

A.I.D. EVALUATION SUMMARY - PART I

10 AAZ-133
21/10/89

- 1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
- 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>RHIDO/NENA</u> (ES# <u>664-89-ES-004</u>)	B. Was Evaluation Scheduled In Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Stipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>90</u> Q <u>1</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
664-HG-003B	Tunisia-Low Cost Shelter Program Mellassine Upgrading Component	9/26/78	N/A	5000 (loan) 400(grant)	5000(loan) 400(grant)

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required N/A		

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) (Day) (Year)

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Alexandria Panehal		Nancy Hooff	David Olinger
Signature	<i>Alexandria Panehal</i>		<i>Nancy Hooff</i>	<i>David S. Olinger</i>
Date	4/2/89			

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The Mellassine Upgrading Project was a component of the 664-HG-003B Low Cost Shelter Program. The primary focus of the project was to assist the public sector in responding to the housing needs of low-income groups. The project has succeeded in proving to the Government of Tunisia (GOT) that slum upgrading is a viable alternative to slum clearance. Approximately 45,000 people have benefited from the upgrading of this neighborhood in Tunis. The loan was made to the Caisse Nationale d'Epargne Logement (CNEL) to fund this project and it was implemented by the Municipality of Tunis (MOT).

The purpose of this final impact evaluation (January, 1989) was to determine the degree to which project objectives were achieved in social, economic and institutional terms, so that useful lessons might be drawn for future upgrading projects. The impact evaluation found that the project achieved its major objective of improving living conditions and urban services in the community. The neighborhood has been successfully integrated into the surrounding urban area. It now has adequate infrastructure and services and is easily accessible by car or taxi. The general perception of the neighborhood has improved and its residents have a sense of permanence and security. As a result, investments by beneficiaries in home improvements have totalled 2 million TD (over \$2 million) since initiation of the project. Housing units are better built, and there has been a significant reduction in the number of families per unit. Finally, the GOT now views owner-built housing as the most suitable solution for low-income households.

Lessons learned are:

Project preparation should be as complete and detailed as possible in order to avoid having to revise design studies during implementation.

Greater attention should be paid to cost recovery at the project preparation stage in order to ensure replicability.

Social management/community participation should be regarded as an issue of central interest to the success of the project.

The complexity of the tasks and the various agencies involved, confirms the importance of careful coordination and subcontracting of appropriate tasks.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
SIDES-Societe d'Ingenierie pour le Developpement Econo- mique et Social.		940-1008.64-C- 8127-00	\$21,500	HUP/PD+S

2. Mission/Office Professional Staff
Person-Days (Estimate) 10

3. Borrower/Grantee Professional
Staff Person-Days (Estimate) 20

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

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| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office: RHUDO/NENA	Date This Summary Prepared: 3/89	Title And Date Of Full Evaluation Report: Evaluation of the Mellassine Rehabilitation Project, 3/89
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1. Purpose of Activity Evaluated:

In Fiscal Year 1977, the Near East Bureau of A.I.D. authorized a \$10 million Housing Guaranty (HG) for Tunisia (664-HG-003A). In FY 1978, another \$10 million (664-HG-003B) was authorized, totalling \$20 million in HG. The goal of the program was to improve shelter and related services and infrastructure for Tunisian families of below median income. The policy objectives of the program were threefold: (1) to shift the Government of Tunisia (GOT) policies from slum clearance to slum upgrading; (2) to lower public housing construction standards; and (3) to reduce and target government subsidies in the housing sector to those most in need.

Within the context of these overall objectives, the Mellassine upgrading component identified an action plan which targetted improved services to a low income population of approximately 45,000, occupying around 4,750 parcels over 57 hectares. A \$5 million Housing Guaranty loan was made to the Caisse Nationale d'Epargne Logement (CNEL) for the purpose of funding this project. The Municipality of Tunis (MOT) was given responsibility for project implementation which commenced in 1977 and was completed in 1988. The loan covered 75 percent of the project costs which totalled 3,879,000 dinars at current prices. The project focussed on assisting the public sector to respond to the housing needs of low income groups. It was specifically designed to: encourage owner-built housing; provide households with secure land tenure; install and improve infrastructure and services; and provide small material or construction loans (\$2,000 or less) to the families displaced by infrastructure works. The improvement of the domestic waste removal system and a "job creation" sub-component were also included, however, they were funded by the GOT rather than by the HG loan.

