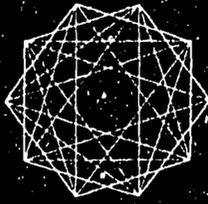


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P A D C O

PLANNING AND DEVELOPMENT COLLABORATIVE INTERNATIONAL, INC.

**Draft Report**

**Interim Evaluation Report  
Jordan 278-HG-004**

**Prepared for**

**United States Agency for International Development  
Washington, DC**

**Prepared by**

**Jerry Erbach  
PADCO, Inc.  
1012 N Street, NW  
Washington, DC**

**Contract No. PCE-1008-I-00-2065-00**

**July 1994**

PROVIDES GOVERNMENTS AND PRIVATE CLIENTS WITH SERVICES IN PLANNING, HOUSING, MANAGEMENT, FINANCE, ECONOMICS, ENVIRONMENT, GEOGRAPHIC AND OTHER INFORMATION SERVICES, AND TRAINING.

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**Appendix A:** Outline for Shelter Review Seminar

**Appendix B:** Technical Assistance and Training Plan

## **List of Acronyms**

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<b>AFH</b>	<b>Housing Land Agency (Tunisia)</b>
<b>CBO</b>	<b>Community-Based Organization</b>
<b>DLS</b>	<b>Department of Lands and Surveys</b>
<b>DOS</b>	<b>Department of Statistics</b>
<b>GIS</b>	<b>Geographic Information Systems</b>
<b>GOJ</b>	<b>Government of Jordan</b>
<b>HC</b>	<b>Housing Corporation</b>
<b>HG</b>	<b>Housing Guaranty</b>
<b>NHS</b>	<b>National Housing Strategy</b>
<b>HUDD</b>	<b>Housing and Urban Development Corporation</b>
<b>JHB</b>	<b>Jordan Housing Bank</b>
<b>LRS</b>	<b>Land Reconnaissance Survey</b>
<b>MMRAE</b>	<b>Ministry of Municipal and Rural Affairs and Environment</b>
<b>NGO</b>	<b>Non-Government Organization</b>
<b>PIP</b>	<b>Preliminary Investment Plan</b>
<b>RHUDO/NENA</b>	<b>Regional Housing and Urban Development Office/Near East-North Africa</b>
<b>RSS</b>	<b>Royal Scientific Society</b>
<b>UDD</b>	<b>Urban Development Department</b>
<b>UNCHS</b>	<b>United Nations Center for Human Settlements</b>
<b>USAID</b>	<b>United States Agency for International Development</b>

# **1 Executive Summary**

## **1.1 Introduction**

The HG-004 Program was developed in 1988 to assist the Government of Jordan (GOJ) in implementing its National Housing Strategy (NHS). The goal of the Program is to improve the delivery of affordable shelter to Jordanian families with incomes at or below the median. The purpose of the program is to help improve both efficiency and coordination in the housing sector and to establish policy conditions which will lead to the production of a greater number of formal housing units for low-income families.

The HG-004 Program, designed as a US\$50 million HG program, was approved on September 29, 1988, along with an initial authorization of US\$25 million in Housing Guaranty (HG) Loan funds. Of these funds, US\$7.2 million was used for prior Jordan HG programs, leaving US\$17.8 million in the HG-004 Authorization.

The Housing Program Agreement also stipulated that the United States Agency for International Development (USAID) would provide up to US\$1.125 million in grant funds for technical assistance and training. USAID/Jordan has provided or earmarked a total of US\$730,000 as its share of these funds. A very detailed Technical Assistance and Training Plan which directly supports the implementation of the HG-004 Program has been developed and approved.

This Interim Evaluation was originally scheduled to take place about two years into the implementation of the HG-004 Policy Menu. It is actually being carried out about two years after the program was reactivated in 1992. The timing of the evaluation is therefore appropriate.

## **1.2 Current Project Status**

The core of the HG-004 Program involves the implementation of an agreed upon Policy Menu. The disbursement of Housing Guaranty funds is based on the achievement of the policy actions in this Menu. All of the Conditions Precedents for a first borrowing were officially met on March 2, 1993. The Government of Jordan borrowed US\$15 million in August 1993 which means that approximately US\$2.8 million remains in the current authorization. Progress has continued in implementing the agreed upon Policy Menu. Many policy actions, including the adoption of the National Housing Strategy, the strategic reorganization of the National Housing Corporation, and the issuing of mortgage loans for the purchase of land are substantially complete.

The HG-004 Program Agreement also required that US dollar advances be liquidated by eligible Government expenditures in local currency for land acquisition, infrastructure, and housing that benefit families with incomes lower than the median. An analysis of pre-qualified eligible expenditures up to January 1994 shows that this requirement has been met.

### **1.3 Progress in Relation to Design**

The Jordanian Government has proceeded in implementing individual recommendations from the National Housing Strategy and the HG-004 Policy Menu. Implementation, however, has been slower than originally anticipated due to extraordinary external events and to a major institutional change. External events have included the Gulf War, the subsequent absorption of massive numbers of returnees to Jordan, and the downturn in diplomatic relations between the United States and Jordan as a result of the war. The major institutional change has been the merger of the former Urban Development Department (UDD) and the Housing Corporation into the Housing and Urban Development Corporation (HUDC). This agency is now USAID's principal counterpart in the HG-004 Program.

HUDC has prepared a new Corporate Business Plan which includes the privatization of its land development function and the strengthening of both its policy making and upgrading functions. The World Bank is currently developing a new loan program to support these efforts.

### **1.4 Prospects of Achieving the Purpose and Goal**

The National Housing Strategy and the HG-004 Policy Menu deliberately set forth a series of policy changes which were necessary, relatively moderate in nature, and achievable. As a result, the chance of implementing these policy changes remains very good. Government's perception of its role in the housing sector has changed to that of a key facilitator to the private sector. Clear progress has been made in putting the "guided private sector" approach of the National Housing Strategy into place, including putting private sector developers on the Board of Directors of HUDC, changing zoning categories in response to local private sector demand and attempting to level the playing field between public and private sector housing developers.

### **1.5 Major Problems Encountered and Lessons Learned**

The development of a dynamic housing strategy which is flexible enough to adapt to changing conditions and demands requires a constant level of effort and coordination. Only very limited coordination, however, has thus far taken place. This is at least partially due to the lack of strong leadership in the sector.

Jordan is continually and substantially affected by events which take place outside of its borders. The return of expatriate workers following the Gulf War has led to a housing boom which has exacerbated the housing disparities between low- and high-income households. Low-income households are facing serious and growing problems of affordability with many middle-income households also finding it more difficult to obtain decent and affordable shelter. A growing danger exists that increases in room occupancy and overcrowding will become a major problem once again. The impact of changes in the economy and in the housing sector must be constantly monitored.

Implementation of the recommendations from the Land Reconnaissance Survey (LRS) has been slowed by conservative planning attitudes and bureaucratic resistance to reductions in the minimum plot sizes. There is substantial evidence, however, that people cannot afford the large plot sizes prescribed by the zoning regulations and are increasingly unable to comply with the zoning regulations. The LRS has succeeded in creating a growing awareness among the technical staff of various municipalities to the actual needs of the people, particularly lower-income urban families, in terms of residential land.

Despite the creation of the Jordan Housing Developer's Association, private sector housing developers continue to show little interest in developing housing units for low-income households. A proposal is now before the Cabinet, however, which will extend all of HUDC's privileges and incentives (e.g., smaller plot sizes, relief from the property transfer tax, access to advantageous financial terms, etc.) to those private developers willing to build housing for low-income households.

## **1.6 Conclusions and Recommendations**

While the basic orientation and recommendations of the National Housing Strategy officially guide the sector, there remains a great deal of progress to be made in terms of its implementation. The same is true of the HG-004 Policy Menu. While very essential progress has been in many of the policy actions, most importantly in the area of strategic and institutional policies, other proposed policy actions have not been implemented and need to be reevaluated and/or updated in order to meet current conditions. The recognition that policy formulation is a dynamic and not static phenomenon is crucial to the development of effective policies.

The housing sector requires a strong policy leader. Although HUDC has been given this responsibility, it has not as yet been able to assume this role. Its Corporate Business Plan, however, outlines an important policy making role for the agency which should be supported and strengthened. HUDC's Board of Directors, which includes representatives from many of the major participants in the housing sector, should also assume a greater role in both policy formulation and implementation.

HUDC also needs to develop stronger research links with other data gatherers (e.g., local universities, DOS, RSS, JHB, etc.). The Policy and Training Unit cannot do all of the necessary research by itself. HUDC funds should be budgeted to finance a program of clearly specified studies. Engaging outside participation in the monitoring of the housing sector should also generate greater support for the policy making process while helping HUDC to reduce its own staffing requirements.

A methodology and protocol to work with local authorities in the development and implementation of neighborhood upgrading projects is essential. This outline should be thoroughly discussed with the concerned municipalities.

## **2 Introduction and Background**

### **2.1 Introduction**

The HG-004 Program was designed as a US\$50 million Housing Guaranty Program to assist the Government of Jordan in implementing its National Housing Strategy. The program was approved on September 29, 1988 along with an initial authorization of US\$25 million in Housing Guaranty loans. Roughly US\$7.2 million of this authorization, however, was used to capitalize the first three years of interest on the final borrowing under the HG-001/003 Program. This left approximately US\$17.8 million in the HG-004 Authorization.

The HG-004 Housing Program Agreement was signed on July 14, 1990. Very limited progress was made during the first two years of its implementation because of the Gulf War and its aftermath. An Action Plan was developed and approved in 1992 in order to help restart program activities, prioritize the implementation of policy actions, and provide a framework for technical assistance and training in support of the program. This Action Plan was endorsed by HUDC's Board of Directors on July 23, 1992 and approved by USAID on March 2, 1993.

All of the Conditions Precedents for the first borrowing were also officially met on March 2, 1993. The Government of Jordan borrowed US\$15 million in August 1993. Approximately US\$2.8 million is left in the original authorization.

In order to support the implementation of the HG-004 Program, USAID/Jordan has earmarked US\$615,000 for technical assistance from its Technical Services and Feasibility Studies V Project and another US\$115,000 for training from its Development Administration Training Project. A detailed Technical Assistance and Training Plan has been developed and approved by all parties. Technical assistance and training is currently USAID's primary means of ensuring the successful implementation of the HG-004 Program and of promoting necessary improvements in the housing sector.

This Interim Evaluation was originally scheduled to take place about two years into the implementation of the HG-004 Program. It was anticipated that substantial progress in implementing the Policy Menu would have been made by that time. The evaluation is actually being carried out about two years after the HG-004 Program was reactivated in 1992. Substantial progress has indeed been made in implementing the HG-004 Policy Menu and therefore the time for this evaluation is very appropriate. It can have a positive influence on the remaining implementation of the program.

## **2.2 Background**

Jordan's housing sector has been in a continual process of evolution for the last 30 years. Between 1965 and 1980, Government led the sector with an emphasis on the construction of subsidized finished apartments. This approach was not sustainable, however, and the production of this type of housing declined significantly. Between 1975 and 1989, mortgage finance and ownership schemes were introduced in order to ease the housing burden for low- and moderate-income families and to finance similar types of housing. The availability of subsidized financing, however, created the impression that high standards could be maintained causing many of the new units to remain unaffordable to the intended target group.

Attention in the housing sector between 1979 and 1993 was redirected towards the private sector and, in particular, towards owner builders. This essential change in attitude was formalized by the Government's adoption in 1988 of the National Housing Strategy and its "guided private sector" approach. Emphasis is now being placed on minimizing distortions within the housing sector and on using market forces to stimulate private sector activities. In addition, NGOs and community-based organizations are increasingly being called upon in order to widen the range of resources available to the housing sector and to deal with the upgrading of low-income neighborhoods. Government's role within this evolving housing environment is to serve as the major catalyst and facilitator for the provision of housing by the private sector.

## **2.3 Program Purpose and Goals**

The goal of the HG-004 Program is to improve the delivery of affordable housing and related services to Jordanian families with incomes at or below the median. The purpose of the program is to help improve both efficiency and coordination within the housing sector and to establish policy conditions which will lead to the production of a greater number of housing units which are affordable to low-income families.

