

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE Liberian Low Income Housing Phase I Grant - \$1.87 m (669-0146) Phase II Grant - \$5.00 m (669-0167) Phase III Housing Loan Guaranty - \$10 m (669-HG-002)		2. PROJECT NUMBER See No. 1	3. MISSION/AID/W OFFICE USAID/Liberia
5. KEY PROJECT IMPLEMENTATION DATES		4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY)	

5. KEY PROJECT IMPLEMENTATION DATES		6. ESTIMATED PROJECT FUNDING		7. PERIOD COVERED BY EVALUATION	
A. First PRC-AG or Equivalent FY 79	B. Final Obligation Expected FY 81	C. Final Input Delivery FY 83	A. Total \$ 20.87	B. U.S. \$ 16.87	From (month/yr.) 1/79 To (month/yr.) 12/80 Date of Evaluation Review 1/9/80

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, P/O, which will present detailed request.)

B. NAME OF OFFICER RESPONSIBLE FOR ACTION

C. DATE ACTION TO BE COMPLETED

The Evaluation Team makes the following major recommendations:

1. Execution of the Housing Guaranty Loan should be completed in time to provide funds to the Program by July of 1981. To assist in the analysis of the loan AID should provide a financial expert to review the loan proposals to determine immediate costs and long term financial returns.
2. Short term evaluation and inspection tours of other African low income housing project should be provided to newly installed officers in the NHA and the NHSB.
3. The NHA should reevaluate its needs for the larger than planned number of AID supported employees. Similarly the NHSB should develop an expenditure plan for AID funded staff support to the institution.
4. A training program for all levels of low income housing personnel should begin before March 1, 1981
5. The technical assistance needs to be extended to keep each advisor in country until June 1982.

NHSB	7/81
USAID Project Manager	7/81
USAID Project Manager	3/81
NHA	2/81
NHSB	
USAID Project Mgr & DS/H	2/81
USAID/Liberia	7/81

(Cont'd)

9. INVENTORY OF DOCUMENTS TO BE REVIEWED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input checked="" type="checkbox"/> Implementation Plan e.g. CPI Network	<input type="checkbox"/> Other Specify
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> P.O.	<input type="checkbox"/> Other Specify
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> P.I.C.	
<input type="checkbox"/> Other Specify	<input type="checkbox"/> P.C.P.	

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

<input type="checkbox"/> Continue Project Without Change
<input type="checkbox"/> Terminate Project Design and/or
<input checked="" type="checkbox"/> Single Implementation Plan
<input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

12. Mission/AID/W Office Director

Approved
Signature *Edward E. Anderson*
Edward E. Anderson, Deputy Director
Typed Name

Recommendations (cont'd)

	<u>Responsible Officer</u>	<u>Date Action Completed</u>
6. The NHA Managing Director should continue to take a strong stand to assure that there are no more delays in preparation of the draft National Housing Policy Paper so it can be submitted to the Head of State in the Spring of 1981.	NHA Managing Director	5/81
7. Project personnel should monitor closely community reaction to West Point upgrading and continue to foster community participation in the solutions to its shelter problems.	USAID Project Manager and NHA	Ongoing
8. The New Georgia sales plan should be finalized as soon as possible to ensure timely home construction and the interest rate charge for the long term loans should be in line with present commercial rate.	NHA	2/81
9. The program evaluation and monitoring system should be updated for the next 9-12 months to ensure the readiness of activities and timely supply of inputs at the low income housing sites.	NHA and USAID Project Manager	2/81

EVALUATION LOW INCOME HOUSING PROGRAM
USAID/LIBERIA

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Summary of Progress - January 1979 to December 1980

The Liberian Low Income Housing Program is progressing satisfactorily in spite of serious economic problems facing the country and a major change in project leadership resulting from the April 12th Revolution. Government commitment to the provision of low income housing is strong and the capacity of the NHA to design, construct and manage replicable low income shelter project has grown, though admittedly at a slower pace than planned. The local target communities have participated in decisions regarding urban upgrading and in the design of New Georgia model houses. Substantial cost reductions have been achieved over original PP estimates in both serviced site and house construction costs, thus ensuring that the low income target group (incomes less than \$150/month) can afford the program. The actual construction at New Georgia and West Point is proceeding on schedule. Overall project implementation has been satisfactory and progress toward meeting the project goal and purposes is being made.