2. Evaluation Purpose and Methodology

The primary purpose of the evaluation was to establish the degree to which project objectives were achieved in the now completed Mellassine Upgrading Project, in social and economic terms as well as in terms of the institutions which were involved in project execution. The evaluation also considered the effectiveness of the project preparation and design and the quality of project implementation. This analysis made it possible to draw a number of lessons which could be useful for the implementation of future upgrading projects. The evaluation was performed by the Societe d'Ingenierie pour le Developpement Economique et Social (SIDES). The team's approach was to present a comparison of the situation before the project and the new situation created as a result of the project. The team designed and administered a detailed survey to a number of beneficiary households in Mellassine. They also analyzed the existing Mellassine project documents and conducted surveys and interviews with appropriate departments of the MOT, as well as with other agencies involved in the project.

3. Major Findings and Conclusions:

The majority of the project components have been executed, despite difficulties that the MOT encountered in implementing the project. Due to inadequacies in terms of project preparation, the MOT was obliged to redefine the working plans for the infrastructure networks as the work progressed. The initial planning clearly underestimated the difficult nature of the work. The projected completion date was originally 1980, however, the project was not completed until 1988. The project costs were kept under control, in spite of the extension of the project completion date. With regard to cost recovery, the beneficiaries have all been identified and files for securing their legal land tenure are being established.

The Mellassine Upgrading project achieved its major objective of improving the living conditions of approximately 2,400 households by providing previously lacking urban services and infrastructure. Almost all housing units are now connected to the basic infrastructure networks (electricity, potable water, sewerage). The neighborhood has been successfully integrated into the surrounding urban area, and is perceived more positively by its inhabitants as well as by the population of neighboring communities. It now has public services and utilities roughly equivalent or superior to those in other areas of Tunis.

Due to the determined efforts of Mellassine's inhabitants, the housing units are more comfortable and of a much higher quality than they were previously. Since initiation of the project, beneficiaries have invested over \$2 million of their own savings in home improvements. There has also been a tremendous reduction in the number of families living in each unit. The average number of families per unit has fallen from 1.9 in 1978 to 1.34 in 1988. This, of course, was not only due to the project, but also to the natural migration of working class families to owner-built housing on the outskirts of the city.

Connections to the basic infrastructure networks are available; however, approximately one third of the lower income households cannot afford the costs of connection. Community participation in the project was practically non-existent. The inhabitants were not adequately informed of the project plans and purposes, sponsors, and funding methods.

The GOT now views owner-built housing as the most suitable solution for lower income households, and future GOT policy should reflect this. The Mellassine project has led to an entire program of rehabilitating owner-built neighborhoods and has led to the creation of the Agence pour la Rehabilitation et la Renovation Urbaine (ARRU) to implement such projects. However, doubts still remain as to the replicability of rehabilitation activities, given that the principle of cost recovery has yet to be fully accepted by either the government agencies, the banks, or the beneficiaries themselves.

4. Lessons Learned/Recommendations:

Improvements can certainly be made to both the design and execution of upgrading projects such as Mellassine. These include the following:

- (1) Project preparation should be as complete and detailed as possible to avoid having to revise design studies during implementation.
- (2) The executing agency's management skills should be reviewed and appropriate actions (training, sub-contracts, or technical assistance) should be recommended to improve these skills.
- (3) Greater attention should be paid to community awareness and participation in the upgrading process. The residents of the community and local officials should be seen as valuable resources in the implementation of projects.
- (4) Involving the community more intimately in the initial planning of the project is essential to ensure cost recovery from the beneficiaries. In addition, the cost recovery program should be explained and initiated during the early stages of the project.
- (5) The large number of agencies and activities involved require careful coordination of the entire implementation process.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Copy of the Evaluation Report and Executive Summary.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

Evaluation is well prepared and comprehensive.

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Executive Summary
Evaluation of the Mellassine Rehabilitation Project

1. Project Objectives

The Mellassine rehabilitation project was financed through USAID, Project 664-HG-003. The loan was provided to the Government of Tunisia in 1977 for a total of \$5 million, equal to 75% of the total project costs of 3,897,000 Tunisian dinars (current prices).

Project costs are broken down as follows:

purchase of land (costs paid by the Municipality)	TD	967,000
public works and loans for materials and housing units	TD	662,000
infrastructure	TD	1,765,000
design studies and management costs	TD	503,000
TOTAL COST	TD	<u>3,897,000</u>

The project supported USAID's policy of assisting the public sector to respond to the housing needs of low income groups. The goal of the project was to demonstrate the economic feasibility and replicability of neighborhood rehabilitation to government authorities. It had the following major objectives:

- encourage the inclusion of owner/builder schemes in housing policy
- provide existing households with secure tenure by regularizing/legalizing title to the land/unit beneficiaries occupied
- provide infrastructure and community facilities
- provide plots or core units which could be expanded by the beneficiaries in order to relocate households displaced by the installation of infrastructure/community facilities or to reduce overcrowding
- initiate owner built housing with less rigid standards than those required by governmental authorities to date.

The Municipality of Tunis was the primary implementing agency.

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2. Project Implementation

Project implementation started towards the end of 1977 and the project was completed at the end of 1988.