To achieve this goal, the HG-004 Program fully supports efforts made by the Jordanian Government to:

- implement a comprehensive National Housing Strategy which is aimed at establishing a capacity for the substantial delivery of housing based on economic efficiency through private sector initiatives;
- guide a greater amount of private sector investment to the production of low-cost housing;
- target public sector investment in urban areas for both infrastructure and housing construction to meet effective demand;
- reduce housing costs related to fees and financial conditions;
- establish urban land markets which include a range of residential land options; and
- improve access to housing credit for low-income households.

The National Housing Strategy was adopted by the Government of Jordan to provide the overall framework for putting these policy actions into place. The HG-004 Program was designed to support the implementation of this Strategy.

### **3 Description of the Program**

#### **3.1 Components**

The HG-004 Program has three principal components. They include the:

- implementation of an agreed upon Policy Menu;
- provision of technical assistance and training to support the program; and
- local currency expenditures made by the Government of Jordan for approved low-income housing activities.

##### **3.1.1 Policy Menu**

The initial policy objectives for the HG-004 Program were summarized in an agreed upon Policy Menu which includes three broad groups of actions:

- strategic/institutional policies;
- residential land policies; and
- credit policies.

The ultimate success of the HG-004 Program will be measured against the achievement of these policy actions.

The Housing Program Agreement, however, recognized the need for flexibility in policy implementation by allowing other recommendations and policy actions to be included in the HG-004 Program based on their ability to improve the overall performance of the housing sector and/or to increase the provision of housing for low-income families by the formal private sector.

The Policy Menu also called for a continuous policy dialogue to be institutionalized through the holding of annual Shelter Review Seminars. These seminars would provide a regular occasion to review housing sector performance and to propose necessary modifications to housing policies and programs.

##### **3.1.2 Technical Assistance and Training**

The HG-004 Housing Program Agreement indicated that USAID would provide up to a total of US\$1.125 million in grant funds for technical assistance and training (i.e., up to US\$955,000 for technical assistance and up to another US\$170,000 for training). USAID/Jordan has already provided or earmarked a total of US\$730,000 for technical

assistance and training related to the program. An approved Technical Assistance and Training Plan serves to guide the application of these funds. The timely provision of this technical assistance and training support will have a significant impact on the implementation of the National Housing Strategy and the HG-004 Program.

### **3.1.3 Eligible Expenditures**

Under the HG-004 Program, US dollar advances are made against achievements in the Policy Menu. These advances must then be liquidated by eligible local currency housing expenditures made by the Government of Jordan to benefit households with below-median incomes. Several pre-qualified programs were specified as Eligible Equivalent Expenditures in the Housing Program Agreement. These included:

- infrastructure in rezoned or re-parcellated areas for low-income households;
- infrastructure in the retitling area in Ruseifa;
- land acquisition by municipalities for low-income housing;
- GOJ contributions to the Housing Corporation and UDD projects for low-income families;
- housing loans made by the Military Housing Corporation for retiring soldiers.

The Housing Program Agreement also allowed for additions or modifications to this list based on mutual agreement by the Government of Jordan and USAID.

In July 1993, the Government of Jordan submitted to USAID/Jordan and RHUDO/NENA a Preliminary Investment Plan (PIP) which included an accounting of pre-qualified Government expenditures made between July 14, 1990 (the date on which the Housing Program Agreement was signed) and the end of 1992. It showed that the Government of Jordan had spent an estimated total of JD 62.608 million in eligible expenditures or roughly the equivalent of US\$92.071 million.

As of January 19, 1994, the amount of eligible expenditures had reached JD 75.4 million or about US\$106.66 million. The validity of these eligible expenditures was verified through field visits to actual sites by RHUDO/NENA staff. Consequently, the amount of eligible expenditures made by the Government of Jordan no longer appears to be a major issue in this Program. HUDC's Policy Directorate, however, will continue to track eligible government expenditures throughout the course of the Program.

### **3.2 Timetable**

Figure 2.1 presents an updated version of the original Policy Menu and an anticipated time frame for its implementation. The figure also shows the current state of progress in implementing the Policy Menu. Although considerable progress has been made in implementing many of the policy actions in the Menu, others have yet to be started. Decisions need to be made concerning the ongoing appropriateness of these actions within the

FIGURE 2.1: POLICY ACTIONS FROM THE HOUSING PROGRAM AGREEMENT AND THEIR STATUS

AGREEMENT		PRE-92	1992	1993	1994	1995
<b>PROGRAM POLICY MENU</b>						
<b>STRATEGIC AND INSTITUTIONAL POLICIES</b>						
• ADOPT STRATEGY	GOJ APPROVAL					
• ESTABLISH POLICY DIALOGUE						
MPWH / HUDC	LEAD AGENCY		Statutes Drafted	Approved		
SHELTER UNIT	LOCATION/BUDGET					
ANNUAL REVIEW			Review	Review	Review	Review
ANALYSIS OF HOUSING CORPORATION			Study Completed	Review	Action on Recommendations	
ANALYSIS OF ZONING DEPARTMENT			Study Completed	Review	Action on Recommendations	
SIMPLIFY PERMIT PROCEDURES			Study Completed	Review	Action on Recommendations	
SIMPLIFY BUILDING REGULATIONS			Study Completed	Review	Action on Recommendations	
PRIVATE DEVELOPERS						
DEVELOPERS ASSOCIATION	LEGAL REGISTRATION		Development of Administration and Services			
PARTNERSHIPS WITH PUBLIC SECTOR			Conditions Established		Joint Projects Initiated	
<b>RESIDENTIAL LAND POLICIES</b>						
• PROVIDE SMALLER SIZED PLOTS						
IDENTIFY ACTION AREAS	SURVEY COMPLETED					
PLOT DIVISION	LEGISLATION DRAFTED		Approved	Areas Designated	Application	
PLANNING REGULATIONS						
AREA DOWNZONING						
INFILL AREAS						
RUSEIFA RETITLING	Physical Rezonning of the Area			Application - Phase 1	Application - Phase 2	
NEW AREAS AND REDIVISION			Complete Plans	Provide Titles and Infrastructure		
PHASE INFRASTRUCTURE SERVICES				Coordinate Budgets		
<b>CREDIT POLICIES</b>						
• LAND COST IN LOAN	HB APPROVAL		Application for UDD and Non-UDD Plots			Review
INCREASE IN LOAN TO VALUE RATIO	Analysis		Application for HUDC Beneficiaries			Review
LOANS ON INSTALLMENT BASIS	Analysis		Application for Individual Loans			Review
LONGER LOAN TERMS	Analysis		Application			Review
HARMONIZE INTEREST RATES	Analysis		Application			Review

current context and any modifications which may be necessary. The annual review seminar can play an important role in this regard.

### **3.3 Inputs and Outputs**

#### **3.3.1 Inputs**

Based on the Housing Program Agreement, inputs from USAID include up to US\$50 million in Housing Guaranty Loans (of which a total of US\$17.8 million has been authorized) and up to US\$1.125 million in grant funds for technical assistance and training (of which a total of US\$730,000 has been provided or earmarked by USAID/Jordan to support this program).

Inputs from the Jordanian Government include the funding of secondary and tertiary infrastructure for low-income neighborhoods, the continued execution of low-cost housing projects by the Housing and Urban Development Corporation, and the continuation of loans to qualifying low-income families by the Military Housing Corporation. Government of Jordan expenditures for low-income housing were originally anticipated to exceed the equivalent of US\$15 million per year. The review of Eligible Expenditures up to 1994 has shown that Government expenditures for low-income housing in fact have surpassed these expectations.

#### **3.3.2 Anticipated Outputs**

Housing outputs from the implementation of the National Housing Strategy's "guided private sector" approach were expected to include an additional 5,000 total housing units and an additional 7,000 low cost housing units in the year 1996 compared to what would have been built if no policy changes had been made and existing trends continued.

The large-scale and unanticipated population growth which occurred as a result of the Gulf Crisis has reduced the meaning of the numerical targets in the National Housing Strategy. Nevertheless, a clear improvement in housing production should be observable as a result of the recommended policy changes. HUDC's new national level housing survey will provide important indications of the extent to which low-income families have been able to house themselves. The number of persons per room and the degree of room overcrowding compared to 1986 will be particularly important indicators of any changes in the housing situation for these low-income households.

Policy outputs for the HG-004 Program were anticipated to include the:

- formal adoption of the National Housing Strategy;
- institutionalization of a broad-based dialogue for the development of housing policy; and
- implementation of specific policy changes which would include:

- ▶ improved operations of the Department of Zoning within the Ministry of Municipal and Rural Affairs and Environment;
- ▶ simplified procedures and permit regulations for low-cost housing;
- ▶ simplified building regulations;
- ▶ provision of incentives for private developers to build low-cost housing;
- ▶ subdivision of individual plots in specified areas into two legally separate plots;
- ▶ downzoning on an area basis by rezoning certain "A" and "B" zoned areas (with respective minimum plot sizes of 1,000 m<sup>2</sup> and 750 m<sup>2</sup>) to "C," "D," and even "E" zoned areas (with respective minimum plot sizes of 500 m<sup>2</sup>, 300 m<sup>2</sup> and 150 m<sup>2</sup>);
- ▶ development of infill areas;
- ▶ application of the redivision law to residential areas which have problems of parcellation and/or multiple ownership;
- ▶ retitling of informal subdivisions in the Zarqa/Ruseifa area;
- ▶ creation of new subdivisions for low-income households with small plots;
- ▶ improved access to housing credit through the inclusion of the land costs in the mortgage loan; and
- ▶ extension of loan terms.

#### **4 External Factors**

Implementation of the HG-004 Program has been influenced by a series of extraordinary external events. These have included the Gulf War, the subsequent absorption of massive numbers of Jordanian returnees, and the downturn in diplomatic relations between the United States and Jordan as a result of the war. All of these events contributed to the low level of attention and support which were given to the HG-004 Program during its first two years of implementation (1990-1992). The fact that a USAID Direct Hire Housing Officer was evacuated from Jordan during the Gulf Crisis and did not return also had a detrimental effect on program implementation during this period.

The Gulf War and its aftermath had a negative impact as well on the implementation of the National Housing Strategy. Emergency conditions and the influx of more than 300,000 returnees absorbed much of the government's attention and efforts during the 1991-1992 period. There was little time to consider the necessary policy changes which would improve the long-term performance of the housing sector.

The massive return of the expatriate population and the continuing high population growth rate combined to raise the total population of the country from an estimated 2.8 million in 1987 to 3.9 million in 1991 and finally to 4.2 million in 1993. The total population of Jordan is now 50 percent greater than what it was in 1987 when the National Housing Strategy was formulated. The Department of Statistics estimates that almost 80 percent of this population now lives in urban areas.

Jordan's lack of support for the US-led effort against Iraq during the Gulf War had a negative impact on diplomatic relations between Jordan and the United States. Because of the

poor diplomatic environment, there was little or no incentive to move the HG-004 Program towards a borrowing or even to encourage the Government of Jordan to implement the Policy Menu so that a borrowing could be requested. This situation occurred from the time of the Gulf War until early 1992.

The Credit Reform Act came into effect in the United States on September 30, 1991. This act budgetized, and therefore limited, the amount of money that could be used to guarantee loans made under the Housing Guaranty Program. The change in legislation occurred at a time when Jordan was experiencing severe economic problems as a result of both the Gulf War and the ongoing restructuring of its external debt. Jordan's poor credit rating made it difficult for the country to borrow under the Housing Guaranty Program. It also discouraged any real dialogue between USAID and the Jordanian Government concerning the implementation of the HG-004 Program.

The peace process and the accompanying widespread speculation about Jordan's economic future in the region have now led to a general "wait-and-see" attitude throughout the country and within the housing sector as well. A great deal of real estate speculation is taking place and will no doubt increase once a Peace Agreement is signed. Private sector developers, whose traditional markets have been the more well-to-do, cash-paying clients, are also waiting to see what the outcome of this process will be. If peace does come, it is likely that there will be a substantial increase in all forms of construction, including housing. Any incentive or need for small-scale housing developers to build for low-income households will be substantially reduced.

## **5 Current Project Status**

The reactivation of the HG-004 Program in 1992 and the reorganization of UDD and the Housing Corporation into a single Housing and Urban Development Corporation have enabled USAID to resume a much more active role in pursuing the implementation of the HG-004 Program. Key technical assistance and training activities have been developed which actively support the achievement of the HG-004 Policy Menu. The current status of the HG-004 Program can be described as follows.

