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SUBJECT: Morocco HG-001 Ben M'Sik Project Special Evaluation

This special evaluation was prepared by RHUDO/Tunis in order to record the HG-001 Ben M'Sik Projects progress and status through January 1982 when a major policy concerning the project was announced by the Government of Morocco. This policy shift led AID to withdraw all financial and technical support to the project. This special evaluation reviews the history of the project, its achievement through January 1982 and presents recommendations for action to be considered by AID in order to impact on the shelter sector and its related policy formulations in Morocco.

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12/28/82

Revised:1/31/83

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MOROCCO HG - 001: BEN M'SIK PROJECT
SPECIAL EVALUATION

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This evaluation was written and edited by RHUDO/Tunis specific sections of this document were prepared by the Cooperative Housing Foundation, the PADCO Resident Policy Advisor and AID/PSC Rory Turner.

SUMMARY

The 1978-1980 Three Year Plan in Morocco proposed a new approach to be taken by the Government of Morocco in dealing with bidonvilles. This new approach was presented by a new Minister of Housing who was keenly interested in establishing new, more effective ways of dealing with the bidonville problem. The approach, to be tried out first in several large bidonvilles called for a shift away from clearing slums and favored upgrading the existing communities. The main elements of this new upgrading policy included the provision of infrastructure and title to improved land, access to building material loans, and attempts to improve economic conditions in the bidonvilles through job training and employment generation.

To support this policy shift, AID in September 1979 approved the Ben M'Sik Bidonville Upgrading Project Paper (608-HG-001) for funding through the AID Housing Guaranty Program. The project involved the upgrading of the Ben M'Sik squatter area of Casablanca and the strengthening of shelter sector institutions in Morocco. The upgrading of the Ben M'Sik bidonville was intended to improve the quality of life for the 70,000 plus residents. To accomplish these goals it was envisioned that the project would have the following five components:

1. Upgrading 9900 homes -- In the existing squatter area, the project would assist in providing complete road, sewerage and rainwater drainage networks for households and include additional public water fountains, hydrants, and water connections up to each lot. A primary electrical system would also be included.
2. New Core Houses -- Financing would be provided to construct core houses on serviced lots for an estimated 1200 households.
3. Home Improvement Loans -- Financing would be made available to establish a program to provide access to credit for home improvements to participants in the upgrading program.
4. Economic and Social Activity -- The upgrading effort would promote economic activity and employment, particularly for women heads of households; finance construction of community facilities; and facilitate integration of the squatter area with surrounding Ben M'Sik neighborhoods.
5. Shelter Policy -- The HG-001 project was further intended to initiate dialogue on shelter for the poor through demonstration of innovative methods of cost recovery and affordable standards, and assist the Government of Morocco in the development of institutions capable of replicating such programs on a self-amortising basis.

These activities were to be supported by the following inputs: \$25 million in Housing Guaranty loans authorized in two tranches of \$15 million in FY 1979 and \$10 million in FY 1980; \$974,500 in development grant funding, which includes a \$748,000 OPG with Cooperative Housing Foundation (CHF), and an

additional \$75,000 in Integrated Improvement Programs for the Urban Poor (IIPUP), grant funding to be used to support an employment generation program through CHF. The Government of Morocco and project beneficiaries were to contribute more than \$7 million in support of the project.

The Ben M'Sik project as originally designed anticipated completion of all objectives by December 31, 1982. In May 1981 the Annual AID Project Evaluation Summary (PES) for 608-HG-001 was undertaken. At that time it was clear that the project was at least one year behind schedule. The main reasons given for the delay in the PES were the time required for staff build up; delay in AID/W approval for and CHF fielding of the necessary technical assistance; the slow formalization of the interministerial relationships and the relationship between the commune of Ben M'Sik and the project team.

The Ben M'Sik project was very ambitious and perhaps too complicated as a first attempt in implementing this new policy orientation. The project design did not budget sufficient time for staff build up. Regional Housing Delegations in Morocco are staffed by "civilistes", persons just completing university studies and fulfilling their obligation to the GOM. Time and experience were required for the staff to develop into an efficient working unit. Thus the first two years of project time was a period of learning and development during which few of the projected outputs could realistically be achieved.

The project team responded to the points raised in the PES. Between April and December 1981 the team produced the design components for the master plan and produced a plan for the core unit zone which was approved by MHAT and the MOF. The team also prepared eight (8) contracts which were ready to be let by January 1982. In an effort to get the upgrading activities under way the team had selected one area of the bidonville "Bloc 12" as a pilot zone. Infrastructure studies were completed. Engineering studies were to be let to various consulting firms in January 1982 for the remainder of the bidonville.

In addition, CHF fielded the Resident Community Development Advisor for the project in December 1981 (a Resident Technical Advisor had arrived in April, 1981) and the PADCO Policy Advisor to the Director of Housing/MHAT was fielded to Rabat in September 1981. In January 1982 workshops and seminars were organized with the participation of the OPG and UNESCO, for the 12 community development assistants assigned to start work in Ben M'Sik as of June 1982.

