

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER
AMENDMENT # 2

MOROCCO: Tetouan Urban Development
(608-0194)
Supplement to 608-HG-001

May 19, 1989

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

2

DOCUMENT CODE

3

2. COUNTRY/ENTITY

MOROCCO

3. PROJECT NUMBER

608-0194

Supplement to 608-HG-001

4. BUREAU/OFFICE

USAID/Morocco

5. PROJECT TITLE (minimum 40 characters)

Tetouan Urban Development Grant

6. PROJECT ASSISTANCE COMPLETION DATE (FACD)

MM DD YY
 10 9 30 9 4

7. ESTIMATED DATE OF OBLIGATION
 (Under "E" below, enter 1, 2, 3, or 4)

A. Initial FY 8 6

B. Quarter

C. Final FY 8 9

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FY	C. L/C	D. Total	E. FY	F. L/C	G. Total
AID Appropriated Total						
(Grant) ESF	()	()	()	(1,000)	()	(1,000)
(Loan)	()	()	()	()	()	()
Other U.S. 1. SDA						800
2.						
Host Country In-Kind					1,125	
Other Donor(s)						1,800
TOTALS						

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)	SDA			800				800	
(2)	ESF					1,000		1,000	
(3)									
(4)									
TOTALS				800		1,000		1,800	

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each)

710 | 811 | 840 | 852 | 862 | 867

11. SECONDARY PURPOSE CODE

723

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code BU
 B. Amount 1,800

13. PROJECT PURPOSE (maximum 400 characters)

To strengthen the institutional capacities of the GOM agencies implementing the HG-001 Tetouan Upgrading Program and to assist GOM policy makers to address key urbanization issues.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES

090 941 Local Other (Specify)

16. AMENDMENT NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page FP Amendment)

This Project Paper Supplement No. 2, amends the Project Paper for the HG financed Tetouan Urban development Program (608-HG-001) to include a ESF Grant Funded technical assistance and training component.
 USAID/Morocco Controller's approval of proposed methods of implementation and financing.

Signature: *Richard L. Warren* Title: Controller

17. APPROVED BY

Richard L. Warren
 DIRECTOR, USAID MOROCCO

Date Signed MM DD YY
 10 5 11 8 7

18. DATE DOCUMENT RECEIVED IN AID/FF, OR FOR AID/FF DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

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8. Technical Assistance and Training Assessment May 1988
9. Host Country Request

ACTION MEMORANDUM FOR THE USAID/MOROCCO DIRECTOR

DATE: May 11, 1989

FROM: ^{KGS} Kenneth Schofield, Program Officer

SUBJECT: Tetouan Urban Development Project (608-0194)

PROBLEM:

Your approval is required for the Project Paper Supplement and the Project Authorization Amendment.

DISCUSSION:

The 608-0194 Tetouan Urban Development Grant Project, approved in 1986 for \$800,000, is the technical assistance and training component intended to support the \$25 million A.I.D. Housing Loan Guaranty for the Tetouan Urban Development Program (608-HG-001). Since its inception in 1985, HG-001 has evolved from a straightforward upgrading of the Dersa/Samsa neighborhood of Tetouan into a comprehensive urban development effort for the city, with the additional intent of creating a nationwide model for urban development programs in Morocco.

Because of the expanded HG-001 objectives, certain issues - particularly land tenure and titling and responsibility for delivery of municipal services - have proven to be more complex than originally considered. The participation of additional Moroccan institutions beyond those directly implementing the HG-001 program is consequently required.

This amendment increases the funding for the 608-0194 Project by \$1,000,000, for a total of \$1,800,000, and extends the project completion date by three years to parallel the HG-001 schedule of activities.

While the original grant of \$800,000 was financed under the DA account, the \$1,000,000 supplement will be ESF-financed. The goal of the project remains unchanged from the original project paper. The project purpose has been expanded to encompass the broader policy considerations of the supplemented project.

The project goal is to improve the shelter conditions of low-income households in urban areas of Morocco.

The project purpose is to strengthen the institutional capacities of the GOM agencies implementing the HG-001 Tetouan Upgrading Project and to assist GOM policy makers to address key urbanization issues.

The outputs of the project fall into the following categories: (1) explicit management structures, reporting and decision procedures linking the implementing agencies in a project orientation; (2) improved staff skills in project planning, management and monitoring in data base design, financial analysis, and communication, and;

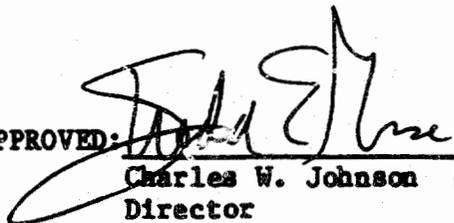
(3) staff skills in operating microcomputer-based systems for project planning, financial and technical analysis of municipal services delivery and cost recovery, local and property tax collection, and large beneficiary as well as other data bases.

The Mission Review Committee met on February 15, 1989 and recommended approval of the Tetouan Urban Development Project Paper Supplement with minor revisions.

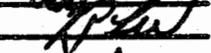
The Congressional Notification expired without objection on April 18, 1989. The Assistant Administrator for Asia and the Near East has, per State 126203, approved the PACD extension from September 30, 1991 to September 30, 1994.

RECOMMENDATION:

That, according to the authority granted to you in AID Delegation of Authority 654, you sign the Project Paper Data Sheet and the attached Amendment No. 1 to the Project Authorization, thereby approving the 608-0194 Tetouan Urban Development Grant Project Supplement with a life-of-project funding of \$1.8 million and a PACD of September 30, 1994.

APPROVED:  DATE: 5/19/89 DISAPPROVED: _____
Charles W. Johnson
Director

Drafting Officer: RHUDO:TBerrada:SC 

Clearances: RHUDO:HBiraholz 
ENR:ELoken 
RIA:BBarrington 
CONT:RMarin 
D/DIR:LMorse 

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RABAT, MOROCCO

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OFFICE OF THE DIRECTOR

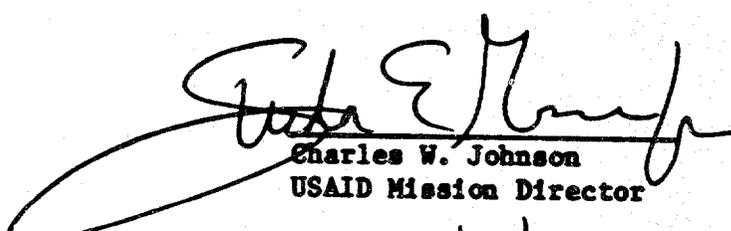
AMENDMENT NO. 1 TO PROJECT AUTHORIZATION

Name of Country: Morocco
Name of Project: Tetouan Urban Development Grant
Number of Project: 608-0194

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Tetouan Urban Development Grant Project for Morocco was authorized on July 23, 1986. Pursuant to Section 531 of the Foreign Assistance Act, that Project Authorization is hereby amended as follows:

The level of planned obligations is increased from \$800,000 in grant funds to \$1,800,000 in grant funds.

2. Except as herein amended, the authorization cited above remains in full force and effect.


Charles W. Johnson
USAID Mission Director

Date: 5/19/89

List of Project and Mission Review
Committee Members

Mission Review Committee

Charles W. Johnson
Linda Morse
Harry Birnholz
Tahar Berrada
Kenneth Schofield
Belinda Barrington
Richard Warin

Director
Deputy Director
Regional Housing Officer
Regional Housing Advisor
Program Officer
Regional Legal Advisor
Controller

USAID Project Design Committee

Harry Birnholz
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Kay Freeman
Alexandra Braginski
Belinda Barrington
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Regional Housing Officer
Regional Housing Advisor
Deputy Program Officer
Program Economist
budget & Accounts Officer
Project Development Officer
Regional Legal Advisor
Environmental Officer

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ACTION : RHWD

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DATE: 04/25

E.O. 12356: N/A

IAGS: N/A

INFO: Dir. DDC-PROG-

SUBJECT: TETOUAN URBAN DEVELOPMENT - 608-0194

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CN FOR SUBJECT PROJECT EXPIRED 4/18/89 WITHOUT OBJECTION
FOR DCIS 1 MILLION ESF GRANT FUNDS. BAKER

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DUE DATE: 04/95

TAGS:

SUBJECT: MOROCCO: TETOUAN URBAN DEVELOPMENT PROJECT
FACD EXTENSION REQUEST (608-0194)

INFO: Dir Dir

PROG. CHRO1 - EF

THE AA/ANE HAS APPROVED PACD EXTENSION FOR THE TETOUAN
URBAN DEVELOPMENT PROJECT (608-0194) FROM SEPTEMBER 30,
1991 TO SEPTEMBER 30, 1994. BAKER

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ACRONYMS

GOM	Government of Morocco
HG	Housing Guaranty
MOF	Ministère des Finances Ministry of Finances
MOH	Ministère de l'Habitat Ministry of Housing
DCL	Direction des Collectivités Locales Directorate of Local Governments
DGUAT	Direction Générale de l'Urbanisme, de l'Aménagement du Territoire et de la Protection de l'Environnement. Directorate of Urban Planning and Environmental Protection
DCFTT	Direction de la Conservation Foncière et Travaux Topographiques -Ministry of Agriculture's Land Registry Office
FEC	Fonds d'Equipement Communal Community Infrastructure Fund
ANHI	Agence Nationale de lutte contre l'Habitat Insalubre National Shelter Upgrading Agency
DPP	Direction de la Programmation et de la Planification (Ministère de l'Habitat) Directorate of Planification
BDCL	Banque de Développement des Collectivités Locales. Municipal Development Bank
DEDAI	Division des Etudes, de la Documentation et des Affaires Intercommunales Documentation & Intercommunal Affairs' Division
TG/SCL	Tresorerie Générale/Service des Collectivités Locales General Treasury/Local Finance Service
MUN	Municipalité de Tetouan Municipality of Tetouan
RDE	Régie Autonome Intercommunale de Distribution d'Eau et d'Electricité de la province de Tetouan Regional Public Utility Agency

I. SUMMARY

The 608-0194 Tetouan Urban Development Grant Project, approved in 1986 for \$800,000, is the technical assistance and training component intended to support the \$25 million AID Housing Guaranty Loan for the Tetouan Urban Development Program (608-HG-001). Since its conception in 1985, HG-001 has evolved from a straightforward upgrading of the Dersa/Samsa neighborhood of Tetouan into a comprehensive urban development effort for the city, with the additional purpose of creating a nationwide model for urban development programs in Morocco.

Because of the expanded HG-001 objectives, certain issues - particularly land tenure and titling and responsibility for delivery of municipal services - have proven to be more complex than originally considered. The participation of additional Moroccan institutions beyond those directly implementing the HG-001 program is consequently required.

This amendment increases the funding for the 608-0194 project by \$1,000,000, for a total of \$1,800,000, and extends the project completion date from 1991 to 1994 to parallel the HG-001 schedule of activities. Commitments to date for technical assistance, training and commodities amount to \$437,000. Accomplishments since the 608-0194 Project's beginning in 1986 include the following:

Technical Assistance. (\$254,000)

- Cost Recovery Studies. Assistance to the Municipality of Tetouan in establishing a system for the recovery of investments to be made under the HG-001 Project.
- Property Tax Software Development. System developed for the Municipality to automate the monitoring of the collection of real estate taxes, which provide 60% of the operating budget.
- Technical Assistance and Training Needs Assessment. A detailed management assessment and technical assistance/training plan for the primary agencies implementing the Tetouan Urban Development Project.
- Joint Public/Private Land Development Study, "Zone d'Aménagement Concerté." Design of a strategy for the Municipality to recover the costs of public infrastructure investments in the Tetouan ZAC zone, to provide the incentive for private development.

Training. (\$46,000)

Participation of GOM officials in international conferences and seminars on urban services delivery, decentralization, urban land development, project management, water pricing.

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Commodities. (\$137,000)

Ten microcomputer systems, software and training delivered to five GOM agencies.

Commitments for new activities are expected to total \$1,363,000. Activities under this supplement will consist of: expanded technical assistance to the GOM agencies involved with the HG-001 Project; technical studies which will help the GOM resolve specific issues critical to the success of the Tetouan project; additional computer equipment; continued participation by GOM officials in international training programs related to urban development; and the provision of a Resident Advisor for the project to assure better overall coordination of the technical assistance activities.

Technical Assistance, Studies and Commodities.

New activities under the 608-0194 Grant for the five main GOM agencies implementing the Tetouan Urban Development Project are summarized below.