### **5.1 Policy Menu**

#### **5.1.1 Strategic and Institutional Policies**

The first two years of the HG-004 Policy Menu included several key actions related to strategic and institutional policies. Most of these actions have now been completed.

#### **Adoption of the National Housing Strategy**

The National Housing Strategy was formally approved by the Council of Ministers and signed by the Prime Minister on December 24, 1988. The Prime Minister sent a letter

(Nb. 25/11/2/66213 of December 27, 1988) to the Minister of Public Works and Housing informing him of the Cabinet's decision to formally adopt the Strategy. Since then, the National Housing Strategy has become the official reference for the development of new housing policies and/or programs. Although a number of policy actions are still to be achieved, the National Housing Strategy's basic policy orientation in favor of the "guided private sector" approach to housing provision has been adopted and put into practice.

This policy action therefore can be considered as complete.

### **Establishment of an Active Housing Policy Dialogue**

Three main actions were considered in the HG-004 Policy Menu to be essential to the establishment of an effective policy dialogue: the identification of a lead agency; the establishment of a fully operational unit for policy development; and the holding of annual Shelter Sector Reviews which would involve a wide range of public and private sector participants in the housing policy debate.

### **Identification of a Lead Agency**

The Ministry of Public Works was expanded to include a housing component shortly before the National Housing Strategy was adopted. The Prime Minister's letter of December 27, 1988 officially gave this Ministry the responsibility for developing and implementing housing policies and for coordinating housing-related institutions.

In 1989, USAID funded a study by the Jordan Institute of Public Administration (JIPA) which reviewed various options for reorganizing the newly expanded Ministry of Public Works and Housing. Based on the recommendations of this study, the Government of Jordan decided to maintain the Shelter Unit in the Housing Corporation and to amend the Housing Corporation Law in order to clarify its policy making role.

The JIPA study also recommended that the Urban Development Department and the Housing Corporation be merged into a single agency. This combined agency, subsequently named the Housing and Urban Development Corporation, was established by Law Number 28 for 1992. In terms of housing policy, the new law gave HUDC the responsibility to:

- collaborate with other official agencies in presenting housing policy recommendations to the Council of Ministers;
- pursue the implementation of the National Housing Strategy; and
- prepare any required legislation for housing.

In addition, HUDC's Board of Directors, which serves as the agency's highest authority, has the responsibility to:

- carry out decisions related to making recommendations on general housing policy and urban development;
- obtain formal approval for any required legislation; and

- **implement general housing and urban development policies and action plans with priority given to special policies and programs which address the housing needs of low-income urban households.**

**Even though the Ministry of Public Works and Housing has been given the ultimate responsibility for developing national housing policies, the Government of Jordan has consistently assigned the operational aspects of this task to a parastatal agency. Responsibility initially was given to the Housing Corporation and then later to its successor, the Housing and Urban Development Corporation.**

**The Government has not chosen to incorporate a strategic planning unit for housing policy in the Ministry of Planning (which was originally responsible for the formulation of the National Housing Strategy), nor to establish an advisory unit working directly for the Minister of Public Works and Housing.**

**The fact that the formulation and implementation of housing policy has consistently been assigned to an implementing agency, however, has hampered the exercise of any real leadership in housing policy.**

**A new World Bank project is currently being developed which will help privatize HUDC's land development function and increase the agency's role in housing policy and in the upgrading of substandard neighborhoods.**

**While formally complete, this policy action requires additional attention and support. HUDC's Policy and Training Unit as well as its Board of Directors must be encouraged to carry out the full extent of their responsibilities in policy making and implementation.**

#### **Establishment of a Fully Operational Policy Unit**

**As a result of the merger between UDD and the Housing Corporation, the former Shelter Planning Directorate (ex. Shelter Unit) has now become the Policy and Training Unit. This unit eventually will include four directorates: Policy, Training, Local Government, and Community Development. Three of these directorates are now in place with only the Local Government Directorate remaining to be operationalized.**

**The Policy Directorate is further divided into four sub-directorates which include: Policy Implementation, Evaluation, Research, and, temporarily, Local Government.**

**A total of 16 professionals currently work in the Policy and Training Unit. Three of these professionals were members of the original Shelter Unit Team which developed the National Housing Strategy. Other staff members are very familiar with both the National Housing Strategy and the HG-004 Program.**

**While the staffing and professional capability of the Policy and Training Unit have been substantially improved since the reorganization of HUDC, the unit is still in need of several**

key staff members and support. In particular, it requires additional expertise in housing finance, urban economics, financial analysis, and land management.

HUDC has recently elaborated a Corporate Business Plan which outlines the future responsibilities and needs of the Policy and Training Unit. All indications are that improvements to the unit will continue.

While this policy action is formally complete, continued assistance and support to the Policy and Training Unit is required. The Technical Assistance and Training Plan includes a number of near-term activities which have been designed to help strengthen this unit.

#### **Holding of Annual Shelter Sector Reviews**

The annual Shelter Sector Reviews have not been held as planned due to external events and to the creation of HUDC. The holding of the first of these annual seminars has been incorporated into an initial set of actions to be carried out as part of the HG-004 Action Plan. The details of this seminar are now being developed (Appendix A) and it should be held some time near the end of the year or, at the very latest, in early 1995.

The HG-004 Action Plan calls for the execution and analysis of a new, national level housing survey prior to holding the first review seminar. This survey has been included in the approved Technical Assistance and Training Plan and is now being carried out. Approximately 5,000 households are being interviewed throughout the country. The sample for the survey has been developed using three replicates from the National Census which is planned for the end of this year.

#### **Management Analysis of the Housing Corporation**

The HG-004 Policy Menu called for a detailed management study of the Housing Corporation in order to determine its most effective role in the future.

The Jordan Institute of Public Administration was engaged by USAID to implement this study. It recommended that the Housing Corporation and the Urban Development Department be merged into a single agency. Government approved the merger and passed Law Number 28 of 1992 which officially established the Housing and Urban Development Corporation.

HUDC adopted a new organizational structure in September 1993 by which the agency is now run on a corporate planning basis. A commercial accounting system has been put into place which uses a cost allocation approach. Management by objectives has also been adopted, along with business plans, targets, performance monitoring, and assessment. The overall goal of these changes is to develop HUDC along the lines of a private sector corporation and to allow the agency progressively to separate itself from government bureaucracy and control. Results should include:

- the cost-effective operation of the corporation based on more business-like management and financial philosophies;

- the flexible redirection of its operations to changes in the housing sector over time;
- the assurance that HUDC will operate on equal and not preferential or privileged terms compared to the private sector; and
- the possibility that HUDC will be able to privatize its land development function and to operate as a full-scale private sector institution.

The anticipated end result of this process is a privatized company comprising a policy institute, a land development company, and a service company.

HUDC's new and current functional organization includes:

- the Policy and Training Unit which encompasses four directorates (Policy, Training, Local Government, and Community Development) and four sub-directorates within the Policy Directorate;
- the Projects Unit which encompasses Design and Engineering Directorates, a number of Project Management Directorates which depends on the number of major projects, and a Supervision Directorate;
- the Service Unit which includes administration, finance, and law;
- the Corporate Planning Unit; and
- the Beneficiaries Affairs Unit.

HUDC has also fine tuned its stated objectives to match the changes in its philosophy and organization. The agency's new objectives are:

- to formulate and submit to Cabinet recommendations on national housing policy, to review and update the National Housing Strategy on a regular basis, and to prepare national housing programs for implementation;
- to monitor the accomplishments of the private and public sectors in housing development, finance, and regulations and to continuously assess the achievements of each program in relation to its defined objectives;
- to enable the greatest number of low-income families to develop, acquire, or rent adequate housing, to promote the regularization of tenure in urban areas, and to facilitate access to essential municipal services in low-income areas;
- to stimulate and encourage the participation of private developers, local governments, NGOs, CBOs, Cooperatives, and individuals in the provision of housing and related services so that incremental development and maximum beneficiary participation will be encouraged; and
- to undertake housing development and service provision only in those situations where the private sector is not directly involved or where joint ventures can be undertaken with formal and informal developers.

As a result of this policy action, the former Housing Corporation has been converted into the Housing and Urban Development Corporation and its role as a direct producer of housing

considerably reduced. The corporation is now being prepared to serve as a major facilitator for private sector provision of housing to low-income groups. Although the evolution of this agency continues, all of the current measures are fully compatible with the National Housing Strategy and the HG-004 Program. This policy action therefore can be considered as having achieved its goal.

#### **Analysis of the MMRAE Department of Zoning**

The HG-004 Action Plan calls for improving the technical capacity of the Department of Zoning in the Ministry of Municipal and Rural Affairs and Environment (MMRAE). This includes:

- strengthening the department's technical staff through training;
- institutionalizing a Geographic Information System (GIS) capability within the department; and
- conducting a review of the zoning situation in the four major cities of Amman, Zarqa, Ruseifa, and Irbid.

Technical assistance to the Department of Zoning is being provided through the Technical Assistance and Training Plan. It mainly includes the introduction of a GIS and training in its use. Professional staff from this department will also participate in the short-term courses for planning orientation and land management.

The completion of this policy action requires a considerable amount of additional dialogue and work. Encouraging a more realistic and flexible approach to the zoning of residential land as well as improving cooperation between the Department of Zoning and the Policy Directorate of HUDC are ongoing efforts.

#### **Simplification of Permit Procedures**

A number of housing procedures and regulations were simplified early in the HG-004 Program. These included:

- an amendment to the Law for Apartments and Floors which recognizes the "sales agreement" between buyer and seller and eliminates the requirement for a series of Government approvals in order for this agreement to become a valid negotiating document;
- the approval of the Law of Subdividing Apartments which allows finished apartment units to be sold before the construction of the entire building is completed. Prior to this law, developers had to complete work on all of the units in a building before any one of them could be sold;
- an extension in the duration of Occupancy Permits from one to two years in order to allow time to procure the necessary infrastructure and services;
- the cancellation of several routine procedures involved in obtaining a building permit;

- the cancellation of several circulars which were considered by private developers as impediments to the provision of housing; and
- the merging of several procedures into a single application.

Real estate property, upon the death of the legal property owner, can now be transferred to inheritors before the payment of any property transfer fees. These fees must be paid, however, before any additions or changes can be made to the property.

This policy action will require additional effort and application based on HUDC's audit of building regulations and permit procedures.

### **Simplification of Building Regulations**

The Building Regulations Decree for the Amman area has been modified to allow for the construction of four floors above the level of the adjacent street or pathway instead of 3.5 floors before modification.

The 1994 list of priority activities for the Policy and Training Unit includes an audit of all regulatory reform proposals intended to improve the operation of market forces in the production of housing for low- and moderate-income households. The successful completion of this audit will provide the basis from which to pursue additional policy changes in this area.

This policy action requires an additional round of implementation.

### **Support to Private Developers**

Although formal private sector developers have traditionally produced only a small percentage of the total number of housing units, the National Housing Strategy assigned to them an expanding role in the provision of housing for low-income households.

Experience from the HG-001/003 Housing Guaranty Program has shown that private developers can profitably build housing affordable to low-income families, but that they prefer to pursue more familiar markets which focus on middle- and upper-income families. For many of these developers, housing construction is only part of their activities and they are unwilling or unable to dedicate much time and/or effort in developing new low-income markets.

### **Establishment of a Developers Association**

The Jordan Housing Developers' Association was formed and officially licensed in January 1989. Since that time, the overall impact of the Association on the housing sector has been less than anticipated. Funding and membership problems have hampered the performance and influence of the Association.

The Developers' Association and the Jordan Housing Bank sponsored a low-income housing design competition in the spring of 1989. The purpose of this competition was to develop projects which could be implemented under the same conditions as sites and services projects which were then being developed by the Urban Development Department. The Housing Bank would provide both construction and mortgage financing for the projects which did go ahead. While the design competition was relatively well received, none of the submitted projects was ever built.

UDD also invited developers to participate in its own sites and services projects by building houses on specified tracts of land. Only one developer has taken advantage of this offer with somewhat mixed results.

Several public and private sector housing developers took part in a study tour to Tunisia in early 1994. The purpose of this tour was to familiarize Jordanian builders with public/private sector partnerships in another Arab country. Particular attention was given to the operations of the Tunisian Housing Land Agency (AFH) which wholesales small tracts of partially serviced land to private sector developers. The developers complete the tertiary infrastructure within these tracts and build housing units for sale to low-income households. The Tunisian Housing Bank assists in financing these activities. It was generally concluded that the basic outlines of this approach could serve as a model for future public/private sector projects in Jordan.