Clearly when the Ministry of Housing in Rabat began to consider reorienting the Ben M'Sik project approach in January 1982, the project team and its inputs were beginning to show results. However in mid-January, 1982 the Ministry of Housing began a review process of the Ben M'Sik Upgrading Program which eventually led to the development of the "new formula" for the Ben M'Sik project in the Spring of 1982. This new formula as it is presently outlined calls for rehousing the entire bidonville population. Core housing units of 60m² will be built at two sites; 8000 core housing units are planned for Bournazel, (3 kilometers away from the existing bidonville) and 5,500 core housing units are to be built near the present site following the displacement of families to the Bournazel site. The present cost for the core units is

projected to be 420,000,000 DH, three times the original budget for the entire upgrading and core housing project. The GOM expects to finance the project through: (a) beneficiary downpayments, (108 million DH), (b) GOM budget (90 million DH), (c) credit from CIH (220 million DH). From the total 31,000 DH unit cost, 23,000 DH representing GOM and CIH contributions will be recovered from the beneficiaries in monthly loan payments of 165 DH (25 year life at 7% interest per annum). The cost of the unit and the proposed loan repayment plan would be affordable to only one half the bidonville population if up to 2% of their monthly income is to be used to cover the monthly loan payments.

It is unclear at this time where the CIH will get the financing for this project. The Minister of Housing is also the Director General of the CDG (Caisse de Depots et Gestion), and this is likely to be their source of financing. At the proposed 7% interest rate, this represents a lower rate of return than other CDG investments.

The policy shift in Ben M'Sik can be attributed to two principal events. First, in June 1981, in reaction to price increases on basic foodstuffs, civil disorders broke out among the disadvantaged population of Casablanca including those residing in Ben M'Sik. These events led to the political restructuring of Casablanca in order to provide a closer administrative and political tie with the central government through the Minister of Interior. They also pointed out the dissatisfaction of the residents and the need to apply relatively quick solutions to the problems of living conditions in poor neighborhoods.

Second, a new Minister of Housing was appointed who happened to be and remained the head of the CDG and the CIH, the two most powerful parastatal finance organizations in Morocco. The Ministers' background does not include much exposure to low income housing solutions and more specifically, experience with upgrading. He has expressed his doubts over the viability of the upgrading approach as a means of improving shelter conditions for the poor. Relocation, the MOH and MOI both feel, will come closer to satisfying the expectations of the Ben M'Sik population.

As soon as AID became aware of signs of change in the Ben M'Sik project, contact was made with MHAT to attempt to discuss the implications of this program shift. An effort was made to explain to the Minister the ramifications of trying to relocate 80,000 persons. AID then explained to the Minister that it could not support the relocation effort and was withdrawing technical and financial support for the project when the Ministry indicated its commitment to this approach. The CHF resident advisors were requested by USAID to refocus their effort on the approved HG-002 project activities. MHAT has concurred on this TA shift and assured AID that the policy shift only affects the Greater Casablanca region and that it still intends to pursue upgrading elsewhere in the country.

The decision to return to the relocation approach in Ben M'Sik is a setback for the goal of establishing a more rational housing policy in Morocco based on an efficient use of government resources. The complexity of the Project, long start-up time and exogenous political events in Casablanca in June 1981, contributed in various ways to MHAT's decision to look for what, in theory appears to be an easier way to resolve the bidonville problem.

It is critical that AID continue to pursue its objective of getting the GOM to adopt more rational housing policies which address the real problems and are capable of benefitting a larger segment of the poor. To do this AID must continue to participate in the financing of replicable programs, namely, through the HG-002 project and an alternative HG-001 project activity AID can demonstrate to the GOM the viability of upgrading, the need for affordable solutions based on appropriate standards and the importance of initiating cost recovery systems in housing programs by proceeding with the selection of pilot sites for upgrading and core housing unit construction under HG-002 and giving consideration to the possibility of financing an upgrading project in Tetouan through HG-001

I. Project Setting -- The Ben M'Sik Neighborhood

	<u>1978</u>	<u>1982</u>
Population	72,000	80,000*
Number of families	11,400	13,600*
Average number of persons per household	6.3	5.9*
Land surface covered	76 ha.	76 ha.
Number of persons per hectare	947	1,053*
Median size of barracks	27.5 m2	unchanged
Average household income	\$126/mo	unavailable
Median household income	\$110/mo.	unavailable
% unemployed heads of household	27	unavailable
% underemployed heads of household	28	unavailable
% female heads of household	16	unavailable

*Official estimate, not based on actual census.

Established during the 1930s while Morocco was still under French domination, the Ben M'Sik bidonville (1982 population approximately 80,000) remains by far the largest of several dozen squatter areas that exist in highly urbanized Casablanca (1982 population approximately 3 million). The bidonville derives its name from the Urban Commune of Ben M'Sik in which it is located, one of five governmental jurisdictions in the city.

Virtually all dwellings are made of wood frame covered with flattened tin and are usually painted by their occupants. Services in the bidonville such as water, storm and sanitary sewers, and electricity are minimal, consisting of only a few public fountains, baths, toilets and some street lighting to serve the large, densified area. Streets and alleys within the area are narrow, some of them cobblestone paved, but are kept reasonably clean by the residents.

The city has grown around Ben M'Sik since the bidonville was established, effectively preventing its expansion. Because the area has not been officially recognized as "legal" the level of public service provision such as garbage collection, is minimal at best. Residents do have access to nearby schools, health centers, and recreational facilities that have been built to accommodate the ever-growing population of the city, though all such facilities in the vicinity are greatly overcrowded. Grocery and other shopping is relatively convenient both within and in the surrounding community where many small businesses have emerged over the years. Public transportation to downtown Casablanca is also available.