1. The Community Infrastructure Fund (FEC) \$80,000. A subsidiary of the major public finance institution in Morocco, the Deposit and Investment Management Trust (CDG). The FEC is the borrower of record for the HG-001 loan and lender to the Municipality of Tetouan. Technical Assistance: Developing project implementation systems and procedures, financial analysis and management (\$75,000). International Training: (\$5,000).
2. The Municipality of Tetouan (MUN) \$641,000. Borrower of funds from the FEC for project activities, responsible for overall project control. Technical assistance: Property tax software development, improving overall management systems, municipal financial management, improving technical services delivery (\$426,000). Sewerage Master Plan Environmental Assessment (\$150,000). Commodities: 3 microcomputer systems and training (\$45,000). International Training: (\$20,000).
3. The National Shelter Upgrading Agency (ANHI) \$126,000. Technical assistance agent to the Municipality for HG-001 project implementation, and responsible for replication of the Tetouan project model in other urban communities throughout Morocco. Technical Assistance: Project management, cost recovery, community organization (\$51,000). Studies: Sociological profile of clandestine families (\$50,000). Commodities: 1 microcomputer system and training (\$15,000). International Training: (\$10,000).
4. The Ministry of Interior's Directorate of Local Governments (DCL) \$71,000. Oversees all local governmental affairs to assure they are consistent with national policies for decentralization. Technical Assistance: Information systems development, financial analysis (\$51,000). Commodities: 1 microcomputer system and training to allow for information dissemination of project activities to municipalities throughout Morocco (\$15,000). International Training: (\$5,000).

5. The Regional Utility Company (RDE) \$74,000. A parastatal company which builds, operates and maintains water and electrical systems and service in Tetouan province. Technical Assistance: Sewerage system design, operations and maintenance; water/sewer network optimization (\$44,000). Commodities: 1 memory upgrading minicomputer system and training (\$25,000). International Training: (\$5,000).

Three other agencies will participate in programs under the grant for activities specifically related to the Tetouan Urban Development Project:

The Ministry of Agriculture's Land Registry Office (DCFTT), responsible for land titling in Morocco. Studies: Land Registry Study for Tetouan Project neighborhoods (\$70,000). International Training: (\$5,000)

The Ministry of Finance's General Treasury, Local Finance Service (TG/SCL), which monitors and provides support to local governments in budgeting, accounting and local tax collection. Commodities: 1 microcomputer system and training to monitor on-going activities and to apply the Tetouan model for cost recovery of real estate taxes to other cities in Morocco (\$15,000).

The Ministry of Interior's Directorate of Urban Planning and Environmental Protection (DGUAT), which defines national urban planning policies. Studies: ZAC National Policy Study, to be conducted in collaboration with the Ministry of Housing's Program and Planning Directorate (DPP) (\$48,000).

Resident Advisor.

The 608-0194 Grant will also finance the provision of an on-site, Moroccan coordinator for the technical assistance activities, for 36 months beginning in FY90 (\$100,000).

II. BACKGROUND AND RATIONALE

A. Background.

In 1985, AID approved a \$25 million Housing Guaranty Loan for the Tetouan Urban Development Program, 608-HG-001. The program purposes are: a) to upgrade a clandestine settlement and prevent its spread in a major Moroccan secondary city, and b) to develop a model of a comprehensive approach to urban development. The shelter upgrading component is now one of 5 major program components, the others being a sites and services project; a joint public/private development project, the "Zone d'Aménagement Concerté" (ZAC); an off-site sewerage system and treatment plant; and technical assistance and training. The latter has been the subject of the 608-0194 Grant, funded for \$800,000 in 1986 as a supplement to the HG-001. Technical assistance and

training under the grant were designed to assist the Government of Morocco in developing an administrative structure capable of meeting the shelter needs of poor, urban families.

The institutional analysis performed during development of the Tetouan Urban Development Project identified a major gap. No single entity of the GOM had the combination of statutory powers, managerial responsibilities and staff capabilities needed to carry out a comprehensive urban development project of the type planned for Tetouan. Consequently, the project would be carried out by a consortium of agencies that jointly offered the requisite powers, skills and personnel. Establishing the management systems for effective cooperation needed to carry out the Tetouan Urban Development Project would provide the institutional model that could be replicated for similar projects elsewhere.

Five GOM agencies were selected for participation in the project:

The Community Infrastructure Fund (FEC), a subsidiary of the Deposit and Investment Management Trust (CDG), the major public finance institution in Morocco. The FEC is the borrower of the HG-001 loan and in turn lends amounts to the Municipality of Tetouan for financing the various project components. The FEC may soon be replaced by the new Banque de Developpement des Collectivites Locales (BDCL).

The Municipality of Tetouan (MUN), administered by a locally-elected Municipal Council and President and operating under the authority of the Ministry of Interior.

The National Shelter Upgrading Agency (ANHI), a national public agency under the direction of the Ministry of Housing responsible for improving substandard housing conditions.

The Ministry of Interior's Directorate of Local Governments (DCL), which oversees all local governmental affairs to assure they are consistent with national policies for decentralization.

The Regional Utility Company (RDE), a parastatal company which builds, operates and maintains water and electrical systems and service in the provinces of Tetouan and Larache.

Since the project was approved, it was recognized that the participation of three other entities would be very valuable in implementing certain aspects of the Tetouan Urban Development Project. These organizations are:

The Ministry of Agriculture's Land Registry Office (DCFTT), responsible for land titling in Morocco.

The Ministry of Finance's General Treasury, Local Finance Service (TG/SCL), which monitors and provides support to local governments in budgeting, accounting and local tax collection.

A Joint Committee of the Ministry of the Interior's Directorate of Urban Planning and Environmental Protection (DGUAT) and the Ministry of Housing's Directorate of Program and Planning (DPP), to define national urban planning policies and housing needs and strategies, respectively.

The original 608-0194 Grant Supplement to the HG-001 Program proposed technical assistance and training in the areas of: urban development project management; property registration and tax collection; management, delivery and cost recovery of municipal services; municipal financial management and budgeting; community development; and computerization of selected administrative functions. Funds were also earmarked for an Environmental Assessment for the HG-001 Project's wastewater treatment facility.

AID initially obligated \$700,000 in FY 86 for the 608-0194 Project. An amendment to the grant agreement in 1987 added \$100,000 to the total. The grant provided: \$519,000 in technical assistance and \$46,000 in training to the five main GOM agencies which would be involved in project implementation; \$185,000 in commodities, i.e. computers, software and related training; and \$50,000 for an Environmental Assessment for the HG-001 Project; for a total of \$800,000. Of this total AID amount, \$500,000 was provided by USAID/Rabat and \$300,000 by RHUDO/NE. The GOM's estimated contribution was \$267,000 for personnel, physical plant and operating expenses.

B. Rationale.

1. Basis for Request.

This amendment to the 608-0194 Project provides an additional \$1,000,000 in funding, bringing the total AID Life-of-Project amount to \$1,800,000. The Project Assistance Completion Date will also be extended from 1991 to 1994.

The new funds will be used for:

- 1) expanded technical assistance, training and commodities for the five agencies initially targeted for assistance under the grant (with particular emphasis on the Municipality of Tetouan);
- 2) selected technical assistance, training and commodities for the three other institutions not included in the original project design; and
- 3) the services of a resident advisor for 608-0194 Project activities. This was an activity proposed in the January 1986 management and training needs assessment conducted for the institutions implementing the HG-001 project, but excluded from the original 608-0194 project for budgetary reasons.

Extension of the PACD is recommended because :

- 1) the HG-001, just now getting underway, is scheduled for completion in 1994 and 608-0194 activities should be closely tied to those of the HG loan;

- 2) a number of GOM agencies not identified in the original Project Paper have come to play important parts in the project; and
- 3) certain project issues key to successful implementation of the project objectives are more complex than originally thought, therefore requiring additional technical assistance and training support.

2. Project Issues.

With respect to project issues, the questions of land tenure and titling and control of the sewerage works have proven to be the most challenging, as discussed in Annex 2 and summarized below.

— Land.

A land survey of the project area conducted by a local, private firm for the ANHI in 1967 revealed that the land tenure situation is far more complex than anticipated by Moroccan authorities when the HG-001 Project Paper was written. For example, project planners believed there were 20 landowners in the ZAC area; survey results now indicate there are over 240. Land titling for project beneficiaries is also complicated by the fact that there are currently three legal land registration systems in existence in Tetouan.

To address these problems, the 608-0194 Project will finance the development of a strategy for the Tetouan Project's land registry program. This activity is described in Section III.

— Sewerage.

The Ministry of Interior recently promulgated a national policy on the management of municipal sewerage systems, whereby the municipalities are expected to transfer all sewerage operations, maintenance and cost recovery to the Regies. But this policy - not yet a law - has met with strong opposition from a number of municipalities, including Tetouan. The Municipality of Tetouan is currently in charge of sewage collection and disposal for the city.

While it is likely that the MUN will continue to be responsible for the sewerage works the MOI may press the municipality to accept that the RDE will become the manager for the sewerage works. A provincial sewer committee has established the Terms of Reference for the Sewerage Master Plan for Tetouan area. Recently the Terms of Reference (TOR) were jointly finalized by the MUN and USAID. In the event the MUN does retain control over certain operations, the activities under this project can be adjusted easily to allow the MUN to benefit from more technical training in sewerage services currently designed for the RDE.

GOM authorities recognize that decisions concerning sewerage responsibility have to be reached in the near future in order not to delay the start-up of the off-site sewerage works.

C. Project Activities to Date.

Since the project's beginning in 1986, a number of important activities have been carried out in the areas of technical assistance, training and in the provision of commodities.

1. Technical Assistance.

— Cost Recovery Studies.

Technical assistance is now being provided to the Municipality of Tetouan to develop a system for the recovery of investments to be made under the HG-001 Project. The first step in the cost recovery effort will be the establishment of a consolidated project beneficiary file, based upon records from the national tax office (Direction des Impots), the RDE and information from the land survey conducted for the ANHI for the HG-001 project. There are inconsistencies across these data bases which must be reconciled if a proper formula for recovering project investments is to be designed.

— Property Tax Software Development.

In conjunction with the cost recovery activity, the grant is financing a property tax software program which will permit the Municipality to automate monitoring of the collection of real estate taxes - which provide 60% of the operating budget - undertaken by the MOF on its behalf.

During the first mission to Tetouan in February 1988, the contractor evaluated the existing tax collection and recording methods, studied the roles of the institutions involved in tax collection for the municipality, and reviewed the technical assistance currently being provided to the MUN in conjunction with the grant-financed computer equipment. Based on this mission, and with input from a local government finance inspector in the General Treasury's office, the software was developed in the U.S. During the second mission in June of 1988, the contractor returned to Tetouan to install and test the software and to train the data entry staff. These tasks were accomplished in time for the MUN to start regular entry of arrears and payment information as of July 1.

The next phase of this activity will focus on 1) developing the capacity to analyze outputs, 2) continuing to monitor software use (training and programs), 3) generalizing the software for use by other Moroccan municipalities, and 4) creating a program for local tax collection.

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This project activity is generating a lot of interest at both the local and national levels among the various Ministry of Interior and Ministry of Finance institutions concerned with tax collection and municipal budgets. The (MOF/TG and MOI/DCL) has indicated that if this effort is successful in Tetouan, it intends to diffuse the product nationwide.

— Technical Assistance and Training Needs Assessment.

A detailed management assessment and technical assistance and training plan for the primary agencies implementing the Tetouan Urban Development Project was completed by the Research Triangle Institute (RTI) in 1988. This was intended to update the information of the project Needs Assessment conducted two years earlier, and to carefully specify the TA/Training activities for each agency over the life of the project. (The needs of the FEC, however, were not researched during this assessment because this agency is the subject of a separate USAID-supported study treating the question of the new BDCL.) Delivery of the proposed technical assistance was linked to HG-001 implementation events; outputs and inputs for the technical assistance and training were quantified; and a 24-month workplan was prepared.

The results of this Needs Assessment are an important element for the design of the activities proposed in this Project Paper Supplement. A copy of the report can be found in Annex 8.

— Joint Public/Private Land Development Strategy Study, "Zone d'Aménagement Concerté" (ZAC).

The Zone d'Aménagement Concerté (ZAC) is an important component of the Tetouan Urban Development Project. The ZAC includes 140 hectares of privately-owned and partially-developed land. Immediately adjacent to the upgrading area, the site is experiencing a rapid increase in the number of clandestine houses being built. The public investment in the ZAC for primary infrastructure, installed by the Municipality or the RDE and partly-financed under the HG-001, will provide the incentive for private and public landholders to undertake development projects in the zone.

In 1988 a comprehensive ZAC study was started with project grant funds and included an analysis of the Moroccan ZAC experience to date. It was found that efforts to develop ZACs in these cities have been hampered by the lack of a legislative and legal framework for financing and recovering the costs of infrastructure investments. In Phase II of the study, information collected in the first phase and guidance received from the GOM agencies which commented on the reports (5) will be used to design a strategy for developing the Tetouan ZAC.