HUDC has now submitted a proposal to the Cabinet which would extend all of its privileges in developing serviced sites for low-income households (e.g., lower standards, relief from the property transfer tax, access to financing, etc.) to the private sector. The purpose of this proposal is to encourage private developer production of affordable housing for low-income households. Government acceptance of the proposal will help minimize existing distortions and constraints in the housing market by allowing private sector developers, NGOs and other shelter providers to compete with the public sector in the provision of low-cost housing. Full cost recovery principals would be maintained for both public and private sector projects.

While the performance of the Jordan Housing Developer's Association has been less than anticipated, HUDC has clearly outlined its intention to work more closely with private developers in providing housing for low-income households. The extent to which private sector developers will respond to these new initiatives will become much clearer during the next several months.

### **5.1.2 Residential Land Policies**

The underlying objective of the residential land section of the Policy Menu is to improve access to serviced land so that obtaining a plot of land on which to build is no longer a major constraint to the acquisition of affordable shelter for low-income families. Achieving this objective requires a range of residential land options which are appropriately suited to the ways in which low-income households actually obtain their housing. Increased access to low-

cost, serviced plots that are conveniently located, moderate in size, and appropriately configured to accommodate efficient forms of building is the desired result. More orderly and efficient urban development is also needed in order to provide urban infrastructure and services on a timely basis.

The acquisition of an affordable plot of land is generally the first step in the path to home ownership. The provision of a large number of small and affordable plots is therefore one of the most important policy goals in the HG-004 Program.

#### **Provision of Small Plots**

In order to achieve a substantial increase in the number of small plots, the National Housing Strategy proposed a multi-faceted approach which included: downzoning; infill development; retitling; new area development; and revisions in existing zoning legislation. The HG-004 Program supports the implementation of this broad range of residential land actions.

HUDC is currently planning the development of several "policy" sites which will test the recommendations of the National Housing Strategy concerning infill sites, public/private sector partnerships, downzoning, etc. Approximately 82 hectares of HUDC-owned land will be used in developing these projects.

#### **Identification of Action Areas**

One of the Conditions Precedents is for the first borrowing under the HG-004 Program involved the implementation of a Land Reconnaissance Survey. This survey was carried out in 1991. It covered the entire residential areas of three cities—Irbid, Zarqa and Ruseifa—as well as selected areas in Amman which were considered to be suitable for low-income housing.

The purpose of the survey was to collect and analyze information on the use of residential land and to propose sites for Government interventions where small plots could be provided. Anticipated interventions include: downzoning of "A" and "B" zoned areas to "C," "D," and "E"; creation of new "D" and "E" zoned areas; identification of appropriate sites for new low-cost housing development and infill projects; and the identification of areas where the division of vacant plots into two legally separate parcels would be encouraged.

The basic conclusions of the Land Reconnaissance Survey were that:

- a substantial oversupply of large plots (i.e., "A" and "B") and a severe shortage of small plots (i.e., "D" and "E") exists in all four cities in the survey;
- more than 75 percent of the "D" zoned plots are built upon, whereas less than 47 percent of the "A" and "B" zoned plots have any construction on them; and
- the majority of existing plot sizes do not comply with the minimum plot size requirements for the zone in which they were located.

The study identified areas in each of the four cities where small plots could be provided without substantial difficulty. The total identified area for all four cities was 14,911 dunums or 1,491 hectares. At an average density of 300 persons per hectare, this area would be sufficient to house some 450,000 people.

Roughly 45 percent of the total identified area would involve newly zoned land, while 55 percent would involve downzoning. Most of the proposed downzoning, however, would not require extensive changes in the existing plot sizes. The majority of plots in these areas are already smaller than the minimum requirements of the zoning category in which they are located.

#### **Division of Plots into Legally Separate Parcels**

Results from the Land Reconnaissance Survey showed that there were relatively few existing "B" and "C" sized plots which could be divided into two legally separate plots. Consequently, this policy action appears to be less important in providing small plots than originally anticipated. Changing legislation to allow this to occur should still be pursued, but is not as urgent as originally thought.

#### **Improvements to Planning Regulations**

The Department of Zoning has developed a preliminary proposal to revise certain aspects of the current planning legislation. The major consequences of these changes would be the joining of regional planning to the Department of Zoning and the tying of Local Committees more closely to the Minister of MMRAE.

HUDC's Policy Directorate is now in the process of reviewing this proposal. Several drawbacks have been identified, including: reduced opportunities for local participation in the planning process, greater detail and rigidity in formal zoning plans, and inadequate awareness and concern for environmental aspects in plan preparation.

At the same time, the City of Zarqa has revised its zoning legislation to reduce minimum plot sizes for all zoned areas within the city. After almost two years of effort, approvals for these changes have been obtained from the Local Committee, the Department of Zoning, and the Cabinet. The new minimum plot sizes will become fully legal after a month-long period of public review.

#### **Downzoning of Selected Areas**

Results from the Land Reconnaissance Survey have served to increase local authority awareness of the widespread discrepancies which exist between the formal plot size requirements and the actual situation. They have shown, for example, that only about 29 percent of all residential plots in Zarqa are in compliance with the minimum plot size requirements for the zone in which they are located. Most of these zoning violations, however, are due to the fact that the subdivision of the land took place before the zoning plans were made.

The city of Zarqa has taken the initiative to reduce the minimum plot sizes for all zoning categories. Current zoning boundaries will be maintained, but the minimum plot size for each category will be changed to:

- 700 m<sup>2</sup> for type "A" (from 1,000 m<sup>2</sup>)
- 500 m<sup>2</sup> for type "B" (from 750 m<sup>2</sup>)
- 300 m<sup>2</sup> for type "C" (from 500 m<sup>2</sup>)
- 200 m<sup>2</sup> for type "D" (from 250 m<sup>2</sup>)
- 100 m<sup>2</sup> for type "E" (from 150 m<sup>2</sup>)

The city of Irbid also has initiated the downzoning of several large residential areas. Information provided by the Land Reconnaissance Survey as well as the city's own knowledge of these areas have served as the basis for these changes. Ruseifa and Amman are also likely to make certain zoning changes in favor of small plots.

Within the Urban Management Program organized by the World Bank, UNDP, and Habitat, a downzoning exercise is now being carried out to implement and to test the recommendations of the Land Reconnaissance Survey for two sites, one in Amman and the other in Irbid. This work has been assigned to a private sector consultant.

#### **Development of Infill Areas**

This action includes small, infill sites which are developed by private developers or other private sector groups (e.g., cooperatives, community based groups, etc.) in collaboration with the public sector. No actions of this type have taken place as yet. HUDC, however, is planning a series of pilot projects of this type on its own land. Implementation of these projects should begin in 1995.

#### **Retitling of Informal Subdivisions in Ruseifa**

The Ruseifa Land Settlement Office is responsible for surveying the retitling area, demarcating plots and existing buildings, and producing cadastre maps which define official parcel boundaries on which payments are based and land titles granted. This process of retitling began in 1981 and has continued very slowly. The continuing high rate of growth of informal housing has limited the retitled area to less than 25 percent of the potential area for retitling.

One of the problems in attempting to retitle these areas has been the surprising lack of enthusiasm by inhabitants for obtaining a formal title. While some residents cannot afford the required payments, many others see little reason to obtain formal title to their land. Legal title is not esteemed.

It should be noted that the informal subdivision of these areas is now taking place in a more orderly fashion than in the past. There is a much greater awareness of road rights of way, proper access to residential plots, and the reservation of land for community facilities.

### **Development of New Areas and Redivision**

The Land Reconnaissance Survey identified a total of 1,180 dunums (118 hectares) in unzoned areas in Irbid which should be zoned as "D" and "E." For Zarqa, the amount of area to be newly zoned for small plots was found to be 5,061 dunums (506 hectares). For Ruseifa, this area was found to be 3,628 dunums (363 hectares). The current status of these areas needs to be verified.

### **Phasing of Infrastructure Services**

Little work has been done as yet on this policy action. Close cooperation between HUDC, the Department of Zoning, and individual municipalities is absolutely essential. The work of HUDC's Local Government sub-directorate will be important in generating the required level of coordination.

### **5.1.3 Credit Policies**

The basic objective of the credit section of the Policy Menu is to improve access to housing finance for low-income households. Five policy recommendations are included: lending for the purchase of land; increasing the loan-to-value ratio; offering loans on an installment basis; providing loans with longer repayment periods; and harmonizing interest rates. While none of these policy actions is considered to be absolutely critical to the provision of housing for low-income families, their implementation is expected to increase the availability and flexibility of mortgage lending for a potentially large number of owner builder households.

A complete review of the housing finance sector is one of the major activities included in the HG-004 Action Plan. The World Bank is also currently studying the housing finance situation and may include a housing finance component in its new HUDP1 loan program. The Technical Assistance and Training Plan for the HG-004 Program includes two training activities related to housing finance.

#### **Including the Land Cost in Loans**

The Jordan Housing Bank began lending for the purchase of land in 1989. Loans have been given out for both non-UDD- and UDD-developed plots. Some 670 loans have been made since 1989 for the purchase of non-UDD plots, for a total of around JD 7.68 million. Roughly 20 percent of these loans and about 10 percent of their total amount have been used to purchase plots which are smaller than 500 m<sup>2</sup>.

In addition, some 939 loans have been made since 1989 for UDD-developed plots. The total amount of these loans is about JD 2.66 million and the average loan amount about JD 2,840. The average plot size is 191 m<sup>2</sup> with only about 9 percent of the plots larger than 300 m<sup>2</sup>. Very few of these larger plots are in fact much greater in size than 300 m<sup>2</sup>.

Combined UDD and non-UDD loans for land have totalled 1,609 loans and JD 10.34 million. Some 1,068 loans, or about 66 percent of the total, have been made for plots less than 500 m<sup>2</sup>.

While loans for land have not been limited to low-income households, different interest rates apply depending on the size of the loan. The interest rate for loans under JD 30,000 is 11 percent which is 1 to 1.5 percent lower than the interest rates for loans over JD 30,000.

The average size of loans for the purchase of non-UDD plots has been increasing. Additional effort is needed to ensure that this policy action continues to benefit lower-income households.

### **Increasing the Loan-to-Value Ratio**

The Jordan Housing Bank has increased the loan-to-value ratio for its loans to former UDD and HUDC beneficiaries from 90 percent to 95 percent. The loan-to-value ratio for individual loans, however, has remained at 75 percent, based on the average size of loans issued under the Individual Loan Program. It appears that many households are borrowing considerably less than 75 percent of the total value of their property. Information obtained from the Jordan Housing Bank concerning the Individual Loan Program shows that during the eight-year period between March 1985 and March 1993 some 9,870 individual loans were made, for a total of approximately JD 35 million. The average size of these loans was JD 3,500.

The Jordan Housing Bank continues to conduct its own property valuation. This has been a source of difficulty for private developers because property transfer taxes and developer's profits are not included in the valuation. Households obtaining a mortgage from the Housing Bank to purchase a developer-built housing unit would therefore have to contribute more than 25 percent to the price of the house. Between 1985 and 1993, some 501 loans have been made to the purchasers of developer built units for a total of JD 2.2 million, or an average loan of JD 4,350.

This policy action needs to be reviewed and monitored in terms of its benefit to low-income households.

### **Offering Loans on an Installment Basis**

Beneficiaries of the Jordan Housing Bank's Individual Loan Program are given an account book which they can use to draw down their loan. There is no time limit on the full disbursement of the loan and withdrawals can be made according to need. Interest is charged on a daily basis for that part of a loan which has been disbursed. The beneficiary can continue to draw down the remainder of the loan as long as monthly payments are made on the previous disbursements. This procedure works as a form of short-term installment loan.

This policy action also needs to be monitored in terms of its impact on low-income borrowers.

### **Provide Loans with Longer Terms**

Loan terms in Jordan continue to be influenced by the Ottoman Law. This law, which is based on Koranic teachings, stipulates that the total amount of interest to be paid on a loan

cannot exceed its principal. The length of the loan period therefore is very dependent on the interest rate. As interest rates go up, the period of the loan must become shorter.