In the mid-1970s the bidonville was divided by a national highway which created serious traffic hazards to both the area's residents and vehicles traveling to and from Mohammedia and the capital city of Rabat. More than 10,000 residents were forced to relocate to a new squatter site 3 kms. away. Pedestrians continue to cross the highway at will, in spite of fencing that has been erected to bar their access to the roadway. Holes in the wall have been made by residents which permits large numbers of people and motor bikes to travel from one side of the bidonville to the other by crossing the highway.

The land in the bidonville is owned in part by the government and in part by private parties. The Casablanca Regional Delegation had begun to review land ownership in the project zone with the intent of eventually initiating legal action to purchase all privately held land on the site. Government ownership of the project site would permit the sale of lots to residents of Ben M'Sik.

Casablanca as the largest urban center has experienced the problems of urban poverty and dissatisfaction with living conditions on a larger scale than smaller urban centers. The problems and reaction to them have been more concentrated and have on occasion been manifested through serious civil disorders. The June 1981 riots were triggered as a protest to an increase in food prices. They occurred in areas where there were large concentrations of the urban poor, among which were the residents of Ben M'Sik. While it is difficult to document, it is reasonable to assume that the unnerving effect

the violence which occurred in the Ben M'Sik area was an important factor in the rethinking of the Ben M'Sik project by GOM officials. It should be noted that subsequent to these incidents the five urban communes in Casablanca were elevated to the status of governorates to provide a closer administrative and political link to the highly centralized government through the Ministry of Interior.

II. History of Approaches to Bidonvilles in Morocco

Prior to the establishment of the French Protectorate, urban housing problems in Morocco were relatively well under control. This situation was largely due to clear and well understood rules for planning and construction; the easy availability of local building materials and skilled craftsmanship; and the universal acceptance and application of the "upgrading approach" to housing through which houses were continually changed, adapted and embellished. The arrival of the Protectorate however, also brought new and disruptive orientations in the spatial organization and development of the country, alien ideas and materials for planning and construction, and most significant of all, in terms of its ultimate effect on housing, western preoccupation with housing as a finished "product" as opposed to a continually ongoing "process".

In addition, virtually nothing was done by the government during the first three quarters of the Protectorate to recognize or satisfy the legitimate urban housing needs of the Moroccan population. The first important rural-urban migrations took place during the same period covering the two world wars and the world wide depression. In the absence of any "legal" housing possibilities available to these migrants, the first bidonvilles and significant instances of overcrowding in the medinas occurred. Thus, many of the bidonvilles existing today, such as Ben M'Sik, date from the 1930s. In the late 1940s, urban bidonvilles began to be perceived as potential centers for nationalistic fervor. This led the government to finally begin serious consideration of undertaking new housing projects for Moroccans, with its foremost intention being the relocation and dispersal of bidonville inhabitants.

Some of the housing approaches which were subsequently tried included "model" or "satellite" cities, "village centers" and in particular, the ubiquitous "trame Ecochard" based on a uniform 8 by 8 meter standard Moroccan housing unit monotonously produced throughout urban and rural areas of the country. In spite of the construction of a significant number of housing units during this period, none of these early solutions were able to effectively "rehouse" bidonville dwellers, diminish the population pressures on existing bidonvilles or lead to the eventual control of urban growth. Shortly before Independence, the "sites and services" and self-help housing approaches were also briefly tried with a similar lack of success and continuity in application.

With Moroccan Independence, the new government not only inherited the urban and housing problems surrounding the ever growing bidonvilles, but also many of the same prejudices and attitudes concerning preferred actions to be taken regarding the future of these neighborhoods. In addition, many of the housing technicians and decision-makers from the Protectorate period remained in place. Thus, rehousing of bidonville inhabitants remained the basic thrust of government housing programs. The major difference was a more serious attempt at creating projects with sufficiently reduced standards to conform to the economic means of bidonville families. Projects called "trames sanitaire ameliorée" and simply "trame sanitaire" were undertaken in which bidonville

dwellers were offered minimally serviced plots as small as 35m² on which to relocate their old shacks. In spite of this minimum standards approach, these projects were not widespread enough to have the desired impact.

Consequently, the 1973-77 Five Year Plan tried once and for all to establish a coherent housing policy which would serve as a guide through to the year 2000. This, in fact, was the first Plan to develop a strategy of intervention in favor of housing on a large scale. The major objectives of the Plan among others, included an emphasis on urban housing, the establishment of target groups for the corresponding housing programs and a recognition that government subsidies would have to be significantly reduced. Several programs included self-help housing and gradual infrastructure improvement schemes staged over a period of 5 to 15 years. General economic conditions, however, forced a premature abandonment of these ambitious programs and by the end of 1977 they were all grouped under the present "Programme Sociale". This program was viewed as one more effort to "battle against the bidonvilles" through the relocation of their inhabitants.

In light of the history of government approaches to low income housing in Morocco, it is evident that the bidonville has consistently been regarded as an undesirable and marginal phenomenon to be pushed or wished as far away as possible. It has generally been considered out of the question that such neighborhoods be given permanent status or that they could be improved to even minimally acceptable standards, even though Morocco's medinas are already outstanding examples of the upgrading approach at work over a long period of time. In general, the government's long standing attitude towards bidonvilles was to try to contain their growth through police action, ignore them and hope they would gradually wither away. In cases where they constituted visual eyesores however, bidonvilles were often either torn down or had walls built around them.