The study, expected to be completed in 1989, has generated substantial support and participation of a number of GOM agencies in addition to the Municipality of Tetouan and the Province, including the ANHI, the Ministry of Housing, and the Ministry of Interior's Directorate of Urban Planning. The successful development of such a ZAC strategy will provide the GOM with the means to institute a goal of the 1988-92 Five-Year Development Plan: to develop the mechanisms and necessary legal instruments to permit government authorities to dialogue and collaborate with the private sector in the financing of primary infrastructure for land development programs and in the construction of housing.

2. Training.

The 608-0194 project has also been financing participation by GOM managers involved with the Tetouan Urban Development Project in various international training programs. To date, training in the U.S., Europe and Near East/Africa region has been provided in urban services delivery, decentralization, public/private cooperation in urban land development, management of urban development projects, and water service pricing in urban areas.

Details on the technical assistance and training activities to date can be found in Annexes 3 and 4.

3. Commodities.

Computerization for certain functions of the primary agencies implementing the Tetouan Urban Development Project was proposed in the original 608-0194 Project Paper as an essential step in assuring the success of the project. With the exception of the RDE, none of the agencies involved were considered to have adequate (if any) computer capability.

In January 1987, prior to the procurement of computers, a data processing needs assessment was conducted by USAID to determine the functional data processing and reporting requirements for project agencies. A "common core" system, with shared data bases and analysis and reporting software, would then be developed to facilitate information exchange and financial and technical planning and monitoring of the various project components.

The computer equipment and training was provided through local procurement. Ten IBM Models PS2-50 and -60 microcomputer systems have been delivered: FEC (1), MUN (3), ANHI (4), DCL (1), and RDE (1). Managerial, technical and secretarial personnel from the agencies have been trained in the use of the microcomputers and software supplied under the project (including Lotus 1, 2 and 3, DRase III Plus, WordPerfect, and Microsoft Chart and Window programs).

4. Environmental Assessment.

Because the sewerage management issue has delayed design of the off-site wastewater treatment facility, the Environmental Assessment has not yet been conducted. The Environmental Assessment will be an integral part of the Sewerage Master Plan Study (scheduled for 1989-90), which is described in Section III.

III. DETAILED PROJECT DESCRIPTION

A. Project Goal and Purpose.

The Tetouan Urban Development Project's overall goal, as defined in the HG-001 Program and 608-0194 Grant Project Papers, is as follows:

The sector goal of this Project is to improve the shelter conditions of low-income households in urban areas of Morocco. Progress toward this goal will be made by achieving the Project's objectives which are: (a) to upgrade a clandestine settlement and prevent its spread in a major Moroccan secondary city, and (b) to develop a model of a comprehensive approach to urban development and shelter finance for low-income families. In accomplishing these objectives, the Project will:

- Support GOM policies which are aimed at solving the problem of the proliferation of clandestine settlements;
- Increase the availability of affordable shelter solutions for low-income families;
- Support initiatives to provide critical environmental services to major urban centers;
- Create an institutional structure capable of implementing similar projects in other urban areas;
- Support GOM efforts to strengthen local governments' ability to deliver services to residents on a cost-effective basis;
- Support existing financial institutions and intermediaries that will strengthen private capital market initiatives in the shelter sector.

This project goal is not being revised in this supplement.

The 608-0194 project purpose is being revised to include policy issues as follows:

To strengthen the institutional capacities of the GOM agencies implementing the HG-001 Tetouan Upgrading Project and to assist GOM policy makers to address key urbanization issues.

B. Project Needs, Outputs and Inputs.

The Tetouan Urban Development Project Supplement (608-0194) has the following planned categories of project outputs:

- Explicit management structures, reporting and decision procedures linking the implementing agencies in a project orientation; procedures and structures described and explained in documents and handbooks.
- Improved staff skills in project planning; management and monitoring in data base design, financial analysis, and communication (report writing, briefings).
- Operating microcomputer-based systems for project planning, financial and technical analysis of municipal services delivery and cost recovery, local and property tax collection.
- Design options and Environmental Assessment and Mitigation Plan for the Tetouan Urban Development Project's sewerage system.
- Land registry procedure for the HG-001 and other urban upgrading projects in Northern Morocco.
- Legal and institutional framework for ZAC development throughout Morocco.

These outputs will be achieved by the provision of technical assistance, training and computer systems, for the principal institutions involved in implementing the HG-001 project. A number of the technical assistance and training activities are designed for participation by all of the institutions in group sessions. This will help promote the coordination between the agencies which is essential to the success of this project. In addition, participation by representatives from similar institutions in Morocco (e.g., other municipalities and Regies) will be considered in order to promote the replication of the technical assistance and training efforts elsewhere in Morocco.

In 1988, a detailed management needs assessment and technical assistance plan was prepared by the Research Triangle Institute (RTI). USAID and GOM comments on the RTI report have been incorporated into the final RTI report dated May 1988 (Annex 8). The technical assistance and training proposed in this Project Paper Supplement is based upon the recommendations made in this report. Certain modifications have been made to take into account the subjects not covered by RTI, such as the land tenure and ZAC issues, and to include assistance to other institutions impacting on the Tetouan Project: the FEC/BDCL, DCFTT, General Treasury, DCL's Documentation Division, and a joint committee of the Planning Directorates of the Ministry of Interior and Ministry of Housing.

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The technical assistance and training needs of each institution, expected outputs from the assistance, and inputs required to attain them, are described in this section.

N.B. The following estimated costs for each activity assume:

- Moroccan consultant person month at \$7,000 (M)
- Expatriate consultant person month at \$15,000 (EXP)

10% for contingencies was provided for T.A. activities, training, commodities and for the resident advisor.

1. Technical Assistance, Training, and Computerization.

a. Community Infrastructure Funds, Fonds d'Equipement Communal (FEC)/Banque de Developpement de Collectivites Locales (BDCL) \$95,000.

Needs.

The FEC is the borrower of the HG-001 loan by agreement with the Ministry of Finance and then on-lends the amount to the Municipality of Tetouan for financing project components. The FEC is also charged with monitoring HG-001 project implementation by all agencies involved to aid in the development of a model for future urban development projects in Morocco.

To date, the FEC has not played an active part in project implementation, as was originally anticipated. This is due in part to the centralized management structure and tendency of the FEC not to become actively involved in project management until actual disbursements begin. Computer equipment and related training have been delivered to permit improved project financial analysis.

An important new development concerning the FEC is the creation of a new municipal development bank, which will absorb the FEC. USAID and RHUDO, under separate funding, conducted the feasibility study at the request of the GOM's Ministry of Interior/DCL. The report, completed in July 1988, provided the justification for establishing the Banque de Developpement de Collectivites Locales (BDCL), which will become the first public banking institution in Morocco in twenty-five years. A separate USAID project is now under consideration to provide technical assistance, training and computerization to the new organization. Such assistance from AID is seen as especially important in view of the BDCL being the successor to the FEC in the HG-001 project and also to support GOM efforts in decentralization. In anticipation of a separate grant to support the BDCL, the 608-0194 Project Paper Supplement is limiting itself to specific HG-001-related technical assistance for the FEC.

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<u>Inputs.</u>	<u>Technical Assistance</u>	<u>International Training</u>	<u>Comodities</u>
Commitments to Date	\$-0-	\$1,000	\$14,000
New Activities	\$75,000	\$5,000	\$-0-
Total LOP	<u>\$75,000</u>	<u>\$6,000</u>	<u>\$14,000</u>
	TOTAL FEC		<u>\$95,000</u>

Outputs.

- Project Delivery Plan for HG-001 disbursements.
- Project implementation systems and procedures for the Municipality to use in proposing project activities to the FEC.
- Improved staff expertise in financial analysis and management.
- Computerization of project development, management and tracking systems.

b. Municipality of Tetouan, Municipalité de Tetouan (MUN) \$859,500*.

Needs.

The Municipality is one of the two key implementing agencies in the Tetouan Urban Development Project. It is the borrower of funds for the project; is responsible for overall project control; must create and administer the cost recovery system; and is responsible for managing a large part of the municipal services within the project site. The needs assessment found that while the MUN has been well-managed to date, it is not now prepared to perform the wide range of functions required by an undertaking as large and complex as the Tetouan Project.

<u>Inputs.</u>	<u>Technical Assistance</u>	<u>International Training</u>	<u>Commodities</u>
Commitments to Date	\$168,000	\$ 11,000	\$40,000
New Activities	\$425,500	\$ 20,000	\$45,000
Total LOP	<u>\$593,500</u>	<u>\$ 31,000</u>	<u>\$85,000</u>
	TOTAL MUN:		<u>\$859,500*</u>

* Includes \$150,000 for partial financing of Sewerage Master Plan Study.

Outputs.

1) Continued Assistance in Property Tax Software Development.
(refer to Section II C., "Project Activities to Date".

2) Assistance for Improving the Overall Management Systems of the Municipality.

- Enhanced ability of key town council members to coordinate the programming of municipal services.

- Decision-makers trained in the fundamental principles of municipal financial management.

- Computerization of priority municipal operations: cost accounting, local and property taxes, and cost recovery for the Tetouan Urban Development Project.

- MUN staff trained in performance measures and cost accounting procedures.

3) Assistance to the Administrative Services for the Improvement of Municipal Financial Management.

- Improved capital budgeting system.

- Municipal officials trained in preparing annual operating budgets.

- Establishment of an effective mechanism for the recovery of project costs.

- Improved system of municipal revenue collection.

4) Assistance of the Technical Services Divisions for Improved Service Delivery.

- Technical services division chiefs trained in management and supervision.

- Solid waste collection and disposal plan developed for the city of Tetouan.

5) Sewerage Master Plan Study/Environmental Assessment.

Environmental Assessment and Environmental Mitigation Plan which will identify the alternatives for sewage collection, treatment plant design, reuse of the effluents; evaluate the different alternatives, and propose the one best solution.

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c. National Agency for the Fight Against Substandard Housing,
Agence Nationale de Lutte Contre l'Habitat Insalubre (ANHI).
(\$249,000)

Needs.

ANHI is the other organization with a major role in the Tetouan Urban Development Project. It will serve as the technical assistance agent to the Municipality, for which it will be compensated with a 6% commission from project construction costs. A special ANHI project office was opened in Tetouan in 1987 to better enable the agency to handle its responsibilities in the project.

This office recruited in 1987 a project chief, in 1988 a socio-economist and technician and plans to recruit in 1989 an engineer and financial manager. The creation of this office is a part of the ANHI'S decentralization policy. In addition to the Tetouan Project this office is responsible for developing and implementing new land development projects in the Northern Region. The ANHI intends to create, in the next 12-18 months, a project unit along the basis of the Tetouan office to be based possibly in Agadir to manage projects in southern Morocco.

ANHI will be the one GOM agency responsible for seeing that the Tetouan project model is replicated in other urban communities throughout Morocco. Towards this end the May 1988 RTI Needs Assessment recommended (and the 608-0194 grant provided for) general management and urban project planning assistance to ANHI's central (Rabat) office. In recent months, however, it was decided that assistance to the central office should more appropriately become a component of the proposed new, separate 608-0200 ANHI, Low Income Housing project. The technical assistance and training proposed under this PP supplement will instead be targeted to ANHI's field office staff in Tetouan, for activities specifically related to the Tetouan Urban Development Project. (It should be noted, however, that many of the technical assistance and training activities planned for the Municipality will also include the active participation of ANHI's central office.)

<u>Inputs.</u>	<u>Technical Assistance</u>	<u>International Training</u>	<u>Commodities</u>
Commitments to Date	\$ 60,000	\$ 9,000	\$ 54,000
New Activities	\$101,000	\$ 10,000	\$ 15,000
Total LOP	<u>\$161,000</u>	<u>\$ 19,000</u>	<u>\$ 69,000</u>
	TOTAL ANHI:	<u>\$249,000</u>	

W

Outputs.

1) Project management.

- Monitoring system for construction planning and management.
- Computerized project management tracking system.

2) Community organization.

- Ability of ANHI field office staff to secure early community participation in the Tetouan Urban Development Project, particularly in defining the levels of public services desired by the community, and in assessing the willingness to pay for different levels of these services.

3) Sociological Profile of Clandestine Families.

- For a better understanding of the informal housing phenomenon and the rationale for undertaking upgrading activities, case studies of 100 families living in the project zone will be developed to assess the impact of the project on these families.

d. Directorate of Local Governments, Direction des Collectivités Locales (DCL) (\$110.000).

Needs.

Technical assistance and training activities proposed for the MOI under the original 608-0194 Project were primarily designed for its Local Government Directorate, Local Finance Division (DCL/FL). This is because of the DCL/FL's key role in monitoring the financial performance and debt-carrying capacity of all municipalities, including Tetouan.