External factors: The civil disturbances on April 14, 1979 and the coup of April 12, 1980 have had a substantial impact on the direction and pace of the program. The choice of West Point as the initial site for upgrading and a higher level of GOL commitment to low income housing resulted from the rice riots in April 1979 when the magnitude of urban dissatisfaction became apparent. The coup a year later resulted in further increase in Government commitment, but it also created a period of confusion which has delayed project implementation. Finally, inflation and the serious downturn in the economy starting in late 1979 running through the present have hindered NHA and NHSB operations. Construction costs have risen dramatically, Government funds for operations have been slow in coming, and the NHSB financial position has been weakened. High interest rates have caused the NHSB to reject the initial bids for the HG loan.

Inputs: The delay of execution of the HG loan has resulted in less money available than planned. However, to date and at least through June 1981, this shortfall is not a constraining factor in the provision of project inputs. The delays in contracting for training assistance have seriously hurt the development of the capacity of NHA and NHSB to design and implement low income housing. The turn over and resultant lack of continuity in the technical assistance also has been a problem. This latter problem was in many ways unavoidable; while the former seems to be caused by AID/Washington bureaucratic red tape. Finally the project funded staff support for NHA is at a higher than planned level (37 versus 30 people). The need for additional staff has not been justified.

Outputs: Given the above delays in input supply and unusual external factors, progress toward achievement of outputs is acceptable. Many external factors have affected the project implementation plan, but generally the project output of a detailed implementation plan has been met. Progress toward the goals of New Georgia site development, housing loan provision and urban upgrading have been good; while the training of staff at NHA and the creation of housing policy have been slow.

Beneficiaries: The NHA has completed socio-economic surveys and community participation programs to ensure the shelter needs of the urban poor are to be addressed. The cost of serviced sites and the basic house at New Georgia have been cut to a point where the target family can participate. Close monitoring of the income levels of the new residents of New Georgia is crucial to determine if the benefits are flowing to the target group. In West Point the benefits of the upgrading will accrue to the very poor.

EVALUATION
LOW INCOME HOUSING PROGRAM
USAID/LIBERIA

PHASE I Grant - \$1.87 million (669-0146 signed Sep 78)
PHASE II Grant - \$5.00 million (669-0167 signed Sep 79)
PHASE III Housing Loan Guaranty - \$10 million (669-HG-002)

I. INTRODUCTION

This evaluation covers three separate AID projects (two grants and a housing loan guaranty) which create the joint Government of Liberia/USAID Low Income Housing Program. The first grant, Low Income Housing Phase I, began operation in January of 1979 upon the arrival of the first two of three long-term consultants from the Clapp and Mayne Contract Team. Through this \$1.87 million grant, technical assistance, participant training and funding for socio-economic survey activity and evaluation is provided to assist the GOL to:

1. Develop a national housing policy to provide an improved, comprehensive framework for decision making for the low income shelter sector.
2. Expand and reorient the institutional capacity of the National Housing Authority (NHA) to design and implement low income shelter projects through training of staff and design of demonstration projects.

The Phase II grant (\$5.0 million) and the Phase III Housing Guaranty (\$10.0 million) consist of a series of subprojects designed to assist the NHA and the National Housing and Savings Bank (NHSB) to design, finance, construct, and manage replicable shelter projects for low income families. The Project Agreement calls for five subprojects as follows:

a. Institution Building: As a follow-on to Phase I, \$1.0 million in grant funds were programmed for training and budget support for the NHA and NHSB.

b. Construction and Small Business Loans: This subproject consists of lending through the NHSB to beneficiaries for building materials, construction services and small employment generating enterprises located in the project areas. Four million dollars of grant and AID guaranteed loan funds were allotted to this activity.

c. Sites and Service/Core Housing: Five and a half million dollars of grant and AID guaranteed loan funds are provided for the design and construction by the NHA of graded and serviced sites containing various shelter options in areas including New Georgia and such other sites mutually agreed upon by AID and NHA.

d. Urban Upgrading: Infrastructure improvement in New Kru Town and other sites agreed upon by AID and the Government of Liberia were programmed to receive \$4.0 million from the grant and loan. (West Point has been chosen to replace New Kru Town as the initial site for upgrading. See Section V.)

e. Pilot Secondary City Shelter: A half million dollars of loan funds were allotted to a pilot or demonstration project involving a mix of shelter services and facilities for low income families in an upcountry city.