In spite of these long standing largely negative policies, bidonvilles continued to sprout and flourish. Towards the end of the 1960's there consequently appeared the first indications from the Ministry of Interior that a policy change in favor of bidonville upgrading might be more effective in the long-term and that at least some experiences should be attempted in this regard. It was not until the late 1970's however, that the first manifestations of this change of view occurred in the programs of the then newly created Ministry of Housing and Regional Development. Prodded by the prospects of significant financial assistance from the World Bank and USAID and guided by a new Minister who was keenly interested in establishing more effective ways of dealing with the bidonville problem, the Ministry finally included the upgrading of several large-sized bidonvilles in its program elaborated in the 1978-1980 Three Year Plan. This new solution for the problems of large bidonvilles was to be tried first in Rabat, Casablanca, Meknes and Kenitra. Apart from the provision of infrastructure, the main elements of upgrading policies at this time also included the provision of title to improved land, building material loans, and attempts to improve the economic situation within the bidonville through job training and employment generation.

Whereas the comprehensive upgrading of large sized bidonvilles was only considered for projects with the potential of receiving financial assistance from international donor agencies such as the World Bank and USAID, the Ministry using its own resources began a parallel program for small and medium sized bidonvilles throughout the country. In its initial phase this program was simpler in scope, providing basic infrastructure services ,(mainly roads and drainage), to about 38 bidonvilles. A considerable effort of self-help was required and mobilized through the intervention of the Promotion Nationale. It was hoped that this type of upgrading would be a less costly and disruptive way of attempting to deal with the bidonville problem on a nationwide scale.

At the end of the first year of the present Five Year Plan, site work had started for the upgrading of almost all the 38 small and medium sized bidonvilles, the World Bank upgrading project at Douar Doum in Rabat was more than half completed, and bids were ready to be let for the first site works in the Ben M'Sik project in Casablanca. In terms of government financial support for upgrading, as indicated by investment levels allocated in the development plans, the current Five Year Plan shows almost an eightfold increase over the amount indicated in the previous Three Year Plan (812 million dirhams vs. 110 million dirhams). While a considerable portion of this financing is expected to come from the World Bank and USAID, a comparison of the two plans clearly indicates a growing emphasis on upgrading both in terms of the size and scope of this program. The current plan would seem to demonstrate the GOM's commitment in favor of pursuing upgrading as opposed to its previous, largely unsuccessful and frustrated, policies of relocation.

Up until the beginning of 1982 and the complete reversal in the Ben M'Sik project this indeed appeared to be true. Several important factors intervened however which caused the government to abandon upgrading in the case of Ben M'Sik and to once more turn to the rehousing of bidonville inhabitants as a solution. The most untimely of these factors concerned the Casablanca civil disorders in the spring of 1981 which had a significant effect on the GOM and led to a keener interest in, and concern with the problems of urban administration and development in Casablanca. Administrators now wanted a "quick fix" solution to the city's urban problems and became disenchanted with the slow pace of bidonville upgrading. Within this context, the new Minister of Housing provided a background in finance and greater concern with effective implementation, but little experience with, or appreciation of the upgrading approach. Because of the long start-up time required to implement the various components of the Ben M'Sik project, the project was perceived by many senior GOM officials to be extremely difficult and unrealistic to implement.

III. Description of the Ben M'Sik Upgrading Project

As approved by AID, the Ben M'Sik Upgrading Project was intended to strengthen the capacity of MHAT-Casablanca to implement shelter projects designed to benefit the urban poor. It was seen as helping to consolidate the GOM's new and untried policy of upgrading squatter areas rather than rehousing residents. The Project embodied this new policy which had been the subject of discussions between AID and the GOM over a three year period prior to the approval of the Project Paper in September 1979.

The Project also provided an important example of reduced planning and construction standards which were in line with the ability to pay of lower-income households; and the use of cost recovery techniques to promote the replicability of similar initiatives. The element of cost-recovery had largely been absent in the GOM's previous social housing programs. The project's approach was based on the principles of integrating the bidonville into the urbanized area surrounding it and minimizing the involuntary displacement of residents.

A. Physical Components

Given that the Project foresaw the displacement of approximately ten percent of the bidonville population to make way for needed infrastructure, plans were included for a 15-hectare Core Housing Zone located about one kilometer south of the bidonville to rehouse displaced residents. This Zone was to be equipped with infrastructure built to standards compatible with those prevalent throughout Casablanca; in some cases a minimum level of services was to be provided at the outset to lower costs and keep the units affordable to the target beneficiaries. The core units were designed to cover a 65-square meter lot, and consisted of an enclosure wall, one room, water closet, and a covered kitchen area. The Project Paper design envisioned three lot sizes with three core unit designs, in an attempt to provide more cost variations to make the units affordable to the range of income groups found in the bidonville. Substantial pressure was applied by the governor, the commune president and other political powers to produce one standard size unit which seemed to them to be a more equitable solution. This design was later modified to a one size core unit solution which was affordable to the target population.

Plans for the Core Housing Zone also allocated land for the construction of public facilities (a school, dispensary, and public baths) as well as for the development of small commercial establishments. A seven hectare Community Services Zone was to be developed with educational and cultural facilities, a market, a major job training center, a major job training center, a job placement bureau, and related facilities.

On a site near the Core Housing Zone and next to a massive wholesale market, that will serve all of Casablanca once its construction is completed, the Project foresaw the development of a five-hectare Small Industries Zone to house supporting industries and services for the new market as well as provide

employment opportunities for the bidonville residents. The project also provided for the creation of a small business loan program funded through the IIPUP program. Profits from the sale of service sites in this zone were to be used to subsidize core unit construction costs in the Core Housing Zone.