To date, the 608-0194 Project has provided one microcomputer to build a data base which will facilitate the DCL's review of municipal financial data. Integration of this with the DCL's overall data processing needs has yet to be worked out, however. There is also a need for a plan to develop the types of financial analyses required by the DCL's greater future involvement in municipal financial management. Accordingly, technical assistance and training will be provided to strengthen the analytical capability of the DCL/FL and to increase the DCL technical staff's understanding of municipal affairs.

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Recently, a request was received from another branch of the DCL, the Division des Etudes, de la Documentation et de la Cooperation (DCL/EDC), which has been appointed as the HG-001 project coordinator on behalf of the MOI/DCL. This division is responsible for the documentation of municipal activities and intercommunal affairs and would like to be able to share information on the Tetouan Urban Development Project with other Moroccan municipalities. The division has asked for USAID assistance in computerization a) for project monitoring and b) to develop desktop publishing capacity to prepare information for distribution describing Tetouan project activities.

<u>Inputs.</u>	<u>Technical Assistance</u>	<u>International Training</u>	<u>Commodities</u>
Commitments to Date	\$ 13,000	\$ 12,000	\$ 14,000
New Activities	\$ 51,000	\$ 5,000	\$ 15,000
Total LOP	<u>\$ 64,000</u>	<u>\$ 17,000</u>	<u>\$ 29,000</u>
	TOTAL DCL:	<u>\$110,000</u>	

Outputs.

1) Technical Assistance in Information System Development.

- Needs assessment and information system plan for financial management operations.
- Priority software applications developed and DCL/FL staff trained in their use. User guides prepared.
- Desktop publishing configuration computer system for the DCL/EDC to disseminate information, through newsletters and other publications, on this and future projects to other local governments in Morocco.

2) Training in Financial Analysis Techniques.

- DCL/FL staff trained in conducting analyses of municipal financial performance and debt-carrying capacity.

e. Regional Public Utility Company, Régie Autonome Intercommunale de Distribution d'Eau et d'Electricité (RDE) (\$259.000).

Needs.

Although the issue of whether the RDE will own and operate the sewerage system in Tetouan has yet to be decided, it is assumed that the Municipality will continue to be responsible for the sewerage works. Pending the resolution of the sewerage system management and operation, the technical assistance for sewerage will be provided for the RDE and the Municipality.

In light of the World-Bank financed sewerage master plan studies undertaken for seven Moroccan cities, a province-level coordinating committee was formed in Tetouan. The RDE, as Committee Coordinator, has prepared the first draft terms of reference for a Sewerage Master Plan Study for Tetouan, to be financed in part with 608-0194 funds. Recently the Terms of Reference have been jointly finalized by the Municipality and USAID.

The main object of the Sewerage Master Plan Study is to define the technical, operational and financial issues which will suggest alternative systems for sewage collection and treatment, with a recommendation for the one best solution at the lowest cost. The 608-0194 grant will contribute \$150,000 to this study, the approximate balance of \$650,000 will be provided by the MUN through a loan from the FEC or possibly through transfers of Value Added Tax (TVA) receipts.

Assuming the RDE's anticipated greater role in the sewerage component of the HG-001, the Research Triangle Institute re-evaluated the agency's needs in the 1988 Assessment. It was found that the Regie does have the appropriate engineering capabilities to run the current water production and distribution system, along with a proven cost recovery record for this service.

In the wastewater area, the RDE's needs are substantial, since the agency has not had previous organizational experience in sewerage system management. The RDE could also benefit greatly from the acquisition of skills in the new area of computer-based, optimization techniques for minimizing water and sewer network costs for a desired level. Software systems for this have been developed by the UNDP and the World Bank and the software is available free of charge through the World Bank. (USAID has provided the RDE with this documentation.) Training in the use of these programs will be necessary to assure their correct use, and will be funded by the, 608-0194 Grant.

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<u>Inputs.</u>	<u>Technical Assistance</u>	<u>International Training</u>	<u>Commodities</u>
Commitments to Date	\$ 13,000	\$ 7,000	\$ 15,000
New Activities	\$44,000	\$ 5,000	\$ 25,000
Total LOP	<u>\$57,000</u>	<u>\$ 12,000</u>	<u>\$ 40,000</u>
	TOTAL RDE:	<u>\$109,000</u>	

Outputs.

1) Training and Sewerage System Design and Operations and Maintenance.

- Sewer committee and RDE staff trained in the fundamentals of sewerage systems management in order to participate effectively in the Sewerage Master Plan study.

2) Training in Use of Microcomputer Software for Water/Sewer Network Optimization.

- RDE staff trained in the basics of computer programs for optimizing grid network designs.

- Application of the optimization techniques to the Tetouan Sewerage Master Plan.

- Full hydraulic model developed for the Tetouan water system.

3) Computerization for cost recovery.

Although the RDE's computer capability was thought to be adequate at the time technical assistance and training for the project was designed, the RDE has asked USAID to fund additional memory capability for its existing system in order to assume the responsibility for recovery of both project development costs and sewerage services on behalf of the Municipality. The following will result:

- Minicomputer system memory expansion to allow for project cost recovery, including a beneficiary file which can be maintained over a long-term (20-year) period.

f. Other Agencies (\$143,000).

Since the 608-0194 project was originally conceived, three other entities have become important in assuring the success and replicability of the project. They are the Ministry of Agriculture's Land Registry Office, the Ministry of Finance's General Treasury, and a joint national committee composed of members from the Ministry of Interior's Directorate of Urban Planning and Environmental Protection and the Ministry of Housing's Program and Planning Directorate.

1) Land Registry Office, Direction de la Conservation Fonciere et Travaux Topographiques (DCFTT) (\$75,000).

Needs.

The project's land issues, discussed in Section II and Annex 2, will in part be resolved by establishing an accurate basis for determining the land tenure status of the project area. This will be done in cooperation with the Ministry of Agriculture's Land Registry Office, the Direction de la Conservation Fonciere et des Travaux Topographiques (DCFTT), which is responsible for land titling in Morocco. General institutional support to the DCFTT is not called for under this project, but the DCFTT could play a positive role in resolving the land tenure problems through, for example, facilitating the title registration process for project beneficiaries.

<u>Inputs:</u>	Technical Assistance	International Training
New Activities	\$70,000	\$5,000

LOP: \$75,000

Outputs.

Funds are proposed to collaborate with the DCFTT to contract with a Moroccan firm experienced in the technical and legal aspects of land tenure to produce the following:

Land Registry Study.

- Verification of the types of deeds held by the land-owning households surveyed.
- Analysis of the land status and definition of the strategy and procedures for land regularization, in order to deliver clear title to beneficiaries in the project area in a timely and cost-effective manner.
- Computerization of the 12,000 beneficiary files to produce a more accurate and up-to-date identification of parcels, and to aid in HG-001 Project cost recovery.

2) Ministry of Finance/General Treasury/Local Governments Services, Trésorerie Générale/Service des Collectivités Locales (TG/SCL) (\$21.000).

Needs.

The Ministry of Finance's Trésorerie Générale, Service des Collectivités Locales, monitors and provides support to local governments in the areas of budgeting, accounting, and local tax collection. This division's importance and keen interest in the Tetouan Urban Development project only became apparent recently, and so its involvement in the project was not planned for at the outset by the project designers.

In particular, the TG/SCL is interested in the technical assistance being provided to the Municipality to improve tax collection performance to develop a system for recovery of investments to be made under the HG-001 project. If USAID assistance is successful, local governments will be able, for the first time, to: a) monitor on a regular basis the performance of tax collectors to recover real estate taxes, b) identify persons and localize properties in a timely manner that are delinquent (currently this is done only at the end of the annual tax year), and c) request the Direction des Impôts (Tax Office) to re-calculate assessments for property tax to reflect real property value. The General Treasury would like to be able to eventually apply the Tetouan cost recovery model to other cities in Morocco, using its own funds. The grant amendment will finance the purchase of a microcomputer system to allow the Service des Collectivités Locales to develop a broader application of the Tetouan property tax software program for use elsewhere in Morocco.

Inputs: Commodities: \$15,000
International Training: \$6,000

Outputs.

Computerization for the TG/SCL to apply the model for cost recovery of real estate taxes to other cities in Morocco.

3) Ministry of Interior/Directorate of Urban Planning and Environment, Direction Générale de l'Urbanisme, de l'Aménagement du Territoire et de l'Environnement (DQUAT), and Ministry of Housing/Directorate of Regional Planning, Direction de la Programmation et de la Planification (DPP) (\$48.000).

TABLE 1.
608-0194 AMENDMENT AID INPUT COSTS,
BY AGENCY (\$000)

INPUT CATEGORY	FEC	MUN	ANHI	DCL	RDE	OTHERS	TOTALS
<u>Tech. Assistance</u>							
Orig. Proj.	177.0	167.0	100.0	—	75.0	—	519.0
New LOP	75.0	593.5	161.0	64.0	57.0	118.0	1,068.5
<u>Training:</u>							
Orig. Proj.	—	—	—	35.0	11.0	—	46.0
New LOP	6.0	31.0	19.0	17.0	12.0	11.0	96.0
<u>Commodities:</u>							
Orig. Proj.	18.5	55.5	74.0	18.5	18.5	—	185.0
New LOP	14.0	85.0	69.0	29.0	40.0	15.0	252.0
<u>Resident Advisor:</u>							
Orig. proj.	—	—	—	—	—	—	—
New LOP	—	—	—	—	—	100.0	100.0
<u>Sewerage Master Plan/ Env. Assessment</u>							
Orig. Proj.	—	—	—	—	—	50.0	—
New LOP	—	150.0	—	—	—	—	150.0
<u>Audit & Evaluation</u>							
	—	—	—	—	—	—	35.0
<u>Contingencies</u>							
	—	—	—	—	—	—	98.5
<u>TOTAL INPUTS</u>							
Orig. Proj	\$195.5	222.5	174.0	53.5	154.5	—	800.0
New LOP	\$ 95.0	859.5	249.0	110.0	109.0	244.0	1,800.0

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TABLE 2.

608-0194 AID COMMITMENTS, FY 86 - 1ST QTR. FY 89
(\$000)

Commitments (as of 12/15/88)

INPUT CATEGORY	FEC	MUN	ANHI	DCL	RDE	OTHERS	TOTALS
Technical Assistance	-	168.0	60.0	13.0	13.0	-	254.0
Training	1.0	11.0	9.0	12.0	7.0	6.0	46.0
Commodities	14.0	40.0	54.0	14.0	15.0	-	137.0
Resident Advisor	-	-	-	-	-	-	-
Sewerage Master Plan/ Environmental Assessment	-	-	-	-	-	-	-
TOTALS	\$15.0	\$219.0	\$123.0	\$ 39.0	\$ 35.0	\$ 6.0	\$437.0

TABLE 4.
608-0194 AMENDMENT AID COMMITMENTS, BY FISCAL YEAR
(\$000)

<u>INPUT CATEGORY</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u> <u>1st QTR</u>	<u>TOTAL</u> <u>COMMITMENTS</u> <u>TO DATE</u>	<u>FY 89</u> <u>2nd-4th</u> <u>QTRS</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>TOTAL NEW</u> <u>COMMITMENTS</u>	<u>LOP</u> <u>TOTAL</u>
Technical Assistance	---	254.0	---	254.0	20.0	443.0	214.5	77.0	60.0	---	814.5	1,068.5
Training	5.0	13.0	28.0	46.0	5.0	10.0	10.0	10.0	10.0	5.0	50.0	96.0
Commodities	137.0	---	---	137.0	---	115.0	---	---	---	---	115.0	252.0
Resident Advisor	---	---	---	---	---	30.0	33.0	37.0	---	---	100.0	100.0
Sewerage Master Plan/ Environmental Assessment	===	===	===	===	===	50.0	100.0	===	===	===	150.0	150.0
Audit And Evaluation	---	---	---	---	---	---	---	---	---	35.0	35.0	35.0
Contingencies	===	===	===	===	===	===	===	===	===	98.5	98.5	98.5
TOTALS	\$142.0	\$267.0	\$28.0	\$437.0	\$25.0	\$648.0	\$357.5	\$124.0	\$70.0	\$138.5	\$1,363.0	\$1,800.0

TABLE 5.