Due to incomplete technical designs at project start up, the Municipality of Tunis (MOT) had to redefine and refine the working drawings for the infrastructure networks (roads and miscellaneous networks) as the work progressed.

In addition, initial planning underestimated the complex nature of the works to be undertaken and only provided for a total implementation period of four years. Actual implementation took 11 years.

Delays in completing specific infrastructure networks (50 months for roads, 68 months for sewers, 6-8 months for the stormwater drainage system, and problems with installations by public utilities, such as SONEDE for water and STEG for electricity) derived mainly from the Municipality's poor understanding of rehabilitation projects and the time-consuming bureaucratic procedures of the MOT for awarding and managing contracts. The inadequacy of the initial designs, already mentioned, exacerbated the problem.

All project components have been completed. Only one component was completely eliminated from the project, a temporary activity area for craftsmen to periodically sell their wares. Another component, building materials loans was also abandoned after initial implementation underscored that substantial management difficulties would be entailed, with little ultimate output.

On the positive side, other components were added. Due to gains made as a result of devaluation of the dinar (TD 314,000) and savings made on road works (TD 200,000) project funds were used to finance the construction of a stormwater drainage system, two sports fields and a cultural center, none of which had been included in the initial project design.

Overall, in spite of delays in project implementation, the costs of the various project components were kept under control.

The procedure for recovering the project costs from the beneficiaries was not launched until quite late in the project. The beneficiaries have now all been identified, but the files for establishing their legal tenure are still being

organized. Thus, actual cost recovery operations have only just begun.

3. Major Socioeconomic Results

The project has achieved its major objective of improving the living conditions for approximately 2,400 households by installing urban infrastructure or by improving existing services.

3.1 Living conditions have improved. Almost all units are now connected to basic infrastructure networks (electricity, potable water, sewerage), whereas the state of the neighborhood was far from enviable ten years ago. This is obviously one of the most tangible benefits of the project.

3.2 The integration of the neighborhood into the surrounding urban environment is also a reality. It is now possible to reach the neighborhood by taxi or car without any difficulty. A gridiron of passable streets and street lighting has created a new feeling of security.

The integration of the neighborhood into the city has been relatively successful in other respects, particularly in terms of public amenities. Mellassine now has a level of public amenities equal to that of other less deprived areas of the city. A cultural center, schools, a market and playgrounds have all been built in the neighborhood. These capital improvements have had a real impact on the lives of the population, school test scores have improved, water-borne diseases (caused by the previous lack of a sewerage system) and skin diseases are less frequent, and the neighborhood sports facilities are beginning to be used by area youth.

The way the neighborhood is perceived by its population as well as by the population of neighboring areas has changed for the better. Some households which were interviewed even stated that the neighborhood should be renamed in order to make a break with the past and its connotations of misery, a bad reputation and unpleasant memories.

Furthermore, preliminary survey results indicate that the price of land in the neighborhood has increased considerably, to approximately TD 40/m², attesting to the individual benefits accruing to beneficiaries as a result of the project.

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3.3 Units in Mellassine have been substantially improved. Beneficiaries have invested approximately 2 million TD in home improvements since 1977. The units are more comfortable and better built. Here again, the project has achieved one of its objectives: that of providing a sense of security for inhabitants who were haunted during the sixties and seventies by the specter of having their homes demolished and thus did not previously invest in home improvements on anywhere near this scale prior to the project.

3.4 There has been a marked reduction in household and population density since the initiation of the project. The average number of families per unit has fallen from 1.9 in 1978 to 1.34 in 1988. 30% of all households have thus left the neighborhood. However, this cannot be entirely credited to the project since the project only financed the construction of 180 new units. This drop in density is rather part of a general phenomena which has materialized in all of the old working-class neighborhoods in Tunis: the wholesale departure of households who had been obliged to share units, or of those who had been able to procure the means to move to new owner-built neighborhoods on the outskirts of the city. This phenomena was foreseeable at the time the project was being prepared, but was not taken fully into account in the initial studies.

3.5 When calculating the average cost to be recovered from beneficiaries to pay for the infrastructure improvements, it appears that the prices are affordable to two-thirds of the population. This nonetheless means that systematic connection to the three basic infrastructure networks created substantial difficulties for one third of the population.

The project designer's concern to provide lasting technical solutions which would create the least amount of trouble in terms of maintenance and management (particularly social management) prevented the development of intermediate solutions which might have been more appropriate, given the income levels of the households involved.

It should also be noted that in some instances, certain facilities were inappropriately designed for the real needs of the users. This is the case with the market, which is underutilized because it is not located in the center of the community and local residents prefer to continue to utilize their existing informal market channels.

