

FEASIBILITY STUDY FOR A  
LAND DEVELOPMENT FINANCING FACILITY IN TUNISIA

WORK PLAN AND STUDY METHODOLOGY

Contract No. PCE-1008-I-00-6006-00  
Task Order No. 3  
Environment and Urban Programs Support IQC

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### A. Introduction

The primary focus of this study is to recommend ways to integrate better land development and housing finance systems for low- and middle-income families, so that supply adequately meets demand on a self-sustaining basis. Particular consideration will be given to the interrelationships between national and local governments and agencies, on the one hand, and the private sector on the other. Also important are the mechanisms that allow land development and home construction to continue on a cost recoverable and self-sustaining basis. Where possible, priority will be given to expanding and strengthening existing structures and institutions to improve their capacity to meet the Government of Tunisia's (GOT) land development and housing objectives. Proposals for new mechanisms and institutions will be considered as necessary to consolidate and complement efforts already under way.

Consultants will work closely with national government agencies and local municipalities, as well as with financial institutions, private landowners, developers, and beneficiary groups. The El-Matar project will be emphasized because the approach used is helping to meet the country's land development needs.

To carry out the study and recommendations, the contractor has assembled a multidisciplinary team combining international and local expertise in the legal, financial, urban, and municipal sectors.

This team is comprised of international consultants C. Bovet (legal and financial) and J. Pigey (urban and municipal), and national consultants R. Taleb (urban and land planning) and S. El Mejri (legal and institutional).

### B. Work Plan

Work will be performed by the four consultants as a team effort, under the leadership of C. Bovet. Primary inputs for each of the nine task groups defined in Task Order No. 3 will be assigned as follows:

B.1.	Market Study	R. Taleb
B.2.	Summary study of the financial sector	S. El Mejri
B.3.	Design of financing system	C. Bovet
B.4.	Resources of recommended financial system	C. Bovet
B.5.	Uses of the recommended financing system	J. Pigey
B.6.	Financial projections for land development	J. Pigey
B.7.	Conditions for financial viability	C. Bovet

B.8.	Other conditions for viability	Joint
B.9.	Defining the implementation phases	Joint

The distribution of responsibility for the specific sub-tasks within each task group identified above is illustrated in Figure 1 at the end of this document.

### C. Period of Performance

Three temporary duty (TDY) assignments are proposed for the international consultants. A first visit of one week will be used to analyze the situation, structures, institutions, and systems involved, and to coordinate the work performed by the national consultants. This visit is planned for the week beginning January 4, 1997.

A second two-week visit by the international consultants will take place after the national consultants complete the market study and other background analysis. This could take place late in February or in March 1997. At this stage, the GOT and USAID/RHUDO will be presented with tentative proposals for their consideration and recommendations.

A final one-week visit by the international consultants will follow the decisions and recommendations of GOT and USAID/RHUDO and will be used to refine the solution chosen.

Figure 2 illustrates the timeline for the international and national consultants' interventions during the implementation of Task Order No. 3. Figure 3 shows tentative task scheduling.

### D. Deliverables

This work plan and study methodology represents Report 1, called for under Task Order No. 3. Report 1A (Trip Aide-mémoire) will be submitted at the end of the first TDY.

Report 2 will be submitted at the end of the second TDY referred to above, to be followed within two weeks by the more complete Interim Report 3.

Final Report 4 will be submitted within two weeks following the end of the third and final TDY, to address the comments and observations made by the GOT and USAID/RHUDO.

### E. Study Methodology

The GOT intends to set up a system to produce serviceable lots handled by municipal governments and developed by private entities. In this regard, the following questions will be addressed during the present study.

**Reassess the land market.** Are municipal governments convinced of their role in housing and land markets? Do they have the technical capability to assist, negotiate, and transact agreements with the private sector to come up with serviceable lots? Are there good cadastral, registration, and tenure records in place to document land transactions? Is there transparency in land transactions? What is the status of legislation and regulations concerning the land market? Are there too many regulations? Are there enough to

safeguard the housing needs of low-income households? What institutions deal with the land market? Are these institutions efficient and effective? Do these institutions and regulations promote private participation in land production? To what extent is the Samir Kanoun (1995) paper, which recommends strategies for strengthening the municipal role in land development, being implemented?

**Determine the effectiveness of municipal authority.** Does the local government have enough clout to get other actors to provide adequate land and infrastructure to meet housing needs? What is the legal and institutional arrangement between the central and municipal governments concerning urban land? Has responsibility for land management devolved to the municipality? Are local skills adequate to ensure that these responsibilities are strengthened at the local level? What kind of training programs and products need to be in place to support this devolution of responsibility? How can a balance be achieved to allow for deregulation of the land market while continuing to consider the needs of low-income households?

**Assess the impact of land policies on land and housing markets.** How do land policies affect land prices and market efficiency? What is the impact of subdivision standards on land development and construction costs? How do approval cycles and controls affect land use and development? How do master plans, zoning designations, and minimum lot size standards affect supply and cost of land for residential development?

**Assess the performance of land development agencies.** How does relevant legislation (including the Code de l'Urbanisme et de l'Aménagement Foncier) affect land development process and costs, and how can it be improved? How does the Agence Foncière et de l'Habitat facilitate the supply of developed land for home ownership? What measures could be suggested to enhance its role?

**Assess efficiency of land market operations.** Do titling, registration, and information systems contribute to land market efficiency? What is the status regarding cadastral, subdivision, and parcel maps, as well the system for recording real property transactions and updating ownership records? What is the incidence of the property tax system on land market operations?

**Evaluate infrastructure network development processes.** What is the financial, institutional, and spatial structure for installing infrastructure networks? What are the planning and budgeting systems for financing infrastructure? How are urban land policy and sustainable infrastructure programs linked? How financially sustainable is the system?

**Assess the role of the financing system and institutions.** Will a land bank or specialized financial institution need to be created? Should it be private or capitalized by the government? What new financial instruments that could adjust for market conditions would be offered by a special institution dealing with land? How will these instruments work with private provision of infrastructure? What pricing mechanisms need to be in place? How will land valuation be installed to maintain transparency and make risks obvious? How will municipalities access short- and medium-term loans? Will municipalities float their own infrastructure funds? Who will oversee ratings and standards of instruments to be offered? How will infrastructural improvements be priced so that land owners are not inefficiently taxed? What other models could be applied to an "El Matar-type" pilot project? What conditions are needed for a specialized land market institution to be successful? What

staffing and training will that institution require ? How can the municipality as a stakeholder be mobilized to share in creating a successful project?