608-0194 AMENDMENT TOTAL PROJECT COST, AID AND GOM CONTRIBUTIONS
(\$000)

INPUT CATEGORY	ORIGINAL PROJECT			NEW LIFE-OF-PROJET		
	AID	GOM	TOTAL	AID	GOM	TOTAL
Technical Assistance	519.0	173.0	692.0	1,068.5	350.0	1,418.5
Training	46.0	16.0	62.0	96.0	30.0	126.0
Commodities	185.0	61.0	246.0	252.0	120.0	372.0
Resident Advisor	—	—	—	100.0	25.0	125.0
Sewerage Master Plan/ Environmental Assessment	50.0	17.0	67.0	150.0	600.0	750.0
Audit & Evaluation			—	35.35		35.35
Contingency			—	98.15		98.15
TOTALS	\$800.0	\$267.0	1,067.0	\$1,800.0	\$1,125.0	\$2,925.0

V. IMPLEMENTATION PLAN.

A. Institutional Agreements.

Figure 1 shows the interagency and beneficiary agreements for the overall Tetouan Urban Development Program HG-001. The 608-0194 Project Grant Agreement between A.I.D. and GOM's Ministry of Interior was signed in August 1986. The First Amendment to the 608-0194 Project Grant Agreement was signed in June 1987. Contracts issued to date under the 608-0194 Project for technical assistance and training are described in Annex 3. Soon after A.I.D. approval of this Project Paper Supplement, USAID/Rabat will recruit a long-term, Moroccan Resident Advisor to coordinate project activities of the GOM institutions involved in project implementation.

B. Project Administration.

The Direction des Collectivités Locales (DCL), within the Ministry of Interior, is responsible for project oversight in collaboration with USAID/Rabat and RHUDO division. Day-to-day monitoring of the project will be performed by the Resident Advisor under the direct supervision of USAID.

C. Project Implementation Schedule.

The 608-0194 Project Implementation Plan, as presented in Figure 2, is based on current estimated schedules of HG-001 program activities. Activities which have already begun or been completed are indicated. Adjustments may be made, as required, to ensure 608-194 activities remain logically connected to HG-001 implementation events.

As can be seen in the illustration, the main deviation from the original schedule is in the Environmental Assessment. It was decided, once the program got underway and the complexity of the sewerage issue began to unfold, that the environmental assessment should be deferred until the Sewerage Master Plan was completed, and design options for the off-site sewerage treatment plan were considered. This is in keeping with AID environmental procedures, which recommend that the proposed action (in this program, the wastewater treatment plant and disposal system), the Environmental Assessment and the Environmental Mitigation Plan all be conducted concurrently. In this way, the conclusions and recommendations of the Environmental Assessment and Mitigation Plan can be applied in reworking, if necessary, the system's original engineering designs.

D. Technical Assistance and Training Plan.

The technical assistance and training plan has been developed to include:

- 1) A starting date for the TA/Training of September 1989, assuming an amended project authorization in February 1989 and approximately 9 months time to allow for Grant Agreement Amendment preparation, RFP issuance and awarding of contracts;

- 2) Technical assistance and training spread out over a more appropriate period of 4 years, now possible because of extension of the project's completion date to 1994; and
- 3) TA/Training activities re-arranged in time to reflect the scheduling needs of the recipient agencies.

The revised Technical Assistance and Training Plan is presented in Figure 3. Some flexibility is desirable, however. The assistance should remain coordinated with HG-001 activities and recipient agencies' schedules to provide for maximum impact of project benefits.

E. Procurement Plan.

Almost all technical assistance, training, and commodities for this Project will be procured competitively from a single source through AID Direct contracting because the inter-relationship of the technical assistance and training provided to the five implementing institutions requires strict coordination between the various agencies involved. Furthermore because several of these agencies are under the tutelage of different Ministries it has been determined that an AID direct contract with a single source will provide for maximum management control and efficiency of grant funded activities.

1. Technical Assistance: Level-of-Effort (LOE) for new activities:
66 Person-Months
Total Amount: \$ 696,500

An RFP will be issued to contract with one U.S. firm to arrange for all short-term technical assistance activities, except for the ZAC National Policy Study, Land Registry Study, and Sewerage Master Plan/Environmental Impact Assessment. The U.S. firm will subcontract with Moroccan and U.S. experts, as required, to provide the technical assistance.

RTI's May 1988 Technical Assistance and Training Needs Assessment estimated the level of effort required for each TA/Training activity, broken down by US/expatriate versus Moroccan person-months.

2. Training: Total Amount: \$ 50,000.

The participation of GOM implementing agency officials in Moroccan and international short-term training programs will be arranged and paid for directly by USAID. The training will consist of ad hoc conferences and seminars and its specific timing, therefore, cannot be anticipated. Participant selection will be made jointly by USAID and the GOM agency employer. Training will be provided in third countries and the U.S. as appropriate.

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Topics of training will include: decentralization, housing finance, management of urban development projects, urbanization, land development.

3. Commodities.

Six microcomputer systems at a cost of approximately \$15,000 each will be delivered to the MUN (3), ANHI (1), DCL (1), and TG/SCL (1); and one minicomputer system at an estimated cost of \$25,000 for the RDE; for a total commodities purchase of \$115,000. Microcomputer systems will be similar to those previously provided under this project. All computer hardware, software and related training will be purchased and all appropriate export licences obtained by the U.S. firm managing the short-term technical assistance program. The source and origin for commodities will be Code 000.

4. Resident Advisor. LOE: 36 Person-Months. see annex 7 for SOW
Total Amount: \$ 100,000

A Mission technical committee will select the candidate through open competition who will be recruited locally through advertisement in local publications under a Personal Services Contract with USAID.

5. Sewerage System Design Options: Environmental Assessment and Environmental Mitigation Plan: LOE: 10 Person-Months
Total Amount: \$ 150,000

The GOM will be financing 100% of the total cost of the Sewerage Master Plan Study. The contract for the Sewerage Master Plan Environmental Assessment Study will be a Host Country Contract (H.C.C.) and will follow A.I.D. and GOM competitive procurement procedures.

The RFP will be issued simultaneously in Morocco and U.S by the Municipality of Tetouan. It is anticipated that the study will be conducted by a joint venture or a prime/subcontractor arrangement of Moroccan engineering consulting firms in association with a U.S. firm. Payment procedures acceptable to AID will be outlined in PIL No. 1.

In the event that these funds are not used to partially finance the Tetouan Sewerage Master Plan Studies, then the proposed grant funding will be reprogrammed to finance another activity related to improving the delivery of technical services provided by the Municipality of Tetouan or the RDE.

6. Land Registry Study: LOE: 13 Person-Months
Total Amount: \$ 70,000

Conducted by a Moroccan firm, to be identified through local advertising.

7. ZAC National Policy Study: LOE: 10 Person-Months
Total Amount : \$ 48,000

Conducted by a Moroccan firm, to be identified through local advertising.

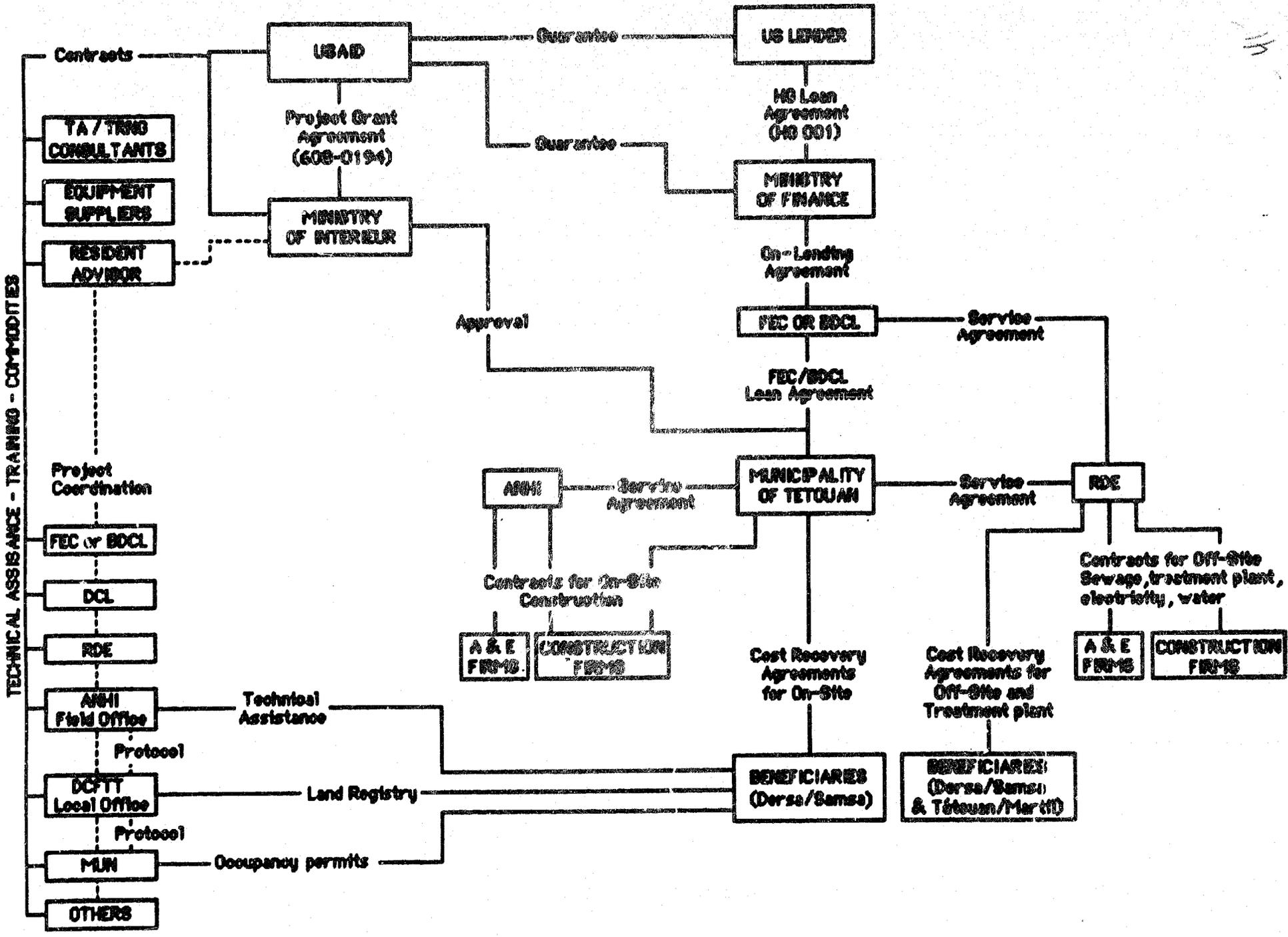
F. Methods of Implementation and Financing

<u>Methods of Implementation</u>	<u>Methods of Financing</u>	<u>Approximate Amount</u>
1. Technical Assistance AID direct contract	Direct Pay	896,500
2. Training Invitational Travel (PIO/P)	Direct Pay	55,000
3. Commodities PIO/C	Direct Pay	126,500
4. Resident Advisor PSC	Direct Pay	100,000
5. Sewerage Master Plan*/ Environmental Assessment Host Country contract	Host Country/L/Comm	150,000
6. Audit Direct Contract	Direct Pay	15,000
7. Evaluation	Direct Pay	20,000

* The procedures and timetable for disbursement of funds for this activity will be elaborated in Project Implementation Letter Number One.

G. Audits

Under the project, there will be an audit of the Sewerage Master Plan Study host country contract. The audit will be performed by a contract CPA firm and will be funded from project funds. An estimated \$15,000 will be provided under the Project to carry out the audit.



TECHNICAL ASSISTANCE - TRAINING - COMMODITIES

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FIGURE 2 : PROJECT IMPLEMENTATION PLAN

Project : 609-0194
 Time Period : FY 86-94

	FY 86				FY 87				FY 88				FY 89				FY 90				FY 91				FY 92				FY 93				FY 94							
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
PROJECT DOCUMENTATION :																																								
Orig. Proj. Authoriz.																																								
Orig. Proj. Agreement																																								
Orig. Proj. Amend. #1																																								
Congressional Notification																																								
Amend. Proj. Authoriz.																																								
Amend. Proj. Agreement																																								
TECHNICAL ASSISTANCE :																																								
Needs Assessment																																								
PIO/T/RFP																																								
Comm. Bus. Devel. Nctiv.																																								
Contract Neg. + Award																																								
Short-Term TA																																								
COMPUTERIZATION :																																								
Needs Assessment																																								
PIO/C/EB																																								
Contract Negot. + Award																																								
Procurement																																								
User training																																								
INTERNAT'L TRAINING :																																								
RESIDENT ADVISOR :																																								
PIO/T Request Applications																																								
PSC Negotiation + Award																																								
Long-Term TA																																								
PROJ. MONITORING + EVAL. :																																								
Monit. Reports																																								
Baseline Evaluation																																								
Mid-Term Evaluation																																								
Final Evaluation																																								

ACTUAL PLANNED

FIGURE 3. - TECHNICAL ASSISTANCE / TRAINING PLAN

Project : 608-0194
Time Period : FY 86-94

Page 1

PRIMARY AGENCY	OTHER PARTICIPANTS	FY 86		FY 87		FY 88		FY 89		FY 90		FY 91		FY 92		FY 93		FY 94				
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
FEC :																						
HQ 001 Proj. Delivery Plan	ANHI, DCL																					
Proj. Implm. Syst. + Proceed.																						
Financial Analysis + Mgmt.	ANHI, DCL																					
Computerization	--																					
MUN. OF TETOUAN :																						
Cost Recovery Studies	ANHI																					
Property Tax Software	--																					
ZAC Strategy	ANHI, Tetouan Province																					
Mgmt. for Town Council	--																					
Municipal Financial Mgmt.	FEC, ANHI, DCL, TO, MOI/Trng, MUN's																					
Computerization	--																					
Cost Accounting	DCL, Other MUN's, Other Gov.																					
Capital Budgeting	DCL, TO																					
Operating Budgets	FEC, ANHI, DCL, MOI/Trng, OI, MUN's																					
Project Cost Recovery	ANHI																					
Revenue Collection	ANHI																					
Mgmt of Techn. Services	MOI/Trng, Other MUN's																					
Solid Waste Mgmt	DCL																					
ANHI :																						
Project Mgmt	MUN, DCL, Other MUN's																					
Community Participation	MUN, Other MUN's, Other GOM																					
Sociological Profiles	ANHI																					
Computerization																						
DCL :																						
Info. System Design	--																					
Financial Analysis	ANHI, DCL, Other MOI, Other GOM																					
Computerization																						

ACTUAL PLANNED

H. Gray Amendment

Although funds to be authorized under this PP Supplement come from the ESP appropriation and, thus, are not subject to the Gray Amendment, the Mission will make best effort to determine the potential to procure services from Gray Amendment entities.