This evaluation was conducted by a joint AID/GOL team composed of the following members:

- Lamin Hassan, Chief of Operations, NHA
- Lancedell Matthews, Chief Planning and Research Department, NHA
- Kelly Myrick, Housing Officer, AID/Washington
- Jim Dempsey, Development Resources Officer, USAID/Liberia

The need for this evaluation rests on the fact that Phase I of the program has been in operation for nearly two years without evaluation and Phases II and III are at the "take-off" stage for site sale, construction and neighborhood upgrading. The original plans for evaluation of Phase I called for a review after 11 months. The evaluation was delayed because of changes in the implementation schedule resulting from the April disturbances of 1979, 1980 and the approval of Phase II and III in August of 1979. The team reviewed the three Project Papers, the two Project Agreements, the reports of the contract team and other NHA and NHSB relevant documents. The site and service plots at New Georgia and the urban upgrading in West Point were inspected. The team interviewed the Directors of NHA and the NHSB as well as relevant division chiefs in both organizations and the Clapp and Mayne consultant team. A list of those individuals interviewed appears in Annex A.

II. PROJECT BUDGETS AND EXPENDITURES

A summary of project expenditures through December 1980 appears in Annex B. The evaluation team has reviewed expenditures and has found no issue with them. However, a key issue is the lack of an executed HG loan 16 months after the signing of the Loan Guaranty Agreement. Although the loan bid process was completed and two loan offers of \$5.0 million were received, no AID guaranteed loan has been executed. The NHSB felt that the offers in the 13-14 percent range were too high. The NHSB officers believed that the interest payments on the loan during the next few years would be impossible for the Bank to pay from its present or projected earnings. Liberia's present economic crisis has severely cut the NHSB's demand deposits, savings accounts, loans and consequently earnings. Thus the Bank has requested that the Ministry of Finance make a special allotment to the Bank to cover the initial interest charges on the loan. Ultimately the GOL through the Ministry of Finance is responsible for the loan payments, but the NHSB wants scheduled funding for the early years of the loan when monthly payments on the lot and house mortgages will not pay the interest costs. The Ministry of Finance has not been willing to provide such funding to the NHSB. Another problem concerning the HG loan bids was the concern expressed by the NHA that the high interest rate proposed would limit the ability of the low income beneficiary to participate in the program if the high interest costs were passed on to the borrower.

As of the date of this evaluation, the lack of HG loan and the resulting shortfalls in project activity funding have not seriously affected project implementation. The AID Project Manager and the National Housing Authority have reallocated the grant portion of the assistance to those immediate project needs. The original project designs were such to allow this flexibility. Grant funds are being used as follows:

1. Institution Building	
a. Personnel support at NHA and NHSB	\$600,000
b. Training	400,000
2. Infrastructure	
a. Sites and service New Georgia West	800,000
b. West Point upgrading	700,000
3. Small business loans	600,000
4. Home loans (New Georgia and West Point)	<u>1,900,000</u>
Total	\$5,000,000

Even if by some unusual circumstance the HG loan is not executed, the above allocation is such that discreet activities can be completed. New Georgia West will be developed and the important ongoing subproject construction activities in West Point will be completed.

Although much depends on how quickly sites in New Georgia are sold and the pace of construction in the next six months, the NHA estimates that the \$5.0 million grant will allow continued project activity through 1981. This level of activity will be less than desired starting in June or July when material orders should be placed for 1981-82 dry season construction at New Georgia East and Phase II and III of West Point upgrading. It would also be desirable to have funds available in the Fall of 1981 to begin planning and work on a secondary city pilot subproject. Thus, it is important that the Government of Liberia through the National Housing and Savings Bank settle the fiscal and financial questions related to execution of the HG loan so that it can be executed in a timely manner. The team recommends that AID provide a financial analyst to review the loan proposals to determine immediate costs and the long term financial returns.

The impact of the high interest rates on the affordability of the house loans by low income beneficiaries (in practical terms the percentage of monthly income required for shelter costs) is minimal. Although the NHA concerns about high interest rates are real, the interest charges paid by the beneficiary will not be a constraint to loan acceptance by borrowers. The added costs should amount to no more than \$5/month and still leave the beneficiary paying less than 25 percent of his monthly income for shelter.