B. Socio-Economic Program

The project included a comprehensive socio-economic program. It had been designed to respond to the needs of the target population identified in an A.I.D. financed socio-economic survey conducted in 1978-79. The principal components were:

- loans to acquire core housing units at 9 percent interest to be repaid over 15 years, to the 1,200 families that would be displaced from the bidonville through actions required for the installation of infrastructural services and facilities;
- home improvement loans to the remaining families to permit them to upgrade their dwellings and connect to the public utilities installed within the project area;
- the construction of community facilities for use by the target population, including schools, dispensaries, and day care centers;
- sale of the land to the bidonville residents;
- support for the development of employment training and job creation activities, including an IIPUP grant that would fund a small business loan fund; small business upgrading activities, and an employment generation effort;
- improved municipal services such as garbage collection and general maintenance of the project site;
- technical assistance to project residents for community development activities that would enable them to organize cooperatives and to better avail themselves of project benefits.
- technical assistance to MHAT project staff in coordinating the development of socio-economic programs with other governmental and private agencies.

This socio-economic program fell within the administrative purview of the Project Team's Community Development Division (CDD). The CDD was also responsible for such tasks as: the coordination of formal working agreements with the appropriate ministries and agencies whose resources would be utilized for the various project components; the real estate aspects of the Project -- both land acquisition and disposition to beneficiaries and all relocation efforts. A number of these responsibilities were intended for the Administrative/Finance Division but were transferred to the Community Development Division because of staffing problems.

C. Technical Assistance

The purpose of the technical assistance effort in broad terms was to assist the GOM, Casablanca-MHAT, and related agencies in the development of a large-scale shelter and community upgrading project in Ben M'Sik. Specialized technical assistance (TA) was to be provided by CHF through the provision of an Operational Program Grant (OPG). The goals of the OPG were to assist in developing the institutional capacity within the MHAT Casablanca Delegation to plan, financially manage, and administer large-scale upgrading projects. The OPG also was intended to support the development of a program and procedures whereby low-income beneficiaries could benefit socially and economically from the shelter activity.

These general goals were clearly quite ambitious, especially those which touched directly on the social and economic well-being of the beneficiaries. The sheer numbers alone, 12,000 - 14,000 target families and the administration of monthly payments on home improvement and serviced-lot loans, were in themselves formidable. The addition of a small business upgrading package, a vocational training program, loans for small business, and an industrial zone for small and medium-size enterprises, broadened the scope of work. Each of these socio-economic activities requires a special technical approach, as well as specific training efforts directed at beneficiaries. While the principle of providing as many opportunities as possible to beneficiaries is laudable, the practical reality of administering such a program is complex. This was all the more critical given the demonstration role which the Ben M'Sik Project was supposed to fulfill.

Project capacity in specific areas was to be stressed by the technical assistance effort. On-the-job training and visits to upgrading projects in other countries, was to provide the staff with exposure to the methods and techniques involved in:

- Cooperative Formation
- Self-Help Construction
- Credit System for Home Improvement Loans
- Social Surveys and Evaluation

IV. Project Progress Through January 1982

This section reviews activities accomplished under the proposed HG-001 project through January 1982 when it became clear that the project as originally designed would not be implemented. It should be noted that by January 1982 the project team had made substantial progress towards implementing specific project activities. This progress was due in part to the development of the project team as an effective unit and, in part, as a response to the criticism directed towards project progress by the 1981 PES.

A. Physical Components:

The first physical development that occurred under the Project was the construction of two pedestrian overpasses across the autoroute. Both were completed and came into use in March and April 1982. A third such overpass, financed by the Commune of Ben M'Sik, had been completed earlier.

Several design studies had been completed or were in progress by the end of January 1982. Plans had been approved by MHAT and the MOF for the Core Housing Zone, after several revisions resulting from design changes imposed by the Ben M'Sik Commune and Casablanca Prefecture officials and by A.I.D.'s insistence that the proposed units be affordable to the target population. The design modification process was long and involved several visits by highly qualified Tunisian architects and engineers to review and advise on design standards. The Resident Technical Advisor was instrumental in keeping the Project team focused on the affordability criteria. Engineering designs for civil infrastructure and for the core unit structural work had been completed by a local firm. RAD, the parastatal utility firm, had completed preliminary studies for water and electricity services.

The Small Industries Zone master plan had been developed with sufficient flexibility to enable its establishment on any of several sites being considered. The Commune had yet to decide on a site for this activity. The Community services Zone master plan was under preparation by a local architectural firm in advance of actual signing of a contract for their services in order to expedite this component.

Work by the project team on plans for the bidonville upgrading element of the Project was also in progress. A portion of the bidonville, occupied by 800 to 900 households and identified as Block 12, had been selected for implementation as a "Pilot Zone". The Project team felt it was important to start work in the upgrading area as soon as possible. By selecting a well defined sector of the bidonville the Project team would be able to test the project approach to upgrading and make adjustments to Project design as appropriate. Road, sewer and drainage designs had been completed by a local engineering firm for this area. Vacant land immediately adjacent to the zone was designated for serviced site development to accommodate up to 300 households that might be displaced; subdivision plans for this area had been completed. The implementation of a first phase effort was viewed by MHAT and A.I.D. as a means of raising staff morale by moving the focus of attention from the drawing board to the project site.