Although the Housing Bank Law of 1973 allows the bank to make mortgage loans for periods up to 20 years, current interest rates limit the period for individual loans to around 15 years. A grace period of 18 months is also usually given with the loan.

The current status of the Ottoman Law is not entirely clear. While some banks offer longer-term loans for industrial/commercial projects, most banks continue to be reluctant to extend the terms of housing loans in violation of the Ottoman Law. Doing so, it is feared, will lead to court action by religious-minded clients who feel they have been charged excessive amounts of interest. While further clarification of the Ottoman Law is needed, the law is unlikely to be changed in the near future.

Another, perhaps even more important reason for not extending the terms of mortgage loans is the lack of long-term financing. The Jordan Housing Bank, in particular, uses short-term savings to finance long-term loans. The development of long-term financial instruments continues to be an important concern and preoccupation within Jordan's financial markets.

### **Harmonizing Interest Rates**

Despite political pressure and the Ottoman Law, market-oriented interest rates are beginning to take effect throughout the financial sector. The Jordan Housing Bank, however, continues to receive a number of Government benefits and subsidies. In return, the Bank provides loans to eligible low-income beneficiaries at less than market rates. Loan amounts of less than JD 10,000 for these borrowers have an annual interest rate of 7 percent. Other Housing Bank loans have interest rates as high as 11.5 percent which reflects the current market rate. The lower interest rates for low-income households are intended to encourage housing construction by this segment of the population.

The full implementation of this policy action requires additional study and discussions with financial sector agencies. The development of a new World Bank program will include a detailed review of the current housing finance situation and the interest rate issue. The new HUDC housing survey will provide indications of the extent to which households of all income groups are able to access housing finance. The Government should use the results of these studies to begin reconsidering its policy actions related to housing finance.

## **5.2 Technical Assistance and Training**

Technical assistance and training activities which directly support the HG-004 Program have been elaborated in an approved Technical Assistance and Training Plan (Appendix B). These activities are essential to the successful implementation of the HG-004 Program. They can be divided into three basic groups which include in-country training, overseas training, and local assistance.

Identified in-country training exercises include:

- computerization and training of HUDC and MMRAE's Department of Zoning in the use of Geographic Information Systems (status: equipment purchased for HUDC and initial training completed; additional training to be provided);
- presentation of a planning orientation course which focuses on practical approaches and includes training in analytic techniques (status: scheduled for October 1994);
- assistance in organization and management (status: programmed for 1994);
- short-term assistance in urban economics (status: programmed for the end of 1994 or early 1995);
- development of a training needs strategy for the Policy and Training Directorate and HUDC (status: scheduled for October 1994);
- courses on land development policies and management for both senior policy makers and technical staff (status: programmed for late 1994); and
- implementation assistance (status: ongoing).

Identified overseas training activities include:

- attendance at two housing finance courses with an emphasis on low-cost housing (status: first course to be held in late 1994 or early 1995), and
- facilitator training program (status: completed).

Identified support of local activities includes:

- implementation of a national level housing survey (status: in process);
- conducting of a study tour to Tunisia for private and public sector developers of low-income housing (status: completed);
- preparation of the annual Shelter Review Seminar (status: in process);
- participation at a RHUDO-sponsored regional seminar on community participation (status: in preparation); and
- development of a handbook on sound building techniques (status: programmed for early 1995).

### **5.3 Eligible Expenditures**

The HG-004 Housing Program Agreement requires that the Government of Jordan invest local currency funds to support policy recommendations from the National Housing Strategy and to improve housing opportunities for low-income households.

Expenditures made after July 14, 1990 for land acquisition, infrastructure, and housing which benefit below-median-income households are considered to be eligible under the HG-004 Program. Subject to on-site verification, eligible expenditures include:

- infrastructure in rezoned or reparcellated areas for low-income households;

- infrastructure by municipalities for low-cost housing;
- land acquisition by municipalities for low-cost housing;
- GOJ contributions to the Housing Corporation for low-income housing; and
- loans made by the Military Housing Corporation for retiring soldiers.

The latest estimate of the median income was found to be JD 269 in urban areas and JD 317 in the Amman Governorate. No formal request, however, has been made to change the original median income estimate of JD 250.

In July 1993, the Government of Jordan transmitted to USAID/Jordan and RHUDO/NENA a Preliminary Investment Plan concerning Eligible Expenditures for the 1990-1992 period.

The total amount of GOJ Eligible Expenditures based on actual expenditures for both 1992 and 1993 was found to be equivalent to US\$106.66 million as of January 19, 1994. The eligibility of these expenditures was verified by a RHUDO/NENA TDY mission. Eligible expenditures made by the Jordanian Government are now more than adequate to meet the needs of the program.

#### **5.4 Impact of the Program**

##### **5.4.1 Overall Impact**

The HG-004 Program fully supports the implementation of the National Housing Strategy and housing policy changes which will improve private sector performance in the provision of housing for low-income families. Broad-based changes in policy are more likely to produce long-term benefits for low-income households than the implementation of even well executed but limited public sector housing projects. This is because almost 90 percent of all new housing units in Jordan are produced by the private sector.

One of the most significant results to date from the implementation of the National Housing Strategy and the HG-004 Program has been a fundamental change in public sector attitude towards the housing sector. Greater recognition is now being given to the key role played by the private sector in producing housing units for all income groups.

USAID's involvement in the development of the National Housing Strategy and its subsequent commitment to a large-scale Housing Guaranty Program in support of implementing this Strategy have helped to firmly establish the focus of policy change on the private sector and on housing for low-income households.

The incentives and/or subsidies which traditionally have been applied to public sector or parastatal housing projects for low-income families cannot be used in the same way in attempting to stimulate the private housing sector. This is because of the large number of housing units which are produced. For this reason, policies which affect the overall sector, such as zoning conditions, building standards, regulations and procedures, access to housing

finance, etc., are those which have been proposed for change. Such changes are often more difficult to make because of the large number of bureaucracies and agencies involved. The ultimate goal, however, is to remove, or at least minimize, as many existing distortions in the sector as possible.

Because of the HG-004 Program's broad focus and multiple components, it is difficult to measure the direct impact of the Program on the production of housing for low-income households. The number of newly provided small plots and the number of low-income loans, for example, can be counted and attributed to the Program as appropriate.

Room occupancy is the one indicator, however, which may be able to provide the best measure of the Program's impact. If room occupancy among low-income groups improves, or at least remains stable, then the policy changes enacted through the HG-004 Program can be considered as having a positive effect. If room occupancy and overcrowding for low-income households increase then the Program would not be achieving all that it should. It would mean that conditions have not been improved enough to enable an adequate number of low-income households to access affordable shelter. HUDC's current national level housing survey will provide key information on the nature of room overcrowding throughout the country.

#### **5.4.2 Beneficiaries**

Both the National Housing Strategy and the HG-004 Program were developed to improve equity in the housing sector and to help low- and moderate-income households obtain adequate and affordable shelter. Their implementation therefore should significantly benefit these low- and moderate-income groups.

The provision of a greater number of small plots will make it easier for low-income households to obtain a legal plot on which to build their house. The fact that a greater number of households will be able to house themselves will increase home ownership and improve social stability.

The increased production of affordable housing units will also help to prevent overcrowding by reducing room occupancy in the existing housing units.

The private sector as a whole should also benefit from the Program. The removal of unfair competition from Government housing programs, for example, should encourage an increase in private developer and contractor/builder activity. Because more housing will be built, the production of building materials, mechanical equipment, and furniture by small-scale private sector industries should also increase. The result will be a greater generation of income and employment opportunities.

Housing markets throughout the country should also benefit from the removal of unnecessary subsidies and distortions. More direct subsidies can then be made to those households which

are really in need. At the same time, Government revenues should increase as a result of more property development and better taxation and cost recovery. Greater equity in the sector will exist which can be leveraged to generate additional financing and income.

Overall investment and the economy as a whole should benefit because it will become easier for people to build. Greater amounts of personal savings will be invested in housing.

### 5.4.3 Unplanned Effects

Unplanned effects involving the HG-004 Program have included:

- addition of a housing component to Ministry of Public Works;
- merger of the Housing Corporation and the Urban Development Department into a single agency, the Housing and Urban Development Corporation; and
- additional donor support provided to the National Housing Strategy and to increasing private sector participation in housing by UNCHS-Habitat and the World Bank.

It should be noted that current donor agency activities are consistent in their support of the National Housing Strategy and of the “guided private sector” approach.

## 6 Major Problems Encountered and Lessons Learned

### 6.1 Problems and Constraints

Although considerable progress has been made in implementing the National Housing Strategy and the HG-004 Policy Menu, many potential problems and constraints continue to have a negative impact on Jordan’s housing sector. Some of the more obvious ones are described as follows:

- **inability to remove existing constraints in a well-informed, systematic, and coordinated manner.** There are still legal, fiscal, regulatory, cultural, and attitudinal constraints which prevent the formal private sector from providing a greater number of housing units for low-income families. The importance of even the smallest constraint is not always obvious and their removal may require considerably more time and effort than anticipated. The annual Shelter Review Seminars are extremely important, therefore, in attempting to identify the real constraints to the provision of housing and in reaching agreement about the necessary actions to remove them.
- **bureaucratic inertia at the technical level which prevents or hampers necessary policy change.** This inertia can exist even though there is general agreement that specific policy changes are required. Current zoning procedures are a good example of this type of inertia.
- **decreasing affordability due to escalation in land and housing prices at a time when household incomes and purchasing power in real terms are declining.** Price increases in construction and residential land have made it increasingly difficult for lower-income

families in urban areas to obtain affordable housing. These families face significant constraints in attempting to access housing finance at a time when unemployment and underemployment have risen and their own incomes and purchasing power have declined.

- **continuing lack of interest by private developers in the production of housing for low-income families.** Despite certain improvements in regulations and procedures and active encouragement to participate in public/private sector partnerships, private sector developers continue to show little real interest in producing housing units for low-income households. In addition, no developer has been able to provide any sites and services type plots for low-income families. This is primarily due to the fact that most developers are small, do not have the necessary capital to assemble and/or service tracts of residential land, and are inexperienced in land development. HUDC can play an important role in assisting small-scale land owners and developers throughout the country.
- **growing demands on infrastructure provision and maintenance.** The rapid growth of urban areas makes the efficient provision and maintenance of infrastructure increasingly difficult. The city of Amman and its immediate surroundings, for example, now effectively cover an area of some 1,000 square kilometers.

## **6.2 Lessons Learned**

Experience so far has shown that it is very difficult for a single agency to assume a strong leadership role in housing policy formulation and implementation. HUDC, as an implementing agency, has been unable to develop the necessary relationships to deal authoritatively with other Government ministries and agencies involved in the housing sector. These interagency relationships require a great deal more time and effort than originally anticipated in the HG-004 Policy Menu. This has been particularly true for relationships between the HUDC and the Department of Zoning and between HUDC and municipalities such as Ruseifa and Zarqa.

The Land Reconnaissance Survey is a good example of the additional effort that is required in developing these relationships. This study was carried out under the direction of a Steering Committee which included representatives from the MMRAE, DLS, and the four municipalities covered by the survey (i.e., Amman, Irbid, Zarqa, and Ruseifa). Despite the obvious importance of the study and the active participation of this Committee, only limited use has been made thus far of its results. The municipalities of Ruseifa and Zarqa, for example, have ignored many of the study's conclusions and recommendations even though their jurisdictions include areas which are undergoing rapid unplanned growth and which could substantially benefit from its recommendations.

Another problem involved in establishing a policy leadership role is the need to continually monitor and coordinate all public and private sector activities in shelter and urban development. Monitoring the impact of policy change on the sector is a constant and difficult task which requires extensive data and information from a wide range of sources. This type of information is currently lacking in the sector.

Without coordination, it is very difficult to maximize the efficient application of shelter policies. There is a strong tendency for each agency to act on its own behalf and to implement only those policies which are convenient and compatible with its own objectives. The resulting situation can include a considerable duplication of effort, agencies working at cross-purposes, etc. The conclusion is that continuing policy dialogue and coordination are very difficult to establish and even harder to maintain.

The careful elaboration, broad-based debate, and Government adoption of the National Housing Strategy have not led to the automatic implementation of its approved recommendations. A great deal of attitudinal and bureaucratic resistance to change remains to be overcome in several housing sector agencies. This is one reason why policy changes take a considerable amount of time to work themselves through the system and to begin to have an impact on the private sector.