III. INSTITUTION BUILDING

One factor that has had a substantial impact on all institutions dealing with housing (NHA, NHSB, Ministry of Public Works and the Ministry of Finance) is the change of Government that took place in April of 1980. On the positive side, the new Government is more committed to help build low income housing. However, the immediate impact of the April coup has been negative on NHA and the NHSB. From mid-April to mid-September, NHA did not have a Managing Director and the key slots of Deputy Managing Director and Controller have been vacant for long periods of time. Specifically related to the project, John Hammond, the most knowledgeable individual on low income housing has left NHA. The NHSB is weaker now than before the coup both because of confusion

over NHSB role and the sharp decline in Liberia's economy resulting in a contraction of bank loans.

In order to raise the level of understanding of low income housing for those new individuals at the NHA, especially the Managing Director, the evaluation team recommends an inspection tour of low income housing programs in other African countries. Similar tours may be required at some later date for high officials at the NHSB and other Government ministries working with the low income housing program.

Budget Support: From the allocation of \$600,000 for budget support, AID is providing \$300,000 for personnel costs at the NHA. This amount would support up to 30 people for two years. However, at present nearly 40 people are being supported and their salaries are higher than planned because of recent Government wide pay increases. Thus, budget support expenditures are now at a rate that the allocated funds, \$300,000, will run out before project completion. Nothing can be done about the higher pay scale, but the team recommends that the project manager in conjunction with the NHA evaluate the need for the larger than planned number of AID supported employees. If in fact the larger numbers are needed, AID should (1) review its budget to determine if additional funds can be allocated to such support and/or (2) plan the orderly phase out of AID support so the Government can plan to pick up the personnel costs.

The remaining \$300,000 of budget support for personnel has been set aside for the NHSB of which \$75,000 has been used. The Bank will soon be in a position to begin lending for home improvement and construction and small business development. Thus, the team recommends that the NHSB begin to expand its staff further and establish loan procedures for the subprojects. A plan for expenditure for staff support provided by the project should be developed and submitted by the Bank to the AID project manager.

NHA Reorganization: In order to improve NHA's capacity to deal with all aspects of housing operations and to cope with the additional demands of the low income shelter projects, the Authority has been undergoing a reorganization to include staff enlargement, new operational units and a revision of functions and responsibilities. The new organizational scheme called for the establishment of a statistical unit and community development unit, and the possibility of placing a legal staff in the Director's

Office. As of December 1980 only the Operations and the Research and Town Planning Department have been reorganized. Efforts toward the goal of more efficient organization at NHA should continue.

Training: The purpose of the training component included in Phase II is to train newly recruited or inexperienced NHA and NHSB staff to implement the low income shelter program. Immediately following the signing of the Project Agreement, a PIO/T was prepared to hire trainers for the proposed program. As of December 1980, fifteen months later no contract has been signed for any training program. Several changes in the program from the original plan set out in the first PIO/T have been made, but even given these changes, some training program should be in place by now. The new low income housing staff members, some of which were hired with acknowledged weakness in their skills, were to go into training before assuming their positions. Training would provide them with an understanding of the program and the ability to implement it. Likewise, previously hired regular staff of NHA and NHSB were to receive training in their functional areas so they could better run activities of the Bank and Authority including the low income housing program. The lack of an ongoing training program at this point in the project is a serious problem. Misunderstanding of the low income housing program among the staff is an acknowledged problem. Training is a critical need at the NHA and NHSB.

The causes of the delay are many, but generally they can be categorized as AID bureaucratic bottlenecks and lack of communication. No single office or level of bureaucracy is totally at fault, but altogether the bureaucratic inaction has seriously constrained the project purpose of institution building. The team recommends that whatever is necessary to overcome bureaucratic delay be done in order to start a training program before March 1981.

Technical Assistance: The technical assistance portion of the Phase I grant finances 129 person months of technical assistance including three resident technicians for 30 months each and 39 person months of short-term assistance. A contract was let to Clapp and Mayne to provide the long-term advisors, a senior housing advisor (Team Leader), Engineer/Construction Consultant, and a Community Development Technician. Funding for 27 person months of short-term consultant assistance was included in the contract.