Design components of the master plan for the bidonville, including provisions for roadway penetration, fire protection, and other planning elements had been completed; these were under discussion with the responsible authorities, with a view toward obtaining their approval in advance of letting a contract for the civil infrastructure design work. Subdivision planning was in progress for the "Pilot Zone", anticipating minimum lot sizes of approximately 40 square meters, while simultaneously minimizing displacement of residents.

The following is a list of eight contracts that were ready to be awarded at the end of January 1982:

1. Core Housing Zone-Phase One -- Road, sewer, and drainage construction to service 680 lots;
2. Core Housing Zone-Phase One -- Core unit construction on 680 lots;
3. Core Housing Zone-Phase Two -- Road, sewer, and drainage construction to service 550 lots;
4. Core Housing Zone-Phase Two -- Core unit construction on 550 lots;
5. Pilot Zone (Block 12) bidonville -- Road, sewer, and drainage construction to service approximately 1,100 lots;
6. Bidonville -- Design of road, sewer, and drainage work for the entire bidonville area;
7. Small Industries Zone -- Design of road, sewer, and drainage work for the five hectare area;
8. Community services Zone -- Master planning and building design work for execution in March 1982.

All of the above public bid offers, except the last had been forwarded to the Ministry of Finance for approval by the end of 1981. The MHAT Director of Housing in Rabat had indicated that all of the approvals had been given at the time of the announcement of the changed housing policy toward Ben M'Sik. Thus, at that point construction of several project elements was eminent.

B. Socio-Economic Program

The IIPUP grant approved for the Project was not disbursed because its use had been targetted in conjunction with economic development activities that were to be implemented at a later date in the life of the Project. In December 1981 a Community Development Advisor (CDA) was fielded to the Project following a month long TDY in June 1981. The CDA role was to strengthen the CDD and assist them in executing the socio-economic program for Ben M'Sik as developed in November 1980 by CHF.

C. Administrative and Technical Capacity Build-Up

The Project Team had grown to over twenty members by the end of the end of the A.I.D. assisted efforts. The Community Development Division had recruited ten new staffers who were being trained while completing their formal studies and were to be hired as social assistants in June 1982 to work with the project beneficiaries. Additional draftmen were also recruited by the Technical Services Division.

An updated Project Implementation Plan had been drafted by the team which integrated the technical and community development activities required for the project's implementation. A cash flow for projected activities was included in this document in anticipation of HG loan borrowing. Monthly accounting and financial systems had been developed, permitting monitoring of Project expenditures.

The efforts required to bring the combined physical and socio-economic elements of the Project to this point indicates a significant growth in the team's capacity to design and implement a shelter program.

Additional build up in the capacity of the team to undertake the various project activities were achieved through training and technical assistance. Thus, in anticipation of infrastructure work in the bidonville and the requisite organization of residents who were to be displaced, two weeks of seminar and workshop activities were held in January 1982 to begin training 12 community development specialists. This Community Development Seminar in Casablanca was jointly sponsored by UNESCO and the USAID funded OPG for members of the CDD.

An important training effort was achieved through a visit to a HG supported upgrading project in Tunis, called Mellasine. This visit included on-site observations, discussions with project personnel, meetings with Tunisian officials representing a variety of financial and housing agencies and provided a unique forum for the exchange of ideas and experiences.

Long and short-term CHF Advisors were planned for the Project. These, with their projected time allotments are listed below:

CHF Long and Short Term Advisory Time Frame as Planned for Ben M'Sik Project

<u>Term</u>	<u>Time</u>
<u>Long-Term</u>	
Architect/Planner Resident Advisor	27 months
Community Development	12 months

Short-Term

Municipal Services Engineer	1 month
Training Specialist	2 weeks
Management Organization Specialist	1 month
Housing Improvement Specialist	1 month
Self-Help Construction Specialist	2 months
Housing Cooperatives Specialist	1 month
Social Planning - Evaluation Specialist	2 months
Home Improvement Loan Specialist	1 month

The two long-term advisors were fielded during 1981. Of the short-term advisors, only one contributed, the home loan improvement specialist. The assignment of additional short-term advisors awaited the preparation of the updated Project Implementation Plan at the time of the change in project design in January 1982.

V. January - April 1982 Discussions

In the late fall of 1981, the GOM announced major ministerial changes including the naming of a new Minister of Housing and Regional Development. The new Housing Minister, Mr. Fadal Lahlou is also the Director General of the Credit Immobilier et Hotelier (CIH) and the Caisse des Depots et Gestion (CDG), two of the largest parastatal financial organizations in Morocco. While the institutions he has directed are heavily involved in the housing sector, they have had very limited experience with the provision of shelter to low income groups. As part of his orientation in his new position as Minister of Housing and Regional development, Mr. Lahlou began a series of visits to the Regional Housing Offices to familiarize himself with their project activities and operations. In early January 1982 the Minister visited the Casablanca Regional Office. He reviewed their bidonville upgrading programs focusing attention on the Ben M'Sik project. The Minister expressed concern over what he perceived as limited project outputs; in particular he felt that an upgraded 40m² unit would not satisfy the aspirations of the project beneficiaries. One week before this visit, the Minister of Interior had visited the Greater Casablanca area in order to select sites for construction of the administrative buildings for the five new gouvernates resulting from the redivision of the Casablanca gouvernate. The site he selected for the newly created Ben M'Sik prefecture was the land where the project's 1,200 core units were to be built.