The fact that no particular agency will financially benefit from a Housing Guaranty borrowing is both a strength and weakness of the HG-004 Program. The strength is that policy changes must be clear and broadly supported in order to be implemented. The weakness is that no agency is fully focused on the Program and/or actively lobbying the Ministry of Finance to make a borrowing.

### **6.3 Corrective Measures to Be Considered**

HUDC's recently formulated Corporate Development Plan puts a great deal of emphasis on strengthening the policy making functions of the agency. Because the agency will limit its future housing projects to those in which private developers are unlikely to become involved (e.g., upgrading), there will be much less conflict between the agency and private sector developers. Its policy authority in regards to the private sector should therefore increase.

The strengthening of HUDC's Board of Directors to assume a more active policy making role is essential to this transition. Given that the HUDC has been given the mandate and authority to monitor, develop, and promote housing policy throughout the country, its Board of Directors should be called upon to develop broad-based support for this activity and for the implementation of approved policies.

HUDC's Board of Directors includes representatives from: the Ministry of Public Works and Housing; Ministry of Planning; Ministry of Municipalities, Rural Affairs and Environment; Department of Lands and Surveys; Central Bank; Water Authority; Greater Amman Municipality; Jordan Housing Bank; and two representatives of the private sector. All representatives on the Board of Directors have been chosen from a list of individuals who have been qualified to participate on the Board based on their level of Government service and appointed through a resolution of the Council of Ministers.

The Board of Directors has the responsibility in terms of housing policy to:

- carry out decisions on general housing policy and urban development and obtaining formal approval of any required legislation;
- implement general housing and urban development policies and action plans with priority given to special projects that address the needs of low-income, urban households.

The Board of Directors should now begin to implement these responsibilities.

The HUDC also needs to develop closer working relationships with the Department of Zoning and local authorities. A clear and feasible approach through which HUDC can assist local governments in upgrading low-income and substandard neighborhoods is required. A protocol should be established through which technical services in upgrading can be provided to municipalities such as Ruseifa and Zarqa.

HUDC also needs to develop and reinforce close research links with existing and potential sources of data on housing and urban development (e.g., private consultants, Department of Statistics, Royal Scientific Society, universities, etc.). The development of a Housing Information System has been included in HUDC's Corporate Business Plan and should be pursued as a high priority.

Given the importance of housing construction to the Jordanian economy, it would be useful to have an economist from the Ministry of Planning assigned to work with the Policy and Training Unit for a period of time on specific areas of interest (e.g., housing investment, activity in the construction sector, economic and financial considerations of downzoning, cost recovery possibilities for municipalities, etc.). An exchange of professionals can be made between the HUDC and the Ministry of Planning.

#### **6.4 Prospects for Achieving Project Goals**

The National Housing Strategy and the HG-004 Policy Menu deliberately set forth a series of policy changes which were necessary, relatively moderate in nature, and achievable. The chance of implementing these policy changes, therefore, remains extremely good. Growing public sector awareness and knowledge of the real housing problems which confront low-income households and increasing attempts to involve the formal private sector in their solution indicates that substantial progress has been made in putting a "guided private sector" approach into place.

### **7 Conclusions and Recommendations**

Although the Gulf War and its aftermath had a substantial impact on the first two years of HG-004 Program implementation, the National Housing Strategy and the HG-004 Policy Menu which supports its recommendations continue to provide the overall focus and framework for the development and implementation of housing sector policies. Recent policy

and institutional changes have followed the broad outlines of the adopted "guided private sector" approach included in the Strategy.

While much of the HG-004 Policy Menu is virtually complete, it is important to keep in mind that housing policy is not a static phenomenon. There is a continual need to update policies and programs so that they remain relevant to changing conditions and demands.

One of the strategic and institutional policy actions in the HG-004 Policy Menu, for example, involved the management analysis of the former Housing Corporation. The intention of this analysis was to determine the most appropriate future role for this agency. Recently, however, the former Housing Corporation and the former Urban Development Department were combined into a single Housing and Urban Development Corporation. A very detailed Corporate Business Plan was developed for this new agency as part of the preparation for a new World Bank loan (HUDF1). Previous concerns with the role of the Housing Corporation therefore are no longer a major issue.

HUDC's new Corporate Business Plan, however, outlines a future role for the agency which includes privatizing its land development function (i.e., sites and services) and substantially increasing both the importance and self-financing ability of its policy making function. Programs which involved working with local authorities in the upgrading of standard neighborhoods would also remain with the HUDC. Although the institutional changes proposed in its Corporate Business Plan go beyond those that were previewed in the HG-004 Policy Menu, they remain fully compatible with the Program's goals and objectives.

While enough progress has been made in implementing the Policy Menu to consider the possibility of a second borrowing (assuming that the first Shelter Sector Seminar has been held), the funds remaining in the current authorization (i.e., US\$2.8 million) are too small to interest any of the parties in conducting a borrowing. However, given recent progress in peace negotiations between Jordan and Israel and the anticipated improvement in Jordan's credit situation, USAID and Jordan may wish to consider authorizing part or all of the remaining funds under the US\$50 million HG-004 Program. Until then, technical assistance and training will remain USAID's primary means of influencing the outcome of the HG-004 Program. They provide very critical inputs during this phase of the program in which a considerable number of changes are taking place in the housing sector.

The World Bank is currently developing a new loan program which will build upon USAID's efforts in developing and implementing a private sector orientation of the National Housing Strategy. Several areas of overlap exist (particularly in housing finance) between the HG-004 Policy Menu and the anticipated focus of the new World Bank program. USAID should work very closely with the World Bank in coordinating its efforts.

**Appendix A**  
**Outline for Shelter Review Seminar**

## Appendix A: Outline for Shelter Review Seminar

### Introduction and Background

The broad-based government and private sector review of the National Housing Strategy which occurred prior to its approval in 1988 provided an excellent forum for in-depth discussion and debate on alternative housing strategies and potential improvements in the delivery of housing. Participation in this debate was stimulated by the realization that housing plays a very important role in the overall economic and social development of the country. This role has become even more important today which makes it essential that discussions about housing policies and provision take place at the highest and broadest levels and that a full range of public and private sector housing providers be engaged in the debate.

The implementation of an annual Shelter Review Seminar was included as one of the principal strategic/institutional actions in the HG-004 Policy Menu. It has also been designated as one of the first policy actions to be implemented following approval of the HG-004 Action Plan.

The proposed seminar would make a major contribution to the development of an open and productive formulation of housing policies and programs. It would achieve this by:

- promoting an effective policy dialogue between the maximum number of public and private sector parties involved in the housing sector;
- providing an up-to-date assessment of the impacts of specific policies on the provision of housing for lower income groups; and
- setting realistic and coordinated production targets for both the public and private sector components of the housing delivery system.

The seminar would also be a key element in helping to improve overall coordination within the sector.

Seminar deliberations would include an assessment of the current housing situation, the identification of issues and constraints which hamper the provision of affordable housing to low income households, and an in-depth analysis of the effectiveness of current shelter delivery systems.

Major institutions and private sector participants would present summaries of their activities and outputs for the year, would briefly describe the constraints which they face in meeting their targets and goals and would outline their proposed programs for the coming year. Benefits from the seminar would include:

- an objective evaluation of the performance of the current housing sector;
- a chance for direct discussion on housing issues between representatives of both the public and private sectors; and
- an opportunity to better coordinate individual strategies and programs.

In addition to helping the Jordanian Government institutionalize a more effective process of information exchange and dialogue concerning the implementation of housing strategies, policies and programs, the annual Shelter Review Seminar would provide the necessary occasion to obtain much of

the specific data and information required to monitor both the implementation of the National Housing Strategy and the performance of the HG-004 Program. HUDC's Policy and Training Unit can effectively use this occasion to request specific housing related data which it needs to analyze the sector, to report on the HG-004 Program, to respond to the UNCHS/World Bank Housing Indicators Program and to serve as a data exchange for the housing sector.

The collaborative effort required to prepare the studies and seminar presentations would also help establish the HUDC and its Policy and Training Unit as the leader in the monitoring and development of housing policy.

The basic rationale and outline for this annual Shelter Review Seminar were presented in the HG-004 Action Plan which has since been approved by HUDC's Board of Directors, by USAID/Amman and by RHUDO/NENA. The present note provides additional information about the suggested content and implementation of this seminar.

### **Seminar Participants**

The Shelter Sector Seminar should bring together a wide range of representatives from both the public and private housing sectors. Given the continued importance of housing to the Jordanian economy and to the country's social stability, it is recommended that the seminar be carried out under the sponsorship of His Excellency the Crown Prince. All efforts should be made to encourage His actual participation in the Opening and/or Closing Sessions.

Those invited to the seminar would include both agency representatives and individuals who, as formal participants, will make presentations and participate in the panel discussions or, as general participants, will be invited to attend the seminar and to contribute to its open discussions. Both the public and private sectors will be represented in each of these participant groups.

Suggested formal participants would include representatives from the:

- Ministry of Public Works and Housing
- Housing and Urban Development Corporation
- Ministry of Planning
- Department of Statistics
- Ministry of Municipalities, Rural Affairs and Environment
- Greater Amman Municipality
- Municipalities of Ruseifa, Zarqa, and Irbid
- Department of Lands and Surveys
- Jordan Housing Bank
- Private Developers Association
- Central Bank
- Islamic Bank
- Water Authority
- Military Housing Corporation.

Suggested general participants might include representatives from:

- the Royal Geographic Center
- the Royal Scientific Society
- Cities and Villages Development Bank
- university departments for planning, economics, and sociology
- utility companies
- construction companies
- building material companies
- real estate agents
- NGO's and community based groups
- selected individuals

## **Contents of the Seminar**

The proposed seminar would last a full three days and would be divided into morning and afternoon sessions with only a very short break for lunch. All sessions would be video and audio taped in order to facilitate the preparation of subsequent documentation.

The suggested schedule and content of the seminar would be as follows:

### **Day One (Morning):**

#### **Opening Session and Remarks**

#### **Session 1: The Role of Housing in the Economy.**

This first session will examine the macro-economic impacts of both housing construction and the provision of residential infrastructure on the Jordanian economy.

It will analyze the relation between housing investment and selected economic indicators such as per capita GDP, fixed capital formation, national income expenditures and so on. A simple approach will be proposed through which the key relationships between housing and these indicators can be monitored on an ongoing basis. Input/output tables with different types of housing included will be updated and analyzed if possible. Current coefficients and multipliers as well as the value added resulting from increased demand for housing will be determined. Import requirements, wage payments and employment related to the provision of housing will also be studied and analyzed.

Other elements to be examined in the study will include the:

- backward and forward linkages between housing and building materials and furnishings; and
- effects of housing investment has on labor and employment, on the balance of payment requirements and on household incomes.

The overall study will be prepared and presented by an economist working in the Ministry of Planning. Housing related data and assistance in carrying out the study will be provided by the Policy Directorate of HUDC. One staff member from the directorate should be assigned to work with the economist in executing this task.

The resulting study paper should not exceed 20 pages or 6000 words in length. The seminar presentation should limit itself to a summary of the basic findings and conclusions of the analysis.

#### **Session 2: Presentation of Housing Survey Results and Future Trends**

The Policy Directorate and the Department of Statistics will collaborate in executing this study and in making the seminar presentation. The overall activity will include:

- an analysis and presentation of the results of the national level housing survey which is now being executed by the HUDC,
- an analysis and presentation of demographic trends and the results from other recent Department of Statistics surveys which may be relevant to housing (e.g., survey on poverty, etc.); and

- an application of the Housing Needs Model that will lead to a determination of future housing needs and affordability for the next five years.

Specific topics to be addressed in this analysis and presented at the seminar will include:

- demographic trends and recent changes in the geographic distribution of population and housing;
- overview of the housing stock (including housing quality and access to services, types of dwelling units, construction materials, unit size and number of rooms, etc.);
- land and dwelling unit tenure;
- processes followed by different income groups in obtaining/building a affordable housing unit;
- location and characteristics of informal housing and squatter settlements; and
- assessment of housing needs over the next five years which includes an analysis of the overall affordability of existing standards and the subsidy requirements required to house all new households to these standards.

The Policy Directorate will prepare the complete report concerning the analysis of results from the housing survey and from the assessment of housing needs. The Department of Statistics will explain the sample design.