In early 1979 the members of the advisory team arrived and worked satisfactorily through some rather difficult times. The civil disturbances of April 1979 lead to much rethinking

within the Government concerning low-cost housing. These changes caused a confusion over the policy, direction and program at NHA. Then there were a series of personal and institutional misfortunes, some unavoidable, beginning in August of 1979 that led to a complete turn-over in the technical assistance personnel. Mr. Hernandez, Team Leader, was evacuated for a serious medical problem. The Construction Advisor left in February of 1980, the coup took place in April and the Community Development Technician returned to her home in May. For each TA slot there was a three or four month gap before Clapp and Mayne could replace the technician. These gaps, the lack of continuity because of personnel turnover and the required "start-up" time for technician adjustment to Liberia reduced the effectiveness of the technical assistance component. The April 12th revolution and the resulting changes in the Ministries and the NHA have meant a change in counterparts and key actors in the housing field (see Section III). Considering the uncontrollable and unpredictable nature of some of the changes, especially the coup, the technical assistance portion of the program has been carried out satisfactorily. However, the level of achievement to date remains less than planned.

The present team members and their arrival dates are as follows:

<u>Position</u>	<u>Name</u>	<u>Arrived</u>
Senior Advisor	Luis Perez	January 1980
Construction Consultant	Manuel Nazario Bey	June 1980
Community Dev. Advisor	Luis Gonzalez	August 1980

Although the time in country for two of the advisors is too short to make a real judgment of their accomplishments, it is the evaluation team's judgment that the present TA team is satisfactorily performing their duties. The Senior Advisor has made progress in policy development and NHA management and he has a good working relationship with the Managing Director. The Engineer Construction Consultant was instrumental in several cost cutting changes in New Georgia, and the Community Development Advisor identified critical training needs and carried out a successful short program to act as a bridge until the full scale training program begins.

Because of the past difficulties with the provision of technical assistance and the newness of many key people in NHA

and the Government in general, long-term technical assistance will be required through June of 1982. This term will give the Senior Advisor nearly two years to work with the new staff hired after the coup. The Engineer Construction Advisor will be able to monitor construction through the course of two dry seasons and the Community Development Advisor will be given a full year to assist in the community development of New Georgia and West Point. This lengthening of long-term consultants terms will require funding for an additional 18-20 person months. If the HG loan is not executed in a timely manner (say July of 1981), then a review of TA requirements should be undertaken. Without HG loan funds, the low income housing program will be operating at a substantially lower level with little opportunity for useful technical assistance.

IV. DEVELOPMENT OF A NATIONAL HOUSING POLICY AND A LOW INCOME HOUSING STRATEGY

A number of constraints on the low income housing program result from the lack of a well defined Government policy and plan for meeting the nation's shelter needs. Without a national housing policy NHA's ability to resolve problems in land acquisition, financing and coordination with the agencies involved with service provision is limited. Thus, one of the key outputs of Phase I was identified as the development of a National Housing Policy including a low income housing strategy.

In early 1979 the interministerial Housing Policy Review Commission was established under the chairmanship of the Managing Director of the NHA to develop a draft of the National Housing Policy and Plan. The progress of the Commission has been slow. The Government and project target was to have the draft completed in the first year of Phase I (January 1980). Now at a point nearly a year later, not even a preliminary draft is ready. The reasons for the delay are primarily a lack of interest on the part of the Ministries and Agencies that sit on the Commission, the disruptions related to the coup and the absence of a Director of NHA for six months. However, with the appointment of the New Managing Director and the vigorous activity of the Senior Housing Advisor, the Commission has come to life in the last three months. It now plans to have a draft document ready for March 1981. The team recommends that the NHA's Managing Director take a strong stand to assure that there are no more delays in the preparation of the draft so that it can be submitted to the Head of State in the Spring of 1981.

V. URBAN UPGRADING

The Project Papers for Phase II and III identified New Kru Town as the initial area for urban upgrading. However, after discussion with the Government, AID and the NHA agreed to change the first target area to West Point. The greater congestion and nearly complete lack of services were deciding factors in this change. The NHA with the assistance of the Community Development and Engineer/Construction Advisors have planned the provision of new services and the construction of public works based on community identified needs. Local residents participated in the decisions related to infrastructure upgrading and construction in West Point. The upgrading activities are listed below and are divided into phases. This phasing is based on priority needs, limits to funding and logical project implementation.

West Point Upgrading

- Phase I -
1. Sanitary units (3)
 2. Market construction and upgrading
 3. School
 4. Pilot rental units
 5. Project office
- Phase II -
1. Spine roads and main road widening
 2. Clinic
 3. Sanitary units (3)
 4. Community center construction
 5. Day care center
 6. Land fill
- Phase III - Home improvement loans

Grant funding is available for Phase I and a portion of Phases II and III. Some home improvements will be financed from the \$1.9 million in grant funds now available. However, because of the inability of NHA to take on several new activities at once, the higher priority given to new house construction at New Georgia and the fear of raising community expectation without sufficient funds to meet existing home improvement needs, grant money will be made available primarily for construction in New Georgia.

