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**FINAL QUARTERLY REPORT**

**HOUSING POLICY ADVICE TO THE MOROCCAN GOVERNMENT:  
A BRIEF PROJECT REVIEW AND SUGGESTIONS  
FOR POTENTIAL ASSISTANCE**

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**Prepared by  
JERRY ERBACH  
PADCO Housing Policy Advisor  
Ministry of Housing  
Rabat, Morocco**

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## A. INTRODUCTION: PROJECT ENVIRONMENT AND IMPACTS OF SIGNIFICANT EXOGENEOUS EVENTS

In order to place the following remarks into context, it is necessary to first make very brief reference to the project environment and in particular to several exogenous events which have had significant impact on the approach and on the eventual outputs of the project.

Under this project, technical assistance in the field of housing policy began in September of 1981 and lasted approximately twenty-five months. This assistance was originally conceived to help the Ministry of Housing (MHAT) in the preparation of the Five Year Development Plan for the period 1981-1985. Delays in recruiting a housing policy advisor however, caused the project to actually start after the Plan had been written and had already been presented to the Moroccan parliament for approval. The Plan in its final form was formally approved by parliament five months after the project had started. At the same time, a complete change in government was also made, including the Minister of Housing. In January 1983, approximately 17 months after the start of the project, the Director of Housing, who directly controlled and had acted as counterpart to the project, was killed in an automobile accident. Approximately 20 months after the start of the project, the Ministry of Housing's budget and several of its programs were significantly reduced due to financial difficulties within the government.

In the design of the technical assistance project, the provision of a \$65 million Housing Guaranty Loan covering all of MHAT's low-income housing programs was to have been the catalyst in influencing Moroccan housing policy development. Immediately prior to the start of the project, however, the amount of the loan was reduced to \$17 million to be applied to only two of the Ministry's programs. While the loan agreement for this new amount has still not been signed, the Project Implementation Agreement was finally signed 20 months after the project had started.

All of these events had important impact on the project, including the approach adopted, actual activities undertaken and the eventual outputs. The absence of a \$65 million Housing Guaranty Loan was particularly influential because this loan would have provided an important base on which essential housing policy options could have been addressed in an atmosphere of mutual interest.

## B. HOUSING POLICY DEVELOPMENT IN MOROCCO

In considering housing policy formulation in Morocco, several important elements should be kept in mind:

### 1. Absence of a Formal or Written Housing Policy

Like many other developing countries, Morocco does not have a formally approved and/or current written housing policy. Nor does it have a central policy-making authority which could be charged with the development of such a document and/or approach. Although it was recommended in one of the project's early housing policy papers that a central policy-making

authority be established, no action on this matter was taken by the Ministry. In addition to being involved with overall housing policy, it was proposed that this authority also be responsible for coordinating public and private activities in the housing sector, and with coordinating and rationalizing new and existing government housing programs. While the Ministry of Housing undertakes some, but not all, of the activities related to these responsibilities, a need for better coordination in housing policies, particularly between the public and private sectors, is generally recognized. A series of national seminars have recently been organized to improve communication and coordination and to address major issues.

## **2. Large Numbers of Decision-Makers Who Can Impact on Housing Policy**

In the absence of any formal declaration of housing policy or approach, policy inputs and decisions, even within the Ministry of Housing itself, are often ad hoc and widely dispersed. A cursory review of previous Five Year Development Plans, for example, reveals considerable changes in policies and programs from one plan to another due to the influence of a wide range of intervening factors and points of view. Of these, the positive or negative perception of different programs by policy and decision makers at all levels of the government is most important.

While the indications of a given Five Year Plan are generally accepted as the starting point for Ministry of Housing policies and programs, these can in fact be changed or reoriented according to the intentions of the acting Minister<sup>1</sup> and/or because of feedback from the regional delegations.<sup>2</sup> In some cases, policies can also be changed according to directions from the Ministry of Finance, the Ministry of Interior, the parliament and most often, because of the demands from local officials and the provincial governors.<sup>3</sup>

A final, though certainly no less important influence consists of the attention or interest that the Palace gives to housing in general, and/or to particular programs and approaches.

## **3. Importance of the Annual Review Process by Parliament and the "Law of Finance"**

Once a tacit consensus is reached on general housing policies and approaches, specific programs and projects are prepared. These are concretized in the yearly "law of finance" which is negotiated with and approved by the Ministry of Finance. In addition, MHAT's programs are also presented on a yearly basis to a session of Parliament which debates their merits. These annual review and approval processes are thus the main controls placed on what the Ministry of Housing does. Their preparation require a considerable amount of time and effort from the staff of the central Ministry.

## **4. Importance of Successfully Executed and Positively Perceived Projects**

A graphic representation of how this housing policy making process appears to work is shown in Figure 1. As already mentioned, this process is

largely ad hoc, highly personal and iterative, and can be substantially influenced by a considerable number of people and agencies. When it appears that programs or projects do not work or when there is a strong resistance to particular policies at the local level, policies and programs are often simply changed. On the other hand, those programs that have either been successfully implemented or are perceived to have high political value are generally continued without considerable modification or improvement. Over the