A.I.D. through informal channels expressed its concern over the delays and cost increases that would be incurred if a new Core Unit site had to be chosen. RHUDO/Tunis was in Rabat for negotiations on the second Housing Guaranty program. in February 1982 Both RHUDO and A.I.D. at that time made several unsuccessful attempts to meet with the Minister and the Permanent Secretary of the Housing Ministry in order to express their concern over the status of the Ben M'Sik project and the rumors circulating in Rabat and Casablanca regarding a "rethinking" of the project.

It was clear during this period of February - March 1981, that MHAT was in the process of developing a "new formula" for Ben M'Sik as well as for other large bidonvilles in Greater Casablanca. The Minister did not respond to A.I.D.'s request to meet on this issue; the message was clear that the GOM did not want to discuss this issue until it had determined its own course of action.

In late March the Minister requested that A.I.D. representatives meet with him to discuss his new proposals. The program presented (described in next section) calls for the relocation of more than half of the 80,000 inhabitants of Ben M'Sik bidonville onto serviced core units 3 Kms away, while the rest are to be rehoused in core units to be built on the remaining part of the original site. A.I.D. informed the Minister of its unwillingness to associate itself with any large scale relocation programs and explained the basis for this policy. During these meetings, discussions with the Minister centered around the concepts of and rationale for upgrading as well as sharing some of the lessons learned through worldwide experience in upgrading and relocation.

Further meetings were held to discuss alternative programs which might be financed with the already authorized \$25 HG though it was emphasized that any proposal would be reviewed carefully by the Office of Housing and Urban Development and the Near East Bureau of A.I.D. While MHAT clearly intends to pursue its new formula in Ben M'Sik, and possibly in other bidonvilles in Greater Casablanca, the Moroccans have stated that this new program is specific to Greater Casablanca and have indicated an interest in proceeding with the upgrading activities described in the Project Paper HG-002. They have requested that the OPG assistance be redirected towards assisting in the undertaking of various other bidonville upgrading activities in Morocco.

A.I.D. has concurred on redirecting the use of the OPG and expressed a willingness to review alternative uses for the HG-001 financing if clear progress on HG-002 is demonstrated. It is necessary at this time to demonstrate to GOM officials that upgrading is a viable alternative to rehousing.

VI. The New Formula for Ben M'Sik

The new project as outlined by MHAT proposes the rehousing of the entire population of the bidonville. Core housing units will be built on 60 square meter lots and will consist of an enclosure wall, one room, water closet, and kitchen. Some 8,000 units are planned for construction on a 100 hectare site in an area know as Bournazel, two to three kilometers from the existing bidonville. (Coincidentally, the new site adjoins the bidonville that now houses the 17,000 former Ben M'Sik bidonville residents displaced by the autoroute). An additional 5,500 core housing units will be built on or near the present bidonville site, following the displacement of families to the Bournazel site. Community Services and facilities are also foreseen in the project. The projected budget for the core unit construction on serviced sites is estimated at 420,000,000 DH, fully three times the original budget for the upgrading project, which also included the cost of the construction of the community facilities.

The project would be financed as follows:

Downpayments	108 million
C.I.H.	220 million
GOM budget	<u>90 million</u>
	418 million

Each unit will cost 31,000 DH. Households will be expected to make a downpayment of 8,000 DH in two phases. The balance including both C.I.H. (Credit Immobilier et Hotelier) and GOM budgetary funds would be recuperated and used for other bidonville programs. The monthly payment on loans of 23,000 DH at 7% over 25 years is 165 DH.

The median household income in the Ben M'Sik bidonville is currently estimated at under 600 DH per month. (The median for Casablanca is estimated at under 1000 DH for 1981). Allowing for underestimation of income and for increases in income during the period of construction, the 165 DH monthly payment would be affordable to households at the median income level and spending around 25% of that income for housing payments. This implies that households below the median cannot afford the payment without obligating over 25% of their income for housing.

It is not certain where the C.I.H. (Credit Immobilier et Hotelier) financing for the project will come from. It is possible that it may come from the C.D.G. (Caisse de Depots et Gestion) also headed by Minister Lahlou. If so, it would be interesting to know whether the C.I.H.s cost of funds will be less than the 7% rate to charged to beneficiaries. It is presumed that this on-lending rate is below the rate of return on other C.D.G. investments (hotels, etc.). Of greater concern is the line of credit that C.I.H. will be receiving through the World Bank's 4th Urban Project, now in pre-appraisal preparation. The Minister may be counting on the Bank resource to cover the C.I.H. financing of Ben M'Sik, if not directly, through fungibility with other C.I.H. resources.

In light of previously mentioned historical factors and given the GOM's new directives concerning the urban and economic development of Casablanca, government officials have recently been less willing to take a strong stand in defense of the upgrading approach. Most of these officials are now in fact busy trying to make the new Ben M'Sik project work. One possible advantage of this new project is the involvement of agencies such as the C.D.G. and C.I.H. which previously were not very interested in low income housing. Since the World Bank upgrading projects still appear to be going forward, it is too early to tell if the "new approach" to the Ben M'Sik and other Greater Casablanca projects represents a significant change in housing policy, instead of being simply a very specific reaction to the particular set of circumstances surrounding Casablanca. If the former is true, it would be a significant departure from the GOM's own Five Year Plan and a direct return to the ineffective policies of the past. The hope is that the continuing dialogue between the Moroccan government and international donor agencies such as USAID and the World Bank may prove instrumental in helping to keep the housing programs of the present Five Year Plan on track.