Generally the NHA's decision and planning in relation to the urban upgrading subproject have been good. The choice of West Point, the allocation of funds for construction and the community participation in decision making are contributing to the project purpose of building Liberian capacity to design, implement and manage replicable service and shelter projects for lower income families.

Construction is generally proceeding on schedule and within cost estimates. The number of small construction firms doing the work is high and the quality of their work is satisfactory. The level of NHA supervision of construction has been intensive, but this is expected to drop as the small contractors gain experience and capital. The NHA should assist and regularly evaluate the capacity of small construction firms to undertake work with little or no supervision. The development of self sufficient small construction firms is an important project objective.

Community identified needs are being addressed by the West Point Upgrading Subproject. Continued community participation in upgrading activities and evaluation of completed sub-activities (sanitation units, roads, schools, etc.) is crucial to NHA's learning about the process. Thus, the team recommends that the NHA closely monitor community reaction to the subproject and continue to foster community participation in solutions to West Point shelter problems.

VI. PILOT SUBPROJECT IN SECONDARY CITY

A rural community will be selected as the site to implement a pilot program designed to address shelter problems in a secondary city. Thus far, the NHA has conducted socioeconomic surveys in 18 rural up-country communities in order to identify shelter problems and select the target secondary city community. The correspondent analysis of the collected data is underway. Because of the more pressing shelter problems in Monrovia, the lack of HG loan funds, and the desire not to burden the NHA with several new subprojects at once, the decision was made to implement this pilot activity at a later date. The team concurs with this delay and recommends that planning for the pilot program begin in late 1981.

VII. NEW GEORGIA COMMUNITY DEVELOPMENT

In the Project Papers for Phase II and III, the New Georgia Community was designated as the initial location for three subprojects: site and service development, construction and material loans for home builders and small business assistance. Grant and HG loan funds were to be used in each subproject. As described in Section II, the absence of the HG loan has led to the financing of these activities to date with grant funds. The NHA has focused on the development of New Georgia West leaving the remainder of New Georgia (New Georgia East) for development when HG loan funds are available.

Sites and Services: The original estimate of project site preparation of approximately \$2,500/lot has been reduced to less than \$1,000/lot. There now appears to be no need for a

cross subsidy site sales program because the real costs are low enough that full cost recovery can be realized for each individual sale and still allow low income family participation. Even at high interest rates (14-18 percent) site and service monthly mortgage payments for serviced lots are approximately \$10.00. The NHA is to be commended for its planning and site preparation which has reduced costs substantially. Savings have been realized through smaller plots, close supervision of subcontractors, and design adjustments in the service systems. Over 900 lots will be ready for sale in January 1981. Installation of electricity to the lots has been delayed because of shipping bottlenecks, but as soon as the electric equipment arrives, installations will begin. Sale of the lots will not be delayed for want of electricity. The cost of fully serviced 35' x 50' lot will be \$900-1,000. Approximately \$250 of this total will be collected through the land and property tax. The monthly utility service charge should cover the amortized costs of utility infrastructure (pipes, electric lines, transformers, etc.) estimated at \$100/lot. Since the NHA has installed this infrastructure, it should receive that part of the monthly users bill collected by the Liberian Electricity Corporation (LEC) and the Liberian Sewer and Water Corporation (LSWC) for the amortized infrastructure costs. The team recommends that a lump sum monthly payment be made to the NHA by LEC and LSWC to cover the infrastructure investments. The remaining \$600-700 of lot costs will be loaned to the beneficiary for repayment over a 15 year term.

The lack of exact site costs at a date so close to the initiation of sales reflects some last minute adjustments in the number of lots on the New Georgia West site. The determination of the exact cost of a lot and the interest rate for loans is necessary if sales are to begin in January of 1981. The evaluation team recommends that the service site sales plan be finalized before the end of the year and that the interest rate charge be in line with the existing commercial rates (12-15 percent/year). This high rate will not limit low income family participation and will ensure that the costs of servicing the loans by NHSB will be covered. Since this interest rate is expected to be approximately equal to the HG loan rate, little adjustment will have to be made for later site and service loans financed by the HG loan.