VI. MONITORING AND EVALUATION PLAN

Regular monitoring of the project is the responsibility of RHUDO/Morocco. Monitoring of financial aspects is being done on a quarterly basis. Semi-annual status reports are prepared as part of the Mission's established review activity.

Two evaluations of the 608-0194 Project are planned. An internal mid-project evaluation is scheduled for 1991 and will be carried out by USAID Morocco including both project staff and USAID Mission staff not directly involved in the project. A final evaluation will be carried out in 1994 by external consultants. The evaluation will assess the impact of project activities on the institutional capacities of entities charged with project implementation, and the replicability of project outputs. The March 1986 and May 1988 Needs Assessments performed by RTI (Annex 6) will constitute the baseline data for the final evaluation.

Evaluations of the 608-0194 Project will be coordinated with evaluations of the EG-001 Program, undertaken and funded by RHUDO and NENA.

VII. CONDITIONS AND COVENANTS

A. Proposed Conditions Precedent:

1. Prior to disbursement of funds for the Sewerage Master Plan Environmental Assessment Study:

a) The Municipality of Tetouan will provide to AID, in form and substance satisfactory to AID, evidence that adequate financing is available to cover costs of the study which are not to be provided by AID; and

b) The Ministry of the Interior/Directorate of Local Governments will provide to AID, in form and substance satisfactory to AID, statement setting forth the respective roles and responsibilities of the Municipality of Tetouan and the Regional Public Utility Agency in the management of the Sewerage Master Plan Study and evidence that the Municipality of Tetouan has procured adequate technical expertise to monitor the progress of the Master Plan Study and work in progress and evaluate its conclusions.

2. Prior to disbursement of funds for the procurement of computers for the Municipality of Tetouan, the Municipality of Tetouan will provide to AID, in form and substance satisfactory to AID, evidence that a qualified computer engineer has been appointed to manage the computer systems developed with Project financing.

3. Prior to disbursement of funds for the procurement of computers for the General Treasury, Local Finance Service, the GOM will provide to AID, in form and substance satisfactory to AID, evidence that a qualified computer operator has been assigned to the development and maintenance of the property tax program and that provisions have been made to assure for adequate maintenance and necessary supplies for the computer equipment.

4. Prior to disbursement of funds for the procurement of computer software for memory expansion for the Regional Public Utility Agency mini-computer, the GOM will provide to AID, in form and substance satisfactory to AID, evidence of agreement between the Municipality of Tetouan and the RDE concerning cost recovery procedures for the HG-001 investments.

5. Each of the GOM agencies receiving computers financed by the Project will provide or arrange to be provided systems maintenance and supplies for Project-financed computers.

8. Proposed Covenants:

1. The Ministry of Interior, Directorate of Urban Planning and Environmental Protection and the Ministry of Housing, Directorate of Planning and Programing, agree to collaborate on preparation of the terms of reference for the proposed ZAC National Policy Study.

2. The Directorate of Local Government agrees to nominate one staff member to work with Project-financed consultants on software development. The Directorate will also be responsible for the production of brochures on the development of the Tetouan Project. The brochures will be produced as appropriate and distributed to other municipalities and relevant organizations.

3. Each of the GOM agencies participating in the Project will furnish the staff, budget, office space and equipment, transport, and all other forms of logistic support necessary to the timely and efficient achievement of Project activities.

4. GOM staff persons working with Project-funded consultants will be fully briefed on their responsibilities and will be available to the maximum extent possible for the duration of the specific technical assistance mission.

5. Any in-country training expenses for which AID funding is not provided will be financed by the GOM participating agency.

VIII. SUMMARY OF ANALYSES

A. Institutional Analysis:

The project's institutional framework has evolved from the structure presented in the original Project Paper. Changes in the institutional framework stem from the evolution of the HG-001 Program which this project is designed to support. An update of HG-001 activities is provided on Annex 3, table 2.

The institutional analysis in the original Project Paper identifies four GOM implementing agencies. The fifth implementing agency was added in Amendment Number One to the Project Agreement (June 30, 1987). With the recent expansion of HG-001 objectives, the participation of three additional Moroccan Institutions, beyond those directly implementing the HG-001 Program, is required for effective project implementation. Presented below is an update on the implementing capabilities of the five agencies directly benefiting from the training and technical assistance provided under this Project. This is followed by a description of the three new Moroccan Institutions introduced in this Project Paper Supplement.

1. National Agency for the Fight against Substandard Housing, (ANHI):

ANHI's portfolio has grown from 13 projects, at the inception of the project, to 42 projects which cover the production of 54,000 plots at an estimated cost of 511M DHS or \$64M. In implementing HG-001, ANHI continues to act as technical advisor for the Municipality. As such, it has responsibility for all construction management.

A special ANHI project office was opened in Tetouan in 1987 to manage the HG-001 project. ANHI recruited a project chief in 1987 (Senior Architect-Planner) and in 1988 a socio-economist and technician. Recruitment of an engineer and financial manager is planned in 1989. The creation of this office is a part of ANHI's decentralization policy. In addition to the Tetouan Project this office is responsible for developing and implementing new land development projects in northern Morocco. The ANHI intends to replicate the Tetouan model, in the next 12-18 months, by setting up a project unit based in Agadir to manage projects in southern Morocco.

The 1988 RTI Report recommends that technical assistance and training be provided for the ANHI central office as part of this project. However it has been decided that assistance to the central office should more appropriately become a component of the proposed, 608-0200 ANHI Low Income Housing Project.

2. Municipality of Tetouan, (MUN)

The Municipality has taken steps to carry out its responsibilities under HG-001 by establishing in 1988 a project office under the direction of an engineer staffed with an architect and two employees. The project engineer reports directly to the Municipal Council President and coordinates activities within the municipal administration and with the ANHI field office.

The Municipality, together with the Local Sewage Committee, has drafted the terms of reference for the Sewerage Master Plan. Although the issue of

whether the Municipality or Regie Autonome (RDE) will own and operate the sewerage system in Tetouan has yet to be resolved, it has been decided that the Municipality will be responsible for the design of the Sewerage Master Plan.

In response to the RTI needs assessment findings that the Municipality is not now prepared to perform the wide range of functions required by an undertaking as large and complex as the Tetouan Project the Municipality has agreed to demonstrate its capability to monitor and evaluate the study and to consequently assume direct management responsibility. To do so, the Municipality will establish a project unit to manage and monitor the study. The Municipality is expected to finance the study through a FEC loan.

3. Community Infrastructure Fund, (FEC):

The FEC is the borrower of the HG-001 loan by agreement with the MOF and then on lends the amount to the Municipality of Tetouan for financing project components.

To date, the FEC has not played as active a role in project implementation, as was originally anticipated. This is due in part to the centralized management structure and beneficiary tendency of the FEC to not be actively involved in project management until actual disbursement begins.

In 1989 the FEC will be absorbed by a new municipal development bank, Banque de Développement des Collectivités Locales (BDCL). The BDCL will become the successor to the FEC in assisting the Municipality and monitoring project progress.

4. Regional Public Utility Company, (RDE):

The role of the RDE in the management of the sewerage system will be determined based on the outcome of the institutional analysis performed as part of the Sewerage Master Plan Study and the Environmental Assessment.

5. Direction des Collectivités Locales - Directorate of Local Government, Ministry of Interior

The DCL oversees all local government affairs to ensure that they are consistent with national policies of decentralization. Until recently, several DCL divisions were involved in HG-001 implementation. In 1988, a single DCL branch the Division des Etudes de la Documentation et de la Cooperation, has been assigned to serve as HG-001 project coordinator on behalf of the DCL. This Division will assume better coordination for implementing the project and will be responsible for sharing information on the Tetouan Urban Development Project with other Moroccan municipalities. The enhanced project coordination capabilities are expected to result in DCL taking a more active role in project implementation.

Other Institutions:

1. Land Registry Office, Direction de la Conservation Foncière et Travaux Topographiques, DCFTT:

The Direction de la Conservation Foncière et des Travaux Topographiques (DCFTT), is responsible for land titling in Morocco. Institutional support to the DCFTT is not called for under this project, but the DCFTT could play an important role in resolving land tenure problems by, for example, facilitating the title registration process for project beneficiaries. The project's land issues, discussed in Section II and Annex 2, will in part be resolved by establishing an accurate basis for determining the land tenure status of the project area. This will be done in cooperation with the Ministry of Agriculture's Land Registry Office.

2. Ministry of Finance/General Treasury/Local Governments Service, Trésorerie Générale/Service des Collectivités Locales, (TG/SCL):

The Service des Collectivités Locales, within the Ministry of Finance's Trésorerie Générale, monitors and provides support to local governments in the areas of budgeting, accounting, and local tax collection. This division's importance and keen interest in the Tetouan Urban Development Project only became apparent recently, and therefore its involvement in the project was not planned for at the outset by project designers.

3. Ministry of Interior/Directorate of Urban Planning and Environment, Direction Générale de l'Urbanisme, de l'Amenagement du Territoire et de l'Environnement (DGUAE), and Ministry of Housing/Directorate of Regional Planning, Direction de la Programation et de la Planification, (DPP):

The Ministry of Interior's Urban Planning Directorate and the Ministry of Housing's Program and Planning Directorate are responsible for defining national urban planning policies and housing needs and strategies respectively. They are forming a joint, national committee to define a national policy regarding future ZAC development in other Moroccan cities.

B. Social Soundness Analysis: A social soundness analysis was completed for HG-001 and is contained in the Project Paper as Section VI-D.

C. Environmental Analysis:

Environmental analysis was completed for HG001 which concluded that an Environment Assessment (EA) would be required for the design and construction of the proposed sewerage treatment plant and collection and disposal system pursuant to the requirements of Section 22 CFR 216 of the Agency's Environmental Procedures. This fundamental program requirement has not changed since the original project inception. Changes have occurred, however, in the implementation schedule and cost for meeting this requirement, resulting, primarily from the desire to ensure that the sewerage system environmental requirements are properly integrated into the overall final system design. Accordingly, as described above, the program EA (including the associated Mitigation Plan) will now be completed parallel with the greater Tetouan Sewerage System Master Plan. In this manner, both documents can be reviewed together upon completion to ensure that each is appropriate and

relevant for the proposed task at hand. Pursuant to the Bureau Environmental Coordinator's memorandum of April 19, 1986 (Annex C of the original Project Paper), no construction activities for either the wastewater treatment plant or the wastewater disposal system for the plant will be contracted for prior to the completion, review and approval of the EA and an associated Mitigation Plan. It is therefore concluded that the project (and greater Tetouan sewerage system development program) will be implemented in an environmentally sound manner commensurate with all salient Agency regulations.

ANNEX 1. LOGICAL FRAMEWORK 608-0194

I. Measure of Goal Sector Goal	Means of Achievement	Assumptions for Verification	Achieving Goal
Improvement of shelter conditions in urban areas of Morocco for low-income families.	Improvement in census housing indicators for urban areas.	Comparison of 1982, 1990 and 1998 census data.	Continued GOM support of program shelter goals with priority given to low-income groups.
II. Purpose	End of Project Status	Means of Verification	Assumptions for Achieving Purpose
-To strengthen the institutional capacities of the GOM agencies implementing the HG-001 Upgrading Project and to assist GOM policy makers to address key urbanization issues.	-Successful completion of HG-001 activities through a cooperative effort of the implementing organizations. -Established and tested procedures and systems for interagency cooperation that can be deployed in other comprehensive urban development projects.	-Assessment of impact of the program as compared with the needs assessment. -Records and reports of USAID and GOM agencies.	-Continued GOM implementation of sector policy reforms. -Continued GOM support of decentralization policy. -Availability of adequate public resources. -Relevance of project activities to the needs of the beneficiary institutions.