3.6 Community participation in the project was practically non-existent. The population was not adequately informed of the project purpose, sponsors and funding methods; they were not involved in project design and implementation. In addition, residents did not find themselves dealing with the same project managers throughout the life of the project, due to personnel shifts within the Municipality.

4. INSTITUTIONAL ASPECTS

The primary goal of the project was to demonstrate to governmental authorities the feasibility of the community upgrading and thus to set in motion the process of rehabilitating other neighborhoods by recovering part of the project costs from the beneficiaries, since given limited budgets, it is only possible for rehabilitation projects to be replicated if the beneficiaries share in the project costs. The real challenge facing the project was thus institutional in nature.

Given the importance of the institutional aspects of the project, the following comments are warranted:

- The objective of changing the Tunisian government's policy in order to view owner-built housing as the most suitable solution for lower-income households has been achieved.

With the Mellassine project, an entire program of rehabilitating owner-built neighborhoods has been set into motion. In addition, a specialized agency, ARRU (Agency for Urban Rehabilitation and Renewal) was created in 1982 to implement similar types of projects in the future.

- The Municipality of Tunis staff which was given overall responsibility for the project was able to overcome numerous handicaps it faced; lack of experience in this type of project, lack of outside assistance, lack of resources, lack of sufficiently detailed design studies, onerous bureaucracy, etc. Despite delays in project implementation, Municipal staff succeeded overall in keeping project costs under control while ensuring physical improvements of an acceptable, technical quality. The valuable experience acquired should benefit other projects.

However, the funding of urban rehabilitation remains a sensitive issue since the process can still not be replicated on a systematic basis through beneficiary contributions alone. Thus doubts remain as to the replicability of rehabilitation operations, since the principle of recovering project costs has yet to be accepted by all parties involved (GOT, MOT, CNEL, beneficiaries). However, greater political awareness of the importance of this issue leads us to believe that significant progress could be made on this issue.

5. LESSONS LEARNED

The difficulties encountered by the Municipality of Tunis in implementing the Mellassine project indicate that improvements can be made to both the design and the execution of such projects.

5.1 The first recommendation relates to project preparation: it should be as complete and detailed as possible in order to avoid revising design studies during implementation, a process which inevitably causes delays and potentially increases costs.

The Mellassine experience showed that project design could be improved by paying greater attention to the context (urban and physical) and the needs of the population in order to avoid making mistakes in the choice of infrastructure options and to achieve more realistic planning of services. The possibility of progressive development should be borne in mind when drafting pre-project documents in order to achieve the objective of providing suitable technical solutions that are affordable to the beneficiaries.

The implementing agency's management skills should be assessed and appropriate activities (training, third-party sub-contracts, or technical assistance) should be financed and/or undertaken to improve these skills.

5.2 The possibility of densifying the community by adding additional stories to the units should not be ruled out. Provided that construction standards are defined and monitored, one-story extensions make the infrastructure investment more cost-effective, provide potential revenue for households, and avoid cohabitation by several households under the same roof. Development plans should also provide for activity areas or plots suitable for a population with resources above the neighborhood average in order to be able to recover an added value to the land which may be channeled to assist the poorer portion of the population in financing capital improvements. (i.e. cross subsidies)

5.3 The evaluation of the Mellassine project demonstrated that even poor households mobilize and invest a substantial amount of their savings in home improvements once secure title is provided. It is interesting to note that beneficiary investments in home improvements equaled the level of investment in the project provided by the GOT.

It has thus been proven that this type of project can lead to dynamic savings mobilization. However, the savings mobilized should benefit not only private lands but also assist in reimbursing public institutional investments. In order to achieve this objective, greater emphasis should be placed on cost recovery from the beneficiaries, prior to project start

up. The level of costs to be recovered and a more precise determination of costs to be recovered by different income groups and commercial versus residential properties should be taken into account in future projects. The administrative procedures to be followed, tasks relating to cost recovery, and a program for the latter should be defined at the time of project design to enable the implementing agency to commence the cost recovery operation without delay.

5.4 Social management of the project should not be dealt with as a marginal issue; this has an underlying influence on the success of the cost recovery effort and should be brought closer to the users themselves. The commitment of all parties involved should also be sought by recognizing the population as a vital partner. Community leaders should also be made aware of project objectives and the importance of cost recovery.

5.5 The large number of actors and tasks involved in project implementation confirms the importance and complexity of coordinating the works. Sub-contracting part of this task to a specialized service provider (project manager) could lessen the burden on the primary implementing agency and permit it to devote itself more fully to its own specialized tasks (financial management, decision-making regarding the project, etc.).

5.6 Onerous bureaucratic procedures put a considerable brake on successful implementation, and methods should be explored to simplify and disseminate procedures through development of a procedures manual for project teams.

The creation of an autonomous project management structure would also be a way of reducing bureaucratic delays.