The Department of Statistics will familiarize itself with these reports and assist the Policy Directorate in ensuring the statistical validity of the results and in preparing the overall summary and presentation to be used in the seminar.

The summary document should not exceed 6000 words or about 20 pages. The seminar presentation will be made jointly by representatives of the Policy Directorate and the Department of Statistics.

**Day One (Afternoon):**

**Session 3: Residential Land Development and Issues**

This will also be a joint study and presentation. It will involve close collaboration by the Policy Directorate, the Department of Lands and Surveys and the Department of Zoning in the Ministry of Municipal and Rural Affairs and Environment.

The study and presentation will include:

- the major findings and results of the Land Reconnaissance Survey (by HUDC);
- a description of the current status of the land retitling exercise in Ruseifa (by the Department of Lands and Surveys);
- a description of current efforts to upgrade the cadastre and how they relate to procedures and approvals for housing construction (by the Department of Lands and Surveys); and

- a description of the current status of planning and zoning regulations and procedures (by the Department of Zoning).

Each of the study papers should not exceed 3000 words or about 10 pages. This session will be conducted as a panel discussion. After a very brief presentation on each of the above mentioned topics, the remaining emphasis of the session will be placed on issues and constraints related to implementation.

#### **Day Two (Morning):**

##### **Session 4: Infrastructure Planning and Provision**

This study and presentation will be jointly carried out by the HUDC, the Water Authority and the Municipality of Amman. The subject matter will concern the relationship of urban development and housing to the planning, budgeting, execution and cost recovery of urban infrastructure. This infrastructure will include urban roads, piped water, electricity, waste water evacuation and solid waste disposal.

The intention of this session will be to examine how infrastructure can be provided in a more efficient and less costly manner. The ways in which to lower the cost of infrastructure for low income neighborhoods will be a focus of the discussions. The Municipality of Amman will be used as an example in this study.

A concise 6000 word or 20 page statement of the situation will be prepared and presented at the seminar. This session will be conducted as a panel discussion. A team made up of representatives from HUDC, the Water Authority and the Amman Municipality will be responsible for preparing the study and presentation.

##### **Session 5: Housing Finance**

This session will provide an overview of the current housing finance situation based on information obtained from a variety of sources. It would include a summary review of the banking sector, a description of private developer practices in providing informal credit to their clients, results from the housing survey on how households finance and build their own housing, and experiences from the Military Housing Corporation in working with small loans for households living outside of the major urban centers.

The Jordan Housing Bank would be responsible for putting together this session and ensuring the preparation of reports. Staff from the HUDC would work closely with the Housing Bank in preparing this study and in incorporating household survey data into the report and presentation.

A series of short papers, which should not exceed 3000 words or 10 pages, would be prepared by each of the participants. The seminar presentation would be conducted as a panel discussion.

#### **Day Two (Afternoon):**

##### **Session 6: Open Discussion**

This session will involve an open discussion on all of the information presented and issues raised during the five previous sessions. Policy issues and constraints to the effective provision of housing for low income households will be thoroughly discussed and debated. Collaborative solutions to common shelter problems and the improved delivery of housing to lower

income households will be discussed and put into action plans for implementation.

**Day Three (Morning):**

**Session 7: Presentation of Public Sector Programs and Policy Recommendations**

During this session, public sector housing agencies will present:

- a brief review of their programs and outputs for the current year;
- a succinct summary of the constraints which they face in implementing their programs;
- the anticipated impacts of current and potential policy changes on their activities and programs; and
- any additional proposals which they may have for policy or procedural changes which would facilitate and improve their programs and/or the provision of adequate and affordable shelter for low-income families.

Agencies making presentations during this session will include: HUDC, Department of Zoning, municipalities of Amman, Zarqa, Irbid and Ruseifa, Water Authority, Military Housing Corporation and the Jordan Housing Bank. Each of these agencies will prepare a 5 page paper on the above mentioned items and make a short presentation.

**Session 8: Presentation of Private Sector Activities and Policy Recommendations.**

The formal private sector will also present a summary of its activities and the constraints which it faces in attempting to provide affordable shelter to low income families. The main part of this study and report will be prepared by the Jordan Housing Developers Association. A panel discussion will be formed which will include: private developers, community based organizations and selected residents of sites and services projects.

A staff member from HUDC will assist the Jordan Housing Developers Association in preparing the study and organizing this session. Following the main presentation, the remainder of the session will be conducted as a panel discussion.

**Day Three (Afternoon):**

**Session 9: Seminar Conclusions and Recommendations**

The final session of the seminar will be devoted to summarizing and evaluating housing performance and activities accomplished during the previous year, to comparing the number of units actually built with estimated housing need and to discussing future activities and policy changes that will improve the performance of the housing sector.

A series of final observations and conclusions will be presented for general discussion and approval. Immediate proposals to improve coordination between all actors in the sector will be discussed and agreed upon.

### **Structure of Seminar Activities**

The full level of activities required for the successful implementation of the above mentioned studies and seminar will be organized according to three phases.

- **Phase 1** would include the preparation of the various studies and presentations for the seminar, as well as their distribution to formal participants for review and comment prior to its implementation.
- **Phase 2** would involve logistical preparations and the holding of the seminar itself.
- **Phase 3** would involve the preparation and production of the seminar report. This report would reflect the current status of the housing sector and be as widely distributed as possible.

### **Implementation of the Three Phases**

The Steering Committee for this activity would be HUDC's own Board of Directors. This Board should meet as soon as possible in order to review the seminar proposal and to approve its final conditions. The actual dates for the seminar also need to be fixed. Holding the seminar during the first or second week in December would leave enough time to prepare the studies and logistics for the seminar while making sure that its outcome is relevant in helping define necessary activities during the coming year. Once the dates of the seminar have been fixed, a detailed work plan, timeschedule and delegation of responsibilities will have to be made.

In general, the schedule of activities will be as follows:

#### **September/October 1994 -**

- Organize the Steering Committee. The Board of Directors of HUDC should form the essence of this committee.
- Establish the scopes of work for the individual studies, the formats required for the presentation and publication, and the outlines and logistic requirements for each of the seminar sessions.
- Identify study teams or working groups for each session and assign individual responsibilities and time schedules. The establishment of joint teams or working groups which have members from different agencies will help relieve HUDC of a large part of the work load in preparing the seminar and will also encourage greater active participation. Directly working together will also help improve future coordination in the sector.

#### **October/November 1994**

- Prepare studies and seminar presentations. Submit draft studies to participating agencies and individuals for review and comment. This should be completed at least one month before the seminar.
- Prepare agency programs for the coming year. These should also be submitted to HUDC at least two weeks prior to the seminar.
- Finalize logistic arrangements for the seminar.

**December 1994**

- Conduct the three day seminar and document results. All sessions should be video and audio taped for future reference.

**January/February 1995**

- Complete and distribute seminar report. This report should have the widest possible distribution and could even be marketed to private sector firms, individuals, researchers, etc.

**March 1995**

- Obtain and review feedback on seminar and report. Use this feedback to improve the next year's seminar.

**Estimated Budget**

The cost of this Shelter Review Seminar could vary a great deal depending on the size and location of the meeting room, the extent of lunch and coffee services and the quality and distribution of the resulting publication. Because this seminar will be the very first of what is proposed to become an annual event, it must obviously be very professionally done and well presented.

The seminar costs indicated below are only very rough estimations. They are based on previous experience with the Private Developers Seminar in 1988 and include:

- Honorariums and other costs related to the preparation of the studies and presentations (including overtime for HUDC staff). (JD 4000)
- Lunches and coffee service (75 people X JD 20 X 3 days = JD 4500 )
- Video taping and recording of proceedings ( JD 1300 )
- Report development and production ( JD 4000 )
- Unforseens ( JD 1200 )

**Total Estimated Cost = JD 15,000**

## **Appendix B**

### **Technical Assistance and Training Plan**

**TECHNICAL ASSISTANCE AND TRAINING PLAN (TAST) IN SUPPORT OF JORDAN HG-004**

**TABLE 1: TAST Plan Relationship with HG-004 Program Policies**

ACTIVITY	AUDIENCE	RELATED HG-004 POLICY NUMBER	RELATED POLICY ACTION
3. Training in Analytic Techniques (one day workshop)	MLDC OLS	Same as Activity No. 6	Same as Activity No. 6
7. Organization and Management Assist. to MLDC: - Policy Directorate - Corporate Planning Unit	MLDC	Same as Activity No. 9	Operationalize the administrative and technical capabilities of MLDC
10. Urban Economist to assist MLDC Policy Directorate Phase 1 and Phase 2	MLDC	Same as Activity No. 9	Same as Activity No. 9
11. Training Needs Strategy Development Analysis & Training	MLDC	Establish clear and realistic housing provision targets for public and private sector suppliers	Same as Activity No. 9
12. MHUD Regional Seminar on Community Participation in Housing & Urban Development (Cairo)	MLDC Other	Establish local capacity to set priorities for residential land development	Establish institutional framework to work with Ruseifa Municipality and local population in developing Utl-Ruseifa
13. Land Development Course USA	MLDC	Increase the number of small, serviced plots in housing locations suitable for moderate and lower income families	Review results of the Land Reconnaissance Survey and identify areas for specific rezoning activities
14. Land Policies and Management Training: Senior Policy Makers Workshop (Jordan)	MLDC MRAE JIB DIS JIPA G/K	Maximize the efficient use of existing capacity in residential land	Improve the technical capacity of MRAE's Department of Zoning

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**TECHNICAL ASSISTANCE AND TRAINING PLAN (TATP) IN SUPPORT OF JORDAN HG-004**  
**TABLE 1: TATP Plan Relationship with HG-004 Program Policies**

ACTIVITY	AUDIENCE	RELATED HG-004 POLICY MENTION	RELATED POLICY ACTION
15. Land Policies and Management Training: Technical Seminar (Jordan)	HUDC MORAE DLS GAM JIPA UJ	Same as Activity 14	Same as Activity 14
16. Training in Analytic Techniques (one day workshops)	HUDC DLS	Same as Activity 6	Same as Activity 6
17. Planning Orientation for Urban Development (Jordan): Course No. 2	HUDC MORAE GAM JIPA DLS UJ Other	Same as Activity 6	Same as Activity 6
18. Course on Financing of Low Cost Housing	HUDC JHS Developers	Same as Activity 5	Same as Activity 5
19. Development of a Handbook on Solid Building Techniques	HUDC Developers	Improve low income, owner-builder housing construction through better information on construction techniques and comprehensible building operations	Develop owner-builders guidebook, video and statement of developer ethics
20. Facilitator Training Program (USA)		Same as Activity 6	Same as Activity No.6
21. Implementation Assistance (Bilateral)		N/A	N/A
22. Final Evaluation		N/A	N/A

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**TECHNICAL ASSISTANCE AND TRAINING PLAN (TA&T) IN SUPPORT OF JORDAN EG-004**

**TABLE 2: TA&T Plan costs and source of funds**

<u>ACTIVITY</u>	<u>AUDIENCE</u>	<u>TENTATIVE TIMING</u>		<u>CONTRACTING MECHANISMS</u>	<u>COSTS (\$)</u>	<u>SOURCE OF FUNDS</u>		
		<u>Start Date</u>	<u>Duration</u>			<u>TSFS</u>	<u>DAT</u>	<u>GOJ</u>
1. Housing Survey	HDC	01/94	6 months	Local	61,000	45,000	-	16,000
2. Preparation of Annual Review/Interim Evaluation	HDC	05/94	3 weeks	ICC	25,000	25,000	-	-
3. Study Tour to Tunisia for Public & Private Developers	HDC Developers	02/94	1 week	Inv. Trvl	25,000	25,000	-	-
4. GIS/Computerization Phase 1: Needs Assessment	HDC MRAE D.S GM	03/94	3 weeks	Local	15,000	15,000	-	-
5. Housing Finance Course (USA)	JIB HDC	05/94	3 weeks	PIO/P	26,000	-	20,000	6,000
6. Planning Orientation for Urban Development (Jordan): Course No.1	JIB HDC MRAE GM D.S Other U	06/94	1 week	ICC	35,000	35,000	-	-
7. GIS/Computerization Phase 2: a- Equipment Purchase b- Training	HDC MRAE D.S GM	06/94 07/94	2 weeks 2 weeks	Local ICC	75,000 25,000	75,000 -	- 25,000	- -

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**TECHNICAL ASSISTANCE AND TRAINING PLAN (TA&T) IN SUPPORT OF JORDAN HG-004**