III. Project Outputs	Magnitude of Outputs	Means of Verification	Assumptions for Achieving Outputs
<ul style="list-style-type: none"> -Explicit management structures, reporting and decision procedures linking the implementing agencies in a project orientation; procedures and structures described and explained in documents and handbooks. -Improved staff skills in: project planning, management and monitoring, data base design, financial analysis, and communication (report writing, briefings). -Operating microcomputer-based systems for: project planning, financial analysis of municipal services delivery, cost recovery, local property tax collection, and large beneficiary as well as other data bases. -Design options, Environmental Assessment and Environment Mitigation Plan for the Tetouan Urban Development Project sewerage system and treatment facility. -Land registry procedure for other urban upgrading projects in Northern Morocco -Legal and institutional framework for ZAC development throughout Morocco. 	<ul style="list-style-type: none"> -Effectiveness of management structures, and reporting and decision procedures (5 agencies). -Adequacy of documents and handbooks, both for the purposes of this project and for future use in comprehensive urban development projects elsewhere. -Managerial, technical, and other staff trained; improvements in skills and experience by functional area for the implementing agencies -Performance of and documentation for micro-computer-based systems and data for the project and future uses (approx. 12,000 beneficiary files). 	<ul style="list-style-type: none"> -Project evaluation: <ul style="list-style-type: none"> - management audit - skills assessment - documentation review - software tests and data review. -Records of GOM agencies. -TA and training reports, including trainee appraisals. 	<ul style="list-style-type: none"> -Selection of viable GOM participant agencies. -Availability of qualified consultants. -GOM allocation of staff and supporting resources.

Inputs	Implementation Targets (LOP) (\$000)				Means of Verification	Assumptions for Providing Inputs
contracts with U.S. and local firms for providing short-term technical assistance and training to agencies.	<u>Agency</u>	<u>TA</u>	<u>Trng</u>	<u>Commod.</u>	USAID and GOM records of: - obligation - disbursements - audits.	- Availability of funding. - CP's and covenants met.
nts for participation GOM officials and project staff in overseas training programs and training programs conducted by in- country institutions.	FEC	75	6	14		
Procurement of computers, accessories and training, and other equipment.	MUN	593.5	31	85		
Technical assistance to GOM agencies through a long-term contract with an on-site resident advisor.	ANHI	161	19	69		
Contract for the study of design options, and performance of Environmental Assessment and Environmental Mitigation Plan for the sewerage system.	DCL	64	17	29		
	RDE	207	12	40		
	Others	118	11	15		
	Res. Adv.	100	—	—		
	Audit					
	&Evaluat.	35.35				
	Conting.	98.15				
	<u>Subtotal</u>	1452.0	96	252		
	TOTALS: USAID		\$1,800.00			
	GOM		\$1,125.00			

Best Available Copy

ANNEX 2. Project Issues.

Land Tenure and Titling.

For the city of Tetouan, as is the case for all northern Moroccan cities, land registration is a complex problem. Three legal land registration systems are in existence in Tetouan. They are:

- 1) customary Moslem law ("Chraa"),
- 2) the Khalifien systems used during the Spanish protectorate, and
- 3) the modern cadastral system, in force today throughout the country and based on land records.

The cadastral system has far from supplanted the traditional land registration systems. Participation in the the modern system has always been voluntary, and there are a number of reasons why many property owners do not wish to be involved in the cadastral system at all. These include the fear of challenge to their traditional titles, and the relative high cost and time-consuming nature of the process.

In 1987 the ANHI, using its own resources, contracted with a local firm for a complete topographic analysis of the HG-001 project area. The study incorporates an analysis of the land tenure status of the area, e.g., how many landowners there are and how property is registered; specific plot size and owners' names and addresses are identified; and a beneficiary file of the approximately 12,000 residents is being established.

The initial results of the land survey indicate that the land tenure situation is far more complicated than anticipated by Moroccan authorities when the HG-001 Project Paper was written. For example:

- 1) For the ZAC area, there are more than 240 landowners, instead of the 20 originally estimated.
- 2) The city owns 16 hectares of property for the proposed prevention zone, instead of the 60 hectares originally identified, and state-owned domaine accounts for about 20 hectares on an adjacent site.
- 3) For the Samsa zone, the entire area is privately owned, with parcels being registered under any one of the three existing systems, or not registered at all.

Clearly, legalizing the land registry status and assigning land titles to the beneficiaries will be a much more involved task than originally envisaged. To address this problem, the 608-0194 Project will finance the development of a strategy for the land registry program. This study will be conducted for the DCFTT and will: verify the types of deeds held by the land-owning households

surveyed for the project area; provide an analysis of the land status; and define a strategy and procedures for land regularization, in order to deliver clear title to beneficiaries in a timely and cost-effective manner. The 12,000 beneficiary files will also be computerized to produce a more accurate and up-to-date identification of parcels, and to aid in HG-001 Project cost recovery.

Sewerage System Management.

The two agreements which still have not been executed for the HG-001 program (and are conditions precedent for first disbursement of program loan funds) are those between the FEC - RDE and RDE - MUN, relating to the sewerage management issue. The Ministry of Interior has promulgated a national policy on the management of municipal sewerage systems, whereby the municipalities are to transfer all sewerage operations, maintenance and cost recovery to the Regies. But this policy - not yet a law - has met with strong opposition from a number of municipalities, including Tetouan.

The MUN believes it can continue to operate the existing, as well as expanded, sewer network in the project area at a lower cost to users than the Regie. This is based on initial results of the IBRD-financed Casablanca sewerage works project, in which hookup fees are perceived as extremely costly. In January 1988, the MUN, at its own initiative, prepared a preliminary report on the sewerage issue and proposed the creation of a special municipal account to finance the expansion and continued O & M of the sewer lines for the on-site project area. The MUN recognizes that the Regie will be the best organization to run the proposed off-site sewage treatment plant, however. The RDE, on the other hand, believes that if it is to finance and manage the sewage treatment plant, it should assume responsibility for the entire sewerage system in order to have better control over management in general and cost recovery in particular. The RDE does have a proven cost recovery record in its current monthly billing system for water and electricity services, and a demonstrated ability to disconnect non-payers.

Following the national sewerage policy declaration, a province-level coordinating committee was established in Tetouan. Committee members were drawn from the MUN, ANHI, RDE, Tetouan Province, and the Ministries of Public Works, Housing, Agriculture, and Health. The committee has prepared the draft terms of reference for developing a Sewerage Master Plan for Tetouan. Recently the Terms of Reference have been jointly finalized by the MUN and USAID. This plan will define the technical, operational and financial issues which will suggest alternative systems for sewage collection and treatment, with a recommendation for the one best solution at the lowest cost. The study will also suggest what areas of responsibility should be assumed by the MUN and/or RDE and a recommendation will be made to the coordinating committee and to the Ministry of Interior, who will make the final determination.

The technical assistance and training activities proposed in the 608-0194 Project Paper Supplement assume the RDE will be given the authority to manage all sewerage works in Tetouan, in keeping with the MOI's stated policy. Should the MUN retain control over certain functions in this sector, however, the TA/Training plan can be modified without adversely affecting the project schedule or budget.

ANNEX 3

TABLE 1. TETOUAN URBAN DEVELOPMENT PROJECT 608-0194 GRANT

ACTIVITIES	CONTRACTOR	CONTRACTS TO DATE, NOVEMBER 1988			BENEFICIARY INSTITUTIONS				
		START DATE	COMPLETION DATE	COMMITMENTS TO DATE (DOLLARS)	ANHI	MUN	RED	FEC	DCL
<u>Cost Recovery Studies.</u> Analysis of performance to date in collecting property and local taxes in Tetouan. Design and implementation of cost recovery procedures for NG-001.	Deprat (PSC)	12/87	12/89	\$60,000		X			
<u>Training and Technical Assistance Needs Assessment Program</u> for the implementing agencies of NG-001.	RTI (U.S.)	1/88	5/88	\$52,000	XX	X	X		X
<u>Property Tax software Program:</u> Review of existing recordation procedures, software development for project, training and follow-up.	RTI (U.S.)	1/88	5/88	\$47,000		X			
<u>ZAC Study:</u> Proposal for development of Tetouan ZAC, incorporating analyses of the land, legal, institutional, financial and marketing issues.	PADCO (U.S.)	5/88	1989	\$94,000	XX	X			
<u>Computers, software, related training:</u> FEC(1), DCL(1), MUN(3), ANHI(4), RDE(1).	DCI (Morocco)	11/87	5/88	\$137,000	XX	X	X	X	X
<u>Overseas Training for GOM Officials</u> involved in NG-001. Subjects: Urban services delivery, decentralization, land issues, project mgmt., water pricing. (Annex 4)		7/87	(on-going)	\$46,000	XX	X	X	X	X

(1)R = Rabat office, T = Tetouan office

TABLE 2. TETOUAN URBAN DEVELOPMENT PROJECT EC-001
 CONTRACTS TO DATE, NOVEMBER, 1988

TYPE OF ACTIVITIES	START DATE	CONTRACTOR	DATE OF COMPLETION	SOURCE OF TOTAL AMOUNT		BENEFICIARY INSTITUTION			PROJECT COMPONENTS						
				FUNDING	DN \$	ANHI	MOR	EDF	PCL	UPGRD.	SITE SVCS	ZAC	O.SITE	200 REPLA.	REPLA. NOTES
Aerial photography of project area to be passed on to Gallot/Thibeau for interpretation	12/86	Ober Victor (Morocco)	7/87	ANHI*	80,000	\$10,000	X	X			X	X	X		
Dersa/Samsa Socio-Economic and Housing Survey	12/86	INAU/CHRAU (Morocco)	7/87	ANHI*	200,000	\$25,000		X	X	X		X	X		
Follow-up the socio-economic study: -Identify the ways of acquiring lands in the areas -Income expenditures of the households -Affordability of the households	12/86	T.U.N (Morocco)	7/87	ANHI*	220,000	\$27,500	X		X	X		X	X		
Geotechnical Study: Identification of the nature of soils and their mechanical performance for the 200 replacement homes.	12/87	LPRE (Morocco)	/86	ANHI*	82,000	\$10,250	X	X			X				X
Replacement houses study: Plan for rehousing 200 families in sites 4 services area (Samsa II) who have been displaced by upgrading in Dersa/Samsa I.	8/87	Kharchafi/ Benkrino (Morocco)	9/87	MARI*	400,000	\$50,000		X							X
Reinforced concrete structure study for the 200 replacement homes.	8/87	ARCO Etudes	12/87	ANHI*	89,600	\$11,200		X					X		
Land Study: Analysis of project area topography, land tenures occupancy status of land owners, household beneficiary file, conditions of existing housing infrastructure.	4/87	Gallot/Thibeau (Morocco)	10/88	ANHI*	964,000	\$120,500	X	X		X		X	X		
Engineering/Urbanism Study Mission 1: Phase 1: Data baseline Phase 2: Physical and planning scheme study Mission 2: Evaluation and Implementation planning; approval of the report Mission 3: Upgrading technical study	10/87	ISCANE-SCBOM Kharchafi/Tazi	12/88	ANHI*	1,000,000	\$125,000		X	X	X		X	X	X	

* \$400,000 provided in the AID Project EC-002 was advance from MOR to ANHI's special account to fund on site engineering studies for EC-001.
 (1) R: Rabat, Y: Tetouan

ANNEX 4. 608-0194 INTERNATIONAL TRAINING ACTIVITIES
TO DATE (DECEMBER 1988)

1. Urban Services Delivery Course. Washington, D.C., July 1987 (12 days)
Organized by the consortium of universities comprising the Center for International Development, Planning and Building. Participants: Director of the RDE and Chief of the DCL's Infrastructure Planning Division. Presentation of examples of public/private partnerships that have resulted in innovative urban services delivery systems in the U.S. and examination of management and policy considerations in urban services delivery in general. Intensive English language training provided for the Moroccans prior to the course. Cost: \$4,900.
2. Regional Decentralization Conference. Abidjan, Ivory Coast, September - October 1987 (4 days). Sponsored by RHUDO/WCA. Participants: Mayor of Tetouan, Chief of the DCL's Local Finance Division and Chief of the DCL's Documentation Division. Discussions of current experience in decentralization, required conditions to implement decentralization strategies, and policy changes and programs necessary in the conference participants' countries. Moroccans presented a paper on the decentralization experience in Morocco and observed USAID technical activities being provided to local governments in the Ivory Coast. Cost: \$8,800.
3. Property Tax Software Development. North Carolina, Research Triangle Park, May 1988 (5 days). Local government finance inspector in the General Treasury's office sent to RTI headquarters in the U.S. for one week to work with RTI in finalizing the property tax software for the Municipality of Tetouan. Cost: \$1,700.
4. Regional Urban Land Workshop. Lisbon, Portugal, June 1988 (5 days). Organized by RHUDO/NE. Participants: Director General and Technical Director from the ANHI, and Chief of the DCL's Intercommunal Affairs and Documentation Division, Land Inheritance Service. Exploration of how national governments can facilitate the participation of the private sector in the process of land development. Cost: \$2,800.
5. Conference on Management of Urban Development Projects. Tunis, Tunisia, November 1988 (5 days). Organized by the Government of Tunisia's Urban Agency for Rehabilitation and Renovation (ARRU). Participants: Engineer from the FEC, Engineer/Projects officer from ANHI, ANHI's chief of the Tetouan Urban Development Project, the Province of Tetouan Chief of the Urbanism Division, MUN's Environmental Division chief, private architect/planner from Tetouan working with the HG-001 project. Topics: urban development under decentralization, upgrading projects for clandestine neighborhoods, management and financing of urban development projects. Cost: \$5,700.