VII. Lessons Learned

A. In the 1981 USAID Project evaluation it was pointed out that one reason for the delay in the implementation of project activities was the complex design of the program. The evaluation felt that A.I.D. was extremely ambitious in including as many components as it did into the design of the Ben M'Sik project. The Ben M'Sik project staff was new and relatively inexperienced, most of the team members were entering the project directly after their university years. It had taken two years for the staff to build up and develop into a cohesive working unit.

A.I.D. in pursuing the design and implementation of low cost shelter programs in Morocco particularly during this demonstration period should be supporting projects which are less complicated and can be more expeditiously implemented. Future, A.I.D. projects should attempt to limit the number of activities required to coordinate the implementation of a project and reach a clear understanding with all parties concerned on the role and responsibilities of each group. The coordinating committee for such a broad based project required the participation of high level and often competing political/municipal figures which frequently overrule the project manager's decision-making ability.

B. From conversations that have occurred with relevant GOM officials it appears that several important policy makers and implementors are themselves not yet ready to make a strong stand in favor of upgrading, cost recovery, affordability and reduced subsidies. The role of AID in providing training of housing officials, which reinforces these principles in developing effective housing programs, remains viable and crucial at this time. The presence of the A.I.D. financed Resident Policy advisor is a major step forward in this direction. A.I.D. should take a more active role in developing national seminars and conferences as a means of discussing the development of effective shelter policies and should continue to provide the financial vehicle for specific GOM officials to visit A.I.D. financed shelter programs outside of Morocco where the viability and appropriateness of A.I.D. shelter objectives have been demonstrated.

C. In the design of future OPG projects the timing of the placement of technical assistance should be more carefully reviewed. The Community Development Advisor (CDH) was not included in the original description of resident advisors. It was only after a one month TDY two years after the project was underway that MHAT requested the inclusion of a resident CDA. In light of all the preparation and planning that have to be underway before any upgrading can take place, A.I.D. should consider the fielding of a resident CDA from the outset on future projects. This would permit a more coordinated approach to any integrated urban development program.

D. During the period of time when the HG-001 was designed and being implemented A.I.D. and the IBRD pursued similar and mutually supportive policy objectives through their projects and in discussions with the MHAT. Presently it appears that the World Bank, through its financing to the CIH, could end up

providing funds for the new project Ben M'Sik. The Bank has stated that it will develop in its project design safeguards to prevent this. Continued coordination;and when appropriate, collaboration in the pursuit of the development and institutionalization of rational shelter policies to Morocco should be pursued by USAID and the World Bank.

VIII. Recommendations

A. A.I.D. should continue to pursue the objectives of affordability, cost recovery, reduced standards and minimal displacement in the delivery of shelter with the MHAT. The major policy shift concerning the Ben M'Sik project announced by the MHAT is one more reason for A.I.D. and other donor agencies to continue to encourage the MHAT to undertake affordable upgrading programs. The recently approved HG-002 provides the vehicle for financing of small bidonville upgrading programs. The HG-002 project will finance among other things the upgrading of small and medium sized bidonvilles throughout Morocco. A.I.D. should select sites which have limited technical and administrative constraints, and could thus be implemented in a timely manner. This would demonstrate to MHAT the viability of upgrading rather than bulldozing communities as they seem tempted to do at the present time in Ben M'Sik. As part of this effort, the CHF resident advisors and the PADCO resident policy advisor can assist the Ministry in preparing their selection criteria, identifying project sites to be upgraded and assist the regional housing delegation in the preparation of the plans and the implementation of project activities.

B. The authorized loan guaranty for Ben M'Sik should be transferred to help finance another upgrading project so that MHAT can build up its experience with such projects. The upgrading project in Tetouan, which was referred to in the Project Paper HG-002 as an upgrading activity to be financed at a future date, is in the opinion of the MHAT, almost ready for implementation at the present time. A.I.D. has been requested by the MHAT to assess the Tetouan project as a viable alternative for financing under HG-001. From preliminary examination it appears that the Regional Delegation has undertaken several major surveys in preparation of the design of the upgrading project. USAID and RHUDO, with the assistance of the OPG resident advisors are examining the viability of participating in the financing of this project. A.I.D. has received a commitment from the MHAT to pursue the policy of upgrading the neighborhood Al Dersa in Tetouan. While A.I.D. should aggressively pursue financing of an alternative project under the HG-001 loan authorization, it should insist on linking performance under HG-002 to the financing of an alternative HG-001 site. Any new proposals for use of HG-001 financing will be submitted to PRE/HUD for presentation and review by NEAC. The underlying principle for looking for alternate projects is that at this point we can impact on policy only where something positive can be done.

C. A.I.D. should immediately redirect the existing OPG that had been assisting the Ben M'Sik project to now work with MHAT and A.I.D. in the design and implementation of other A.I.D. Housing Guaranty supported activities. Should A.I.D. decide to redirect the HG-001 authorized guaranty to another major upgrading site, the OPG would be extremely useful in getting the project implemented in a timely manner. USAID/Rabat and RHUDO/Tunis have concurred on a recent MHAT request the OPG Resident Advisors assist A.I.D. and MHAT in assessing the viability of the Tetouan-Al Dersa upgrading project and to advise the regional delegation in the design phase of this activity.