**TABLE 2: TA&T Plan costs and source of funds**

<u>ACTIVITY</u>	<u>AUDIENCE</u>	<u>TENTATIVE TIMING</u>		<u>CONTRACTING MECHANISMS</u>	<u>COSTS (\$)</u>	<u>SOURCE OF FUNDS</u>		
		<u>Start Date</u>	<u>Duration</u>			<u>TSFS</u>	<u>DAT</u>	<u>GOJ</u>
8. Training in Analytic Techniques (one day workshop)	HUDC DLS	TBD	1 week	Same as 6 above	20,000	20,000	-	-
9. Organization and Management Assist. to HUDC: - Policy Directorate - Corporate Planning Unit	HUDC	02/94	3 weeks	Local	15,000	15,000	-	-
10. Urban Economist to assist HUDC Policy Directorate Phase 1 and Phase 2	HUDC	03/94	3 weeks	IOC	30,000	30,000	-	-
11. Training Needs Strategy Development - Analysis & Training	HUDC	06/94	3 weeks	IOC	20,000	20,000	-	-
12. RHUD Regional Seminar on Community Participation in Housing & Urban Development (Cairo)	HUDC other	09/94	1 week	Invt. Trvl	10,000	10,000	-	-
13. Lanz Development Course - USA	HUDC	09/94	3 weeks	PIO/P	26,000	-	20,000	6,000
14. Lanz Policies and Management Training: Senior Policy Makers Workshop (Jordan)	HUDC MORAE JRB DLS JIPA GM	10/94	3 days	IOC	20,000	-	20,000	-

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TECHNICAL ASSISTANCE AND TRAINING PLAN (TA&T) IN SUPPORT OF JORDAN RG-004

TABLE 2: TA&T Plan costs and source of funds

ACTIVITY	AUDIENCE	TENTATIVE TIMING		CONTRACTING REQUIREMENTS	COSTS (\$)	SOURCE OF FUNDS		
		Start Date	Duration			TSES	DAT	GOJ
15. Land Policies and Management Training: Technical Seminar (Jordan)	HUDC MHRAE DLS GAM JIPA UJ	10/94	10 days	IOC	70,000	-	70,000	-
16. Training in Analytic Techniques (one day workshops)	HUDC DLS	TBD	1 week	Same IOC as 6	See 8	-	-	-
17. Planning Orientation for Urban Development (Jordan): Course No. 2	HUDC MHRAE GAM JIPA DLS UJ Other	11/94	1 week	Same IOC as 6	35,000	35,000	-	-
18. Course on Financing of Low Cost Housing	HUDC JHB Developers	12/94	1 week	IOC	50,000	50,000	-	-
19. Development of a Handbook on Sound Building Techniques	HUDC Developers	12/94	3 months	Local	50,000	50,000	-	-
20. Facilitator Training Program (USA)		04/94	1 week	PIO/P	10,000	-	10,000	-
21. Implementation Assistance (Balter)		02/94	48 days	IOC	27,000	27,000	-	-
22. Final Evaluation		FY95	3 weeks	IOC	35,000	35,000	-	-
<b>TOTAL</b>					<u>705,000</u>	<u>512,000</u>	<u>165,000</u>	<u>28,000</u>

**TECHNICAL ASSISTANCE AND TRAINING PLAN (T&T) IN SUPPORT OF JORDAN HG-004**

**TABLE 3: T&T Plan Workload Schedule**

ACTIVITY	TASK MANAGER(S)	1/94	2/94	3/94	4/94	5/94	6/94	7/94	8/94	9/94	10/94	11/94	12/94	1/95	2/95
1. Housing Survey	Starazi	+++	++++	++++	++++	++++	++++								
2. Preparation of Annual Review/Interim Evaluation	FKraiem		----	++++		++		o							
3. Study Tour to Tunisia for Public & Private Developers	Starazi/ FKraiem	+++	xxx												
4. GIS/Computerization Phase 1: Needs Assessment	Starazi	----	++++	++++	++++										
5. Housing Finance Course (USA)	Starazi	----	++++		++	++									
6. Planning Orientation for Urban Development (Jordan): Course No. 1	Walter		--	++++	++++		+++								
7. GIS/Computerization Phase 2: a- Equipment Purchase b- Training	Starazi							----	++++	+++	++++		++++		

**LEGEND:** --- Task Initiation      ++++ Task Preparation (PIO/T, PIO/P, Contracting, et..)  
 o Annual Review Conference      \*\*\*\* Task Implementation

**TECHNICAL ASSISTANCE AND TRAINING PLAN (TA&T) IN SUPPORT OF JORDAN EG-004**

**TABLE 3: TA&T Plan Workload Schedule**

ACTIVITY	TASKS MANAGER(S)	1/94	2/94	3/94	4/94	5/94	6/94	7/94	8/94	9/94	10/94	11/94	12/94	1/95	2/95
8. Training in Analytic Techniques (one day workshop)	Balter (same as 6)						****								
9. Organization and Management Assit. to HUDC - Policy Directorate - Corporate Planning Unit	Sarazi		----	++++	++++	----									
10. Urban Economics to assist HUDC Policy Directorate Phase 1 and Phase 2	Sarazi/ Fraier									----	++++	++++	++++		
11. Training needs Strategy Development Analysis; Training	Balter		----	++++	++++	----									
12. RHDC Regional Seminar on Community Participation in Housing & Urban Development. (Cairo)	Sarazi		----		++++					----					
13. Land Development Course - USA	Sarazi				----		++++			----					
14. Land Policies and Management Training: Senior Policy Makers Workshop (Jordan)	Balter				--			++++	++++				----		

**TECHNICAL ASSISTANCE AND TRAINING PLAN (T&T) IN SUPPORT OF JORDAN HG-804**

**TABLE 3: T&T Plan Workload Schedule**

ACTIVITY	TASK MANAGER(S)	1/94	2/94	3/94	4/94	5/94	6/94	7/94	8/94	9/94	10/94	11/94	12/94	1/95	2/95
15. Land Policies and Management Training: Technical Seminar (Jordan)	BWalter (same as 14)												****		
16. Training in Analytic Technique: (one day workshops)	BWalter (same as 6)										****				
17. Planning Orientation for Urban Development (Jordan): Course No.2	BWalter (same as 6)										****				
18. Course on Financing of Low Cost housing	BWalter										----	+++	++++		***
19. Development of a Handbook on Sound Building Techniques	Starazi/ BWalter										----	++++	++++		***
20. Facilitator Training Program (USA)	Starazi	----		++++			****								
21. Implementation Assistance (Balter)	FKraiem/ Starazi	++++	+++		***		****							****	
22. Final Evaluation	FKraiem											---		++++	***

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**TECHNICAL ASSISTANCE AND TRAINING PLAN (TA&T) IN SUPPORT OF JORDAN HG-004**  
**TA&T PLAN COSTS, SOURCE OF FUNDS, AND CONTRACTING MECHANISMS**

<u>ACTIVITY</u>	<u>TENTATIVE START DATE</u>	<u>TIMING DURATION</u>	<u>CONTRACTING MECHANISM</u>	<u>TASK MANAGER</u>	<u>CONTRACTING OFFICE</u>	<u>SOURCE</u>	<u>OF</u>	<u>FUNDS</u>
1. HOUSING SURVEY	01/94	6 MONTHS	GRANT TO HUDC	STARAZI	RLA/CONT.	TSFS 45,000	DAT -	GOJ 16,000
2. PREPARING OF ANNUAL REVIEW/INTERIM EVALUATION	05/94	3 WEEKS	IQC/AID/W	BWALTER	RCO'S CLEARANCE	25,000	-	-
3. STUDY TOUR TO TUNISIA FOR PUBLIC AND PRIVATE DEVELOPERS	02/94	1 WEEK	INVITATIONAL TRAVEL	STARAZI	CONTROLLERS	25,000	-	-
4. GIS/COMPUTERIZATION PHASE 1: NEEDS ASSESSMENT	03/94	3 WEEKS	AID/DIRECT CONTRACT	STARAZI	RCO'S SERVICES	15,000	-	-
. HOUSING FINANCE COURSE (USA)	05/94	3 WEEKS	PIO/P - DAT IV	ANASSAR	CONTROLLERS	-	20,000	6,000
. PLANNING ORIENTATION FOR URBAN DEVELOPMENT (JORDAN): COURSE NO.1	06/94	1 WEEK	IQC/AID/W	BWALTER	RCO'S CLEARANCE	35,000	-	-
. GIS/COMPUTERIZATION PHASE 2: A. EQUIPMENT PURCHASE B. TRAINING	06/94 07/94	2 WEEKS 2 WEEKS	AID/DIRECT CONTRACT IQC/AID/W	STARAZI	RCO'S SERVICES RCO'S SERVICES	75,000 -	- 25,000	- -
. TRAINING IN ANALYTIC TECHNIQUES (ONE DAY WORKSHOP)	TBD	1 WEEK	IQC/TUNIS	BWALTER	RCO'S SERVICES	20,000	-	-
. ORGANIZATION AND MANAGEMENT ASSIT. TO HUDC: - POLICY DIRECTORATE - CORPORATE PLANNING UNIT	02/94	3 WEEKS	AID/DIRECT CONTRACT	STARAZI	RCO'S SERVICES	15,000	-	-
0. URBAN ECONOMIST TO ASSIST HUDC POLICY DIRECTORATE PHASE 1 AND PHASE 2	03/94	3 WEEKS	AID/DIRECT	STARAZI	RCO'S SERVICES	30,000	-	-
. TRAINING NEEDS STRATEGY DEVELOPMENT ANALYSIS AND TRAINING	06/94	3 WEEKS	IQC/AID/W	BWALTER	RCO'S CLEARANCE	20,000	-	-
2. RHUDD REGIONAL SEMINAR OR COMMUNITY PARTICIPATION IN HOUSING AND URBAN DEVELOPMENT (CARIO)	09/94	1 WEEK	INVITATIONAL TRAVEL	STARAZI	CONTROLLER	10,000	-	-
3. LAND DEVELOPMENT COURSE-USA	09/94	3 WEEKS	PIO/P	ANASSAR	CONTROLLER	-	20,000	6,000
4. LAND POLICIES & MANAGEMENT TRAINING: SENIOR POLICY MAKERS WORKSHOP (JORDAN)	10/94	3 DAYS	IQC/AID/W	BWALTER	RCO'S CLEARANCE	-	20,000	-

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<u>ACTIVITY</u>	<u>TENTATIVE START DATE</u>	<u>TIMING DURATION</u>	<u>CONTRACTING MECHANISM</u>	<u>TASK MANAGER</u>	<u>CONTRACTING OFFICE</u>	<u>SOURCE TSFS</u>	<u>OF DAT</u>	<u>FUNDING GOJ</u>
15. LAND POLICIES & MANAGEMENT TRAINING: TECHNICAL SEMINAR (JORDAN)	10/94	10 DAYS	IQC/AID/W	BWALTER	RCO'S CLEARANCE	-	70,000	-
16. TRAINING IN ANALYTIC TECHNIQUES (ONE DAY WORKSHOP)	TBD	1 WEEK	IQC/TUNIS	BWALTER	RCO'S CLEARANCE	-	-	-
17. PLANNING ORIENTATION FOR URBAN DEVELOPMENT (JORDAN): COURSE NO. 2	11/94	1 WEEK	IQC/AID/W	BWALTER	RCO'S CLEARANCE	35,000	-	-
18. COURSE ON FINANCING OF LOW COST HOUSING	12/94	1 WEEK	IQC/AID/W	BWALTER	RCO'S CLEARANCE	50,000	-	-
19. DEVELOPMENT OF A HANDBOOK ON SOUND BUILDING TECHNIQUES	12/94	3 MONTHS	AID/DIRECT	STARAZI	RCO'S SERVICES	50,000	-	-
... FACILITATOR TRAINING PROGRAM (USA)	04/94	1 WEEK	PIO/P	STARAZI	CONTROLLERS	-	10,000	-
21. IMPLEMENTATION ASSISTANCE (BWALTER)	02/94	48 DAYS	IQC/TUNIS	STARAZI	RCO'S SERVICES	27,000	-	-

Clearances:

CO: KKennedy

CO: AYamak

raft:Starazi:RZ

cc. U:\PSMPUB\DOCS\TA&T  
1/12/94)

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