6. International Conference on the Cost and Price of Water in Urban Areas. Paris, France, December 1988 (3 days). Organized by Ecole Nationale des Ponts et Chaussees. Participants: Engineer from the RDE, Engineer/Project Officer from the ANHI, ANHI's Chief of the Tetouan Urban Development Project, the Province of Tetouan's Chief of the Urbanism Division, the MUN's Environmental Division Chief, MUN'S Technical Division Chief, Engineer from the DCL. First Vice Mayor of Tetouan. Topics: Evaluation of investment and operating costs and financing policy, tarification policies and the price of water (water supply and sanitation), ways of maintaining a balance between funding, and tarification in low-income countries to ensure a lasting service. Cost: \$22,600.

ANNEX 5. INSTITUTIONAL ARRANGEMENTS FOR THE TETOUAN URBAN DEVELOPMENT PROJECT (HG-001 LOAN AND 608-0194 GRANT).

Figure 1 in the 608-0194 Project Paper Supplement shows the interagency and beneficiary agreements for the overall Tetouan Urban Development Program. These agreements are described below.

1. HG-001 Loan.

US Lender - GOM/MOF - AID. Loan agreements and guarantees between the US lender, the GOM's Ministry of Finance and AID for the HG-001 program were signed in May 1987 and June 1987.

MOF - FEC. The MOF on-lending agreement to the FEC was executed in February 1988. If the new BDCL is to assume the FEC's role, the BDCL will become the signatory to this agreement.

FEC/BDCL - MUN. The FEC's first loan agreement with the Municipality of Tetouan was signed in March 1988, for the construction of the 200 replacement homes. Future loan disbursements from the FEC (or BDCL) will be made to a special treasury account created for the MUN through the MOF in July 1988.

MUN - ANHI. The MUN contracted with the ANHI in March 1987 to manage and supervise all technical and construction services for the project. The ANHI created a special project office in Tetouan to supervise project activities. Additionally, a local committee, chaired by the Governor of Tetouan, was established to provide guidance throughout the project.

The Municipality will sign all on-site construction contracts, and ANHI will authorize payments for the Municipality of Tetouan to Contractors.

FEC - RDE and MUN - RDE. Because of the unresolved sewerage responsibility issue, service agreements have not yet been executed between the FEC and RDE and MUN and RDE for the financing and management of the off-site sewerage works. Those agreements were not provided in the original PP supplement, they were provided in the HG-001 program agreements.

ANHI and MUN - A & E and Construction Contractors. The ANHI and MUN have issued a number of contracts for technical studies and project construction.

MUN - Beneficiaries and RDE - Beneficiaries. Costs for on-site construction and services will be recovered by the MUN through user fees and taxes assessed from Dersa/Samsa project beneficiaries. Assuming the RDE is responsible for the off-site sewerage system and treatment plant, it will recoup its costs for the new sewage treatment plant from inhabitants of the greater Tetouan/Martil area. The original PP supplement assumes that the cost recovery for HG-001 investments will be done by only the MUN through cost recovery agreements. All beneficiaries will enter into contracts defining the services to be provided by the MUN and RDE and the up-front and monthly costs to be paid by the users.

2. 608-0194 Project.

USAID - GOM/MOI. The 608-0194 Project Grant Agreement between USAID/Rabat and the GOM's Ministry of Interior was signed in August 1986. The First Amendment to the 608-0194 Project Grant Agreement was signed in June 1987.

USAID - Contractors. Contracts issued under the 608-194 project for technical assistance, training and commodities are described in Annexes 3 and 4. Soon after USAID approval of this Project Paper Amendment, the services of a long-term, resident advisor for the project will be engaged to coordinate all 608-0194 project activities between the GOM agencies involved in project implementation.

ANHI - DCFTT AND DCFTT - MUN.

Protocols between the ANHI project field office and DCFTT local office, and DCFTT local office and MUN will be issued to formalize the technical assistance in land titling provided to project beneficiaries by the ANHI and MUN (described below).

ANHI - Beneficiaries. The ANHI will contract with an outside firm for the preparation of technical cadastres (plot illustrations) for each owner's parcel in the project area. These will be then submitted to the DCFTT in batches (e.g., 100 beneficiary files per month) to help beneficiaries obtain property titles without their having to apply individually. The ANHI field office will also provide technical assistance to Dersa/Samsa beneficiaries in the design of their homes.

DCFTT - Beneficiaries. Dersa/Samsa beneficiaries will receive formal land titles from the DCFTT field office.

MUN - Beneficiaries. In the upgrading component, Dersa/Samsa beneficiaries will be issued Occupancy Permits by the Municipality formally authorizing their housing situation.

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST
UP TO DATE? HAS
STANDARD ITEM
CHECKLIST BEEN
REVIEWED FOR THIS
PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1989 Appropriations Act Sec. 523;
FAA Sec. 634A.

If money is sought to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?

Congress will be notified in December 1988. The Project Agreement will not be signed until the waiting period has expired.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes

3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

No legislative action is required.

4. FAA Sec. 611(b); FY 1989 Appropriations Act Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable. In accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. N/A
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. The Project will promote role of the private sector in production of low income shelter.

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
9. FAA Sec. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
11. FY 1989 Appropriations Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
12. FY 1989 Appropriations Act Sec. 549. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed

The services of US private enterprise will be utilized the fullest extent practical

The GOM is contributing approximately 25% of total estimated costs/ HC contribution will be used to finance in-services.

The USG does not own excess currencies of Morocco.

N/A

No

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for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. FAA Sec. 119(q)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?
14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?
15. FY 1969 Appropriations Act. If assistance is to be made to a United States FVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A

N/A

N/A

16. FY 1989 Appropriations Act Sec. 538. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirement of A.I.D., and is the PVO registered with A.I.D. ? N/A
17. FY 1989 Appropriations Act Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? N/A
18. FY 1989 Appropriations Act Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). N/A
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3. Economic Support Fund Project
Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of part I of the FAA? Yes
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? Yes
- c. ISDCA of 1985 Sec. 207. Will ESP funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States? No
- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A

5C(3) STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. PROCUREMENT

1. FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

Yes - Compliance with Grey Amendment. AID will encourage participation to the maximum extent possible of small business as contractor or sub-contractor in accordance with Part 19 of FAR.

Yes

N/A

N/A

5. FAA Sec. 604(q). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of those countries.)

No

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rate?

N/A. No ocean shipping of commodities is anticipated the Project.

7. FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes

Yes

8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

9. FY 1989 Appropriations Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes
10. FY 1989 Appropriations Act Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive Order)? Yes
11. FY 1989 Appropriations Act Sec. 584. For all direct AID contracts or solicitations, and all subcontracts entered into under such contracts, does the contract, solicitation or subcontract include a clause requiring that United States marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? Yes

B. CONSTRUCTION

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N/A
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress? N/A

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes

4. Will arrangements preclude use of financing:
 - a. FAA Sec. 104(f); FY 1989 Appropriations Act, Sect. 525 and 530. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? Yes
Yes
Yes
Yes

- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes
- c. FAA Sec. 620(q). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes
- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes
- e. FAA Sec. 662. For CIA activities? Yes
- f. FAA Sec. 636(1). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes
- g. FY 1989 Appropriations Act Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes
- h. FY 1989 Appropriations Act Sec. 505. To pay U.N. assessments, arrearages or dues? Yes
- i. FY 1989 Appropriations Act Sec. 506. To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes

- j. FY 1989 Appropriations Act Sec. 510. To finance the export of nuclear equipment, fuel, or technology? Yes
- k. FY 1989 Appropriations Act Sec. 511. For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes
- l. FY 1989 Appropriation Act Sec. 516; State Authorization Sec. 109. To be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? Yes
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SOW FOR THE RESIDENT ADVISOR

I. PURPOSE

The Tetouan Urban Development Project consists of a large number of technical assistance (TA) and training activities designed to strengthen the institutional capacity of five different Moroccan Institutions implementing the HG-001 Program. The design and delivery of the short-term TA and training will be contracted out to a consulting firm. An on-site, resident advisor is, however, needed to coordinate the TA and training activities and to ensure that the activities are effectively integrated into the work schedules of the five agencies. In addition to coordinating the TA and training activities with the recipient agencies, USAID and the consulting firm, the advisor will also serve as liaison with two committees which provide guidance to the Urban Development Project at the national level (under the Directorate of Local Governments - DCL) and at the provincial level (under the Governor).

II. STATEMENT OF DUTIES

The resident advisor will provide the following services:

- Work closely with the Moroccan institutions on the TA/T work plans in collaboration with the consulting firm and USAID.
- Review the Scope of Work for each activity and make recommendations to USAID on appropriateness and timeliness of proposed activity.
- Ensure that implementing agencies have been prepared for programmed technical assistance and training activities.
- Ensure that participants meet selection criteria.
- Ensure that adequate preparation and logistical support are provided by the GOM institutions.
- Ensure that TA and training activities are scheduled to fit the work schedules and availability of participants.
- Facilitate the delivery of TA/T activities by consultants and GOM agency personnel.
- Monitor the progress of TA/Training activities and conduct needs assessments for programming any unprogrammed allocation of funds for additional activities.

Supervision:

PSC will work under the guidance and supervision of USAID/RHUDO/Rabat. The resident advisor will report directly to USAID-Rabat/RHUDO. The advisor will work closely with, but not be attached to, any of the participating agencies, and will play the role of facilitator vis a vis the contractor delivering the TA and training. All official correspondence with the contractor will be issued by USAID/RHUDO.

Reports:

1. The resident advisor shall submit quarterly reports to USAID/RHUDO/Rabat. Such reports shall summarize the work accomplished in Tetouan and Rabat; problems raised during the implementation of the program, status of work completed; and a schedule of work for upcoming activities.
2. The resident advisor shall submit a memorandum of conversation on all meetings held with Moroccan counterparts and the consulting firm at the local and central level.
3. Advisor shall submit other papers and reports as requested by USAID.

III. QUALIFICATIONS

The advisor should be a senior Moroccan professional with expertise in urban development and municipal management. Previous experience in providing technical assistance to, and conducting training for, municipal government staff is highly desirable in addition to academic background and experience in planning studies. It would be desirable if the individual had experience working with one or more of the central government agencies involved in the Tetouan Urban Development Project, notably the MOI/DCL, ANHI or the FEC.

SECRETARIAT GENERAL
DIRECTION DES COLLECTIVITES LOCALES

Le Ministre de l'Intérieur

608-c

N° 91 /DCL/DEDCC

à M^{onsieur} LE DIRECTEUR DE L'U.S.A.I.D

137, Av. ALLAL BEN ABDELLAH

B.P. 120

NOTA: Les réponses doivent être le numéro d'ordre
reppeler l'indicatif qui le complète

R A B A T

ACTION : RHUGO

DATE : 02/28

O B J E T / Projet de développement urbain de Tétouan.

INFO : DR-DR

prog. OFM-chen.22

J'ai l'honneur de vous demander de bien vouloir envisager une augmentation du Don 608.0194 en vue d'assurer la couverture du programme d'assistance et de formation prévu au titre du PDU Dersa-Samsa au profit des différents opérateurs : D.C.L - F.E.C - A.N.H.I - R.D.E - province et municipalité de Tétouan.

Je vous serais par ailleurs obligé des dispositions que vous voudrez bien prendre en vue d'étendre, dans l'intérêt du projet et par souci d'efficacité, le délai d'exécution pour une période supplémentaire de deux ans.

Dans l'attente, je vous prie de croire Monsieur le Directeur à l'expression de mes sentiments distingués.



E. le Ministre de l'Intérieur
et Par Délégation
Le Directeur des Collectivités Locales

Signé : Driss TOULALI

Best Available Copy

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