New House Construction Loans: Several experimental house designs for New Georgia have been built and discussed with applicants for housing sites. The original duplex design was proven to be unacceptable to most potential beneficiaries. Accordingly, single family units are now the standard. The Construction Design Division of the Operations Department has planned a small 10 x 10 starter unit with an attached bathroom

and kitchen which will require approximately \$1,000.00 for materials for construction. The cost of labor will depend on what the family is willing and capable to do themselves, but with hired labor the cost of constructing the basic unit is \$2,100.00 (materials and labor). Rooms can be added to this basic unit to create a 20' x 30' house with room enough for a large extended family. Other standard house units using cheaper building material (wood and zinc instead of cement blocks) will be tested. However, it is clear that even with the rising cost of construction materials and increased interest rates the target low income family will be able to live in New Georgia. However, it is recommended that the NHA carefully monitor actual construction cost for the first six months of New Georgia West Development to determine if they are in line with projected costs. Again as in the case of the serviced sites, a detailed sales plan is needed to fix loan amounts and determine family eligibility.

Small Business Development: Seventy-five thousand dollars have been advanced to the NHSB for the small business sub-project activity. Negotiations are now in process with the National Investment Commission (NIC) to develop a small business promotion program. To date no funds have been expended on a small business development. However, by using small construction contractors in the West Point upgrading and in serviced site preparation in New Georgia, the project objective of small business development is being promoted. The small contractors working in New Georgia have required close supervision by the NHA staff. With this supervision, the quality of their work has been high and thus, it is assumed that their skills have improved. Assistance through NIC in business management, accounting and cost estimating should give these small firms the complement skills to compete successfully in the open construction market.

Planning New Georgia West Development: Now that the individual subprojects and activities in New Georgia are coming together, it is extremely important that the various elements are coordinated properly. Beneficiary acceptance of the New Georgia low income housing concept is heavily dependent on the initial reaction of the target community. Long delays, beneficiary dissatisfaction or misunderstanding of the program at the early stage can hamper seriously the pace of overall project implementation. Therefore the team recommends that a program evaluation and monitoring system be set up for the next 9-12 months to ensure the readiness of activities and timely supply of inputs. The system should follow the PPTN (Project Planning Tracking Network) and should be a coordinated effort of NHA, NHSB and AID.

-13-

Overall, New Georgia Community Development has been progressing satisfactorily. However, the most difficult task lies in the immediate future.

ANNEX A

List of Individuals Interviewed
Low Income Housing Program Evaluation
Liberia, December 1980

<u>Name</u>	<u>Position</u>
Mr. Remo Ray Garufi	Director, USAID/Liberia
Mr. Hilary Dennis	President, NHSB
Mr. Jacog S. Dogbeh	Managing Director, NHA
Mr. Mohammand Benjamin	Architect, NHA
Mr. Ben O'Connor	Project Coordinator, NHA
Mrs. Wadie Dennis	Special Assistant, NHA
Mrs. Miata Beysolow	Vice President, NHSB
Mr. Luis Perez	Senior Housing Advisor
Mr. Luis Gonzalez	Community Development Advisor
Mr. Manuel Nazario	Construction Advisor
Mr. David Benson	USAID Project Manager

ANNEX B

LOW INCOME HOUSING PROGRAM
DISBURSEMENTS
(11/30/80)

<u>Input</u>	<u>Amount</u>
<u>Phase I (669-0146)</u>	
<u>USG Contributions (1,872,000)</u>	
1. Technical Assistance	
Long-term (90 person months)	*
Short-term (39 person months)	\$15,500.20
2. Participant Training	-0-
3. Socio-economic Surveys	<u>26,164.84</u>
Total	\$41,665.04
 <u>Phase II (669-0167)</u>	
<u>AID Grant</u>	
1. Sites and Services (New Georgia)	928,786.74
2. Construction Material and Home Improvement Loan	-0-
3. Upgrading of Low-income Community (West Point)	250,456.23
4. Secondary City Pilot	-0-
5. Budget Support	243,000.00
6. Training	<u>-0-</u>
Tc	\$1,422,242.97
<u>GOL Contribution</u>	
1. Staff Counterpart	174,000.00
2. Equipment and Supplies	<u>84,000.00</u>
Total.....	\$258,000.00

*Expenditure figures kept by AID/Washington.