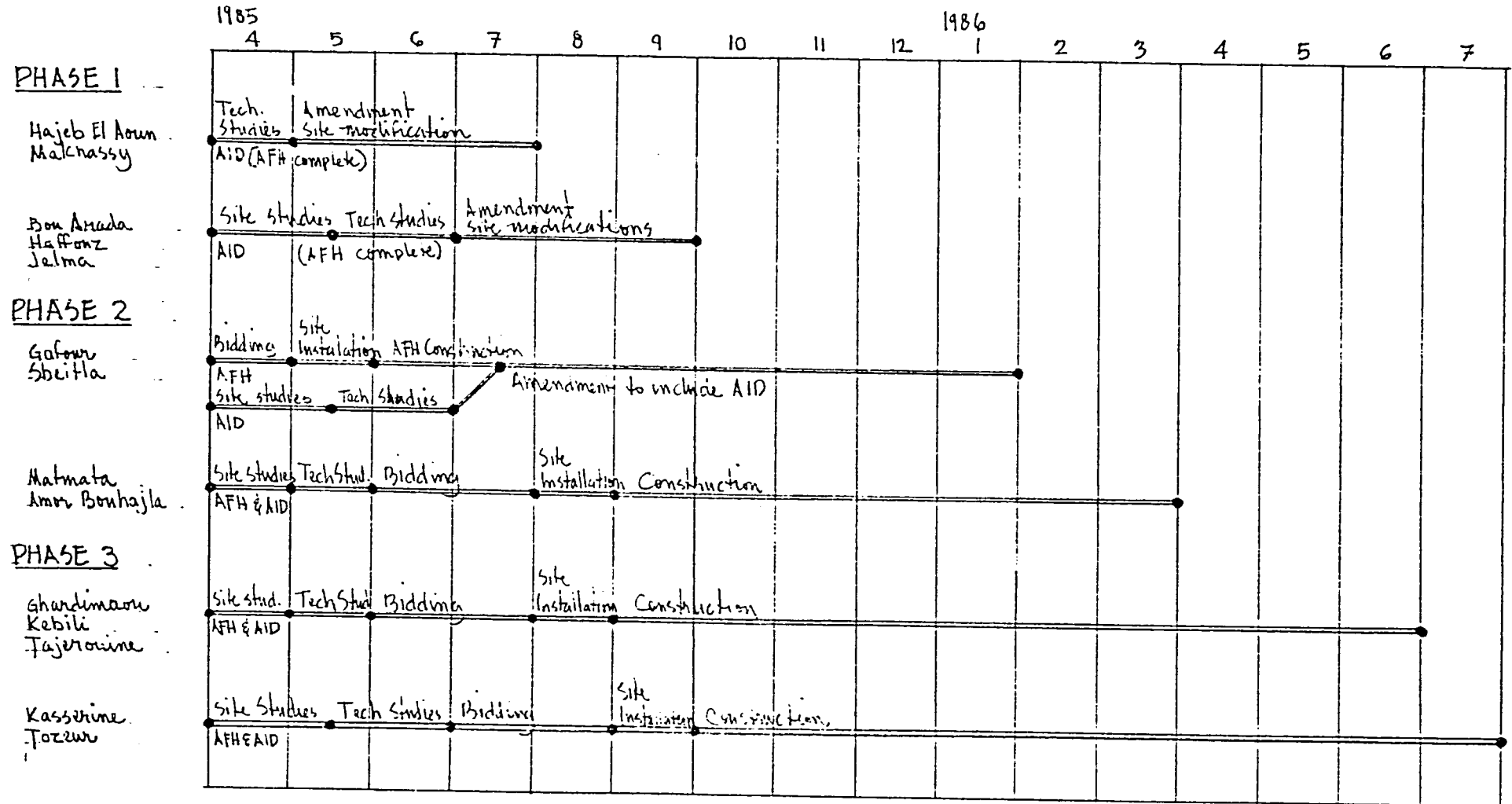


FIGURE II
SITE PREPARATION SCHEDULE



II. CASH FLOW SCHEDULES AND PROJECT TRACKING AND EVALUATION SYSTEM

Several forms have been designed for the evaluation and monitoring of project activities. One of the forms (Figure III) has also been used for projecting site preparation and sales, as well as cash flow schedules. The Project Tracking and Cash Flow Schedule provides an overall view of project and the disbursement and distribution of funds given in Tunisian Dinars. Intervals are based on three-month periods to correspond with the required reporting periods of the implementation agreement and cover four years from July 1985 to July 1989. There are 15 columns of information each numbered at the top. Following is a brief explanation of the data in each column and the assumptions used:

Column 1: Sites under Construction

As mentioned earlier, the sites have been grouped into three phases. This shows the period in which each of the phases would start. All 14 sites are scheduled to be under construction by January 1986.

Column 2: Lots under Construction

The number of lots is 4,348 with approximately half in the first two phases and the remaining half in the last phase. Having a larger number of lots becoming available at one time creates areas of concentrated activity at several places in the development process.

Column 3: Completed Sites

All 14 sites are projected to be completed by July 1986. The first sites would be finished during the second report period.

Column 4: Completed Lots

This column shows when the lots would be available for purchase.

Column 5: Loans under Contract

Since families have up to one year to complete the purchase of their lot, it is difficult to tell how fast sales will be completed. For the chart it was assumed that 40 percent of the lots would be sold during the period immediately following completion of a site with the sale being finalized for 20 percent of the properties each of the following three periods. These assumptions result in a heavy concentration of lots being sold the period following the completion of the phase three sites.

FIGURE III

PROJECT TRACKING AND CASH FLOW SCHEDULE

REPORT SITE PREPARATION PERIOD				MORTGAGE LOANS				DISBURSEMENT & OPERATING CAPITAL								
Under Const.		Completed		Loan	Contract	Loans	Compleat	9:Site	10:Cons	11:Down	12:Proj	13:HG	14:CHCL	15:HG		
1:Site	2:Lots	3:Site	4:Lots	5:No.	6:%CL	7:No.	8:%Lot	Prep	Loans	Paymnt	Generic	Funds	Balance	Disburs		
7/85	5	1006												1,197E7		
10/85	4	1036	5	1006				2482780						3591000	1108220	3591000
Total	9	2046	5	1006				2482780						8379000		
1/86	5	2302	0	0	402			202608	637170	267330	226195				946747	
Total	14	4346	5	1006	402	39.66		2665368	637170	267330	226195	6379000				
4/86			4	1036	202			101606	320170	134330	113661				665606	
Total			9	2046	604	29.52		2767196	957340	401660	339856	6379000				
7/86			5	2302	616		101	310464	576360	406640	572602	1445976	1637958	1445976		
Total			14	4346	1220	28.66	101	3097660	1333700	511300	912658	6933024				
10/86					1332		51	671028	2111200	685760	864278				1168132	
Total					2552	58.69	152	3768968	4044920	1697080	1776736	6933024				
1/87					668		255	336672	1056780	444220	673272	4663512	5065920	4663512		
Total					3220	74.06	407	4105640	5103700	2141300	2650208	2269512				
4/87					668		384	336672	1056780	444220	1201124				3992344	
Total					3886	69.42	791	4442332	6162480	2585520	3851332	2269512				
7/87					460		421	231840	729100	305900	1016567	1072512	4122347	1072512		
Total					4346	100.00	1212	4674172	6891580	2891420	4867899	1197000				
10/87																
Total								550				951296		3171053		
								1762	40.52			5819195		1197000		
1/88																
Total								336				691279		2279774		
								2296	52.65			6710474		1197000		
4/88																
Total								550				825904		1453810		
								2648	65.50			7536438		1197000		
7/88																
Total								436				654202		799608		
								3264	75.53			8190640		1197000		
10/88																
Total								500				705190		94416		
								3784	87.03			8895830		1197000		
1/89																
Total								282				423130		-328712		
								4066	93.51			7318960		1197000		
4/89																
Total								167				250534		-379246		
								4233	97.36			9569494		1197000		
7/89																
Total								115				213506	1197000	404246	1197000	
								4348	100.00			9783000	0			

Column 6: Percentage of Completed Lots under Contract

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This figure gives an indication of how lot sales are proceeding.

Column 7: Number of Construction Loans Completed

The construction of a core house could be completed in two or three months time if the work was done in an efficient manner. Since self-help construction is done by people who are not necessarily experienced in construction and on a part-time basis it can take longer to complete. Therefore, it is estimated that construction could take as long as two years with 25 percent of the units being completed each six months.

Column 8: Percentage of Lots on Which Construction is Completed

This column gives the percentage of lots under contract on which the core house construction has been completed.

Column 9: Disbursement to AFH for Site Preparation

It is assumed that AFH will receive an advance of almost 2.5 million dinars at the start of the project to cover the cost of land and project preparation for all of the sites. They would then receive the remaining expenses as the lots are sold. It is assumed that the average cost of a lot is 1,075 TD and that AFH would receive 100 percent of the outstanding cost from CNEL when the lot is sold. AFH would be fully paid by July 1987.

Column 10: Construction Loan Commitments

This shows the amount of funds required for the loans approved in Column 5. It is assumed that the 20 percent down payment on the entire loan is deducted from the construction loan. The loan total is 2,250 TD with a down payment of 665 TD thus leaving 1,585 TD eligible for HG funding. Column 10 shows the full loan commitment by CNEL.

Column 11: Beneficiary Down Payments

This shows the funds received by CNEL from the down payments of 665 TD for each of the periods when loans are committed. Down payments will provide close to 3 million TD in funding for the project.

Column 12: Funds Disbursed to Project Beneficiaries

As mentioned earlier, disbursement of funds for core house construction will be done in four payments based on the progress of construction. On the signing of the loan, an initial payment of 25 percent would be made. It is assumed that an additional 25 percent would be disbursed during the next six months and 16.7 percent for the next three periods of six months. Thus, all of the funds on a particular site would be distributed in a

two year time span. Subtracting the totals of Column 12 from the combined totals of Columns 10 and 11 will give the amount of funds held by CNEL for future disbursement.

Column 13: HG Loan Funds

The \$14 million HG Loan is equal to 11,970 000 TD using an exchange rate of \$1.00 equals .855 TD. This column documents the flow of HG funds during the life of the project.

Column 14: Balance

This column shows the balance of operating funds which result from disbursements of the HG loan and collection of beneficiary down payments. The payments to AFH and lot owners are subtracted from the total. Operating funds vary between approximately 900,000 TD and 5 million TD except at the end of the project period when there is a negative cash flow because of the retention held by AID. There is a balance of just over 400,000 TD at the end of the project which would serve as a contingency fund.

Column 15: HG Loan Disbursements

The programmed disbursements starting with the 30 percent advance (3,591,000 TD) and ending with the payment at the 10 percent retention at the end of the project are shown. Drawdowns are based on 90 percent of the cost of lots that have been sold and are scheduled on a six-month basis starting in the second period of 1986 until 90 percent of the funds have been disbursed.

The planning in Figure III represents a conservative estimate of the progress of project implementation with 20 percent of the families taking a full year to settle on the purchase of their lot and 25 percent taking a full two years for core house construction. The length of time could be reduced considerably if an active marketing program is instituted for sites in the last two phases so that recipients are selected beforehand and have the down payment when the lots are ready for occupancy. Since the administration of the construction loans extends the project for two years after the last lot has been sold, it is obvious that any reductions in construction time can reduce the length of the project. It would be useful for AFH and CNEL to give particular attention to these areas.

The Project Tracking and Cash Flow Schedule should be revised when the final detailed data is available from the materials prepared by AFH. The planning could be altered by:

- More detailed and current costs for the projects. Since construction of the AFH portion of some sites is now complete, actual present day cost will be available. A careful review of this information should firmly establish

the purchase price for the lots and therefore the amount of the construction loan affordable to the target group. This is likely to be a small adjustment but for a project of this size that can affect the total number of lots to be financed.

- Since the site plans were being revised during the mission it was not possible to get an accurate accounting of the number of lots for each site. The figures used were those developed last November. Also the two new sites have not been planned. Once this information is available it will be possible to do a more accurate projection of the schedule.
- There is also one outstanding program issue concerning the access of CNEI savers to the program that could have an impact on the planning. If 20 percent of the lots were made available to CNEI savers but without construction financing, it would free funds to finance additional lots.

Figure III not only provides an activity and cash flow projection for the project but can also be used for project evaluation and monitoring. The implementing agencies would fill in blank copies of the form (Figure IV) each reporting period so that quarterly progress could be evaluated against the projected activities in each category. It would thus be possible to identify any developing problems and to institute corrective action. The flow of project funds can also be followed to assure needed operating capital.

This form would be used with the Site Construction and Sales Report Form shown in Figure V. This would be filled out each quarter to provide more detailed information on each of the project sites. Space is provided for information on the reporting period, as well as an accumulative total for lot sales, finance and core house construction. Thus problems or a lack of performance in any of these areas can be identified for all of the project sites. The two report forms which should be filled out each quarter by CNEI and AFH would give a complete picture of project activities and facilitate evaluation and monitoring of the project.

An additional form has been designed to be used for requests for disbursements from the HG loan (FIGURE VI). This provides information for each site on the construction and land purchase loans and their value since the last disbursement. Copies of the two evaluation forms with current information should also be submitted with the disbursement request.

FIGURE VI
 SCHEDULE FOR LOAN DISBURSEMENT
 DATE OF REQUEST _____
 PERIOD FROM _____ TO _____

PROJECT SITES SALES CONTRACTS & CONSTRUCTION LOANS APPROVED

<u>Number</u>	<u>Land Value</u>	<u>Loan Value</u>	<u>Total Value</u>	<u>Site Total</u>
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PHASE 1

1. Bou Arada
2. Haffouz
3. Hajeb El Aoun
4. Jelma
5. Maknassy

PHASE 2

1. Gafour
2. Matmata
3. Sbeitla
4. Sidi Amor Bouhajla

PHASE 3

1. Ghardimaou
2. Kasserine
3. Kebili
4. Tajerouine
5. Tozeur

TOTAL VALUE
 LESS 10% RETENTION
 TOTAL DISBURSEMENT

III. SITE DESIGN EVALUATION

During an assignment in November 1984, the 12 project sites proposed at that time were visited and approved. The site plans were reviewed and given provisional approval since some of them did not meet the established criteria. Suggestions were made for changes to the plans to bring them into conformance with the standards, but no additional work had been done since November.

The plans for all 12 of the sites were reviewed again for conformance. As indicated in Table I, site plans for 9 of the projects are approved. Detailed suggestions were made for modifications to the plans for Kebili and Tozeur which should bring them into conformance. The drafting and analysis of the land use had not been completed by the end of the mission so that final review could not be done but they will likely be approved.

Plans for three sites have not been reviewed. The site plan for the AFH project in Sbeitla had been changed making the original design for the AID portion of the site invalid. The new plan for Sbeitla has not been completed. The other projects which have not been approved are Matmata and Sidi Amor Bouhajla which were added to the list of project sites during the mission.

As indicated in the earlier report, the sites selected for the AID project are excellent and well located. AFH has indicated a desire to integrate the sites and services areas into the higher income developments. They have been receptive to suggestions and accepted standards much lower than have been used in the past. No difficulties are anticipated in completing the remaining site plans to acceptable standards.

IV. CONCLUSIONS AND RECOMMENDATIONS

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One question has been raised by AFH that will need to be clarified with RHUDO. Because houses can be built up to the property line in the sites and services areas, paving on pedestrian ways would be badly damaged during the house construction period. Therefore it is proposed to not pave the pedestrian ways until most of the houses have been built. This could be 18 months to 2 years after the completion of the other site work. AFH would like to bill for the entire site cost, including the contractors price for the paving of the pedestrian ways, if that is acceptable to AID. They would then hold the funds until the work was done. Since there will be the flow and disbursement of funds until all house construction has been completed, it is recommended that this cost be calculated into the mortgage but that payment be made by CNEL after the work has been completed on a site-by-site basis.

The elements required to complete the preparation of the project delivery plan and other information required by AID has been discussed with M. Sialla. He has a clear understanding of what is required and has started the preparation of many of the elements. Following is a review of some AFH activities:

- Bidding Procedures. AFH uses the same bidding procedures as public institutions. The basic steps include advertising in the newspapers, receipt of the bids, a public opening and final selection by a committee after a technical and cost review of the proposals. This process normally requires two months. If it is decided by AFH that they would like to award the contract to a firm not submitting the lowest cost proposal, it must be justified to and approved by the contract committee. Examples of the various forms and documents are being prepared.
- Land policies. Documentation on AFH land policies is also in preparation. For preliminary planning a replacement figure of 1 TD per M2 was used. This is the average of current land cost for interior towns. The cost can be as much as two times higher in some of the coastal cities. Each site will be reviewed to establish the final land replacement cost to be charged to the beneficiaries but it is likely to vary only slightly from the cost of 1 TD per M2.
- Development standards. The AFH technical staff is working on regulations and controls to guide the residential development in sites and services areas. AFH has such controls for regular AFH subdivisions but they require adaptation to meet the special conditions and needs of the low-income sections of the sites.
- AFH/CNEL Agreement. This agreement has been drafted to define the responsibilities of each organization for the

implementation of the AID project.

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- Site plans. As mentioned earlier, AFH has completed and gotten approval of site plans for most of the 14 proposed towns. The goal is to have all site studies completed by the end of May and all technical studies completed by the end of June. It would be possible to meet this schedule because of the advanced state in planning and even implementation of the AFH sites. Plans for two sites, Haffouz and Hajeb el Aioun, will be completed in April so that amendments can be issued to the contractors by the first of May. Otherwise they will have completed the projects and left the site.

These efforts show an interest on the part of the implementing agencies to move the project ahead and complete the required documentation. Those items reviewed to date seem to be in order and could be approved. It is recommended that assistance be provided where necessary to allow the work to be completed by early summer. AFH feels it would be prepared for a consultant to review final documentation in early June. It would be possible to complete all of the required work by June if a consistent effort was made by the agencies. With the signing of the Implementation Agreement there should be increased interest in moving the project along. It is felt that a tentative assignment should be scheduled to early June with follow-up by RHUDO to ascertain that AFH and CNEL have assembled the complete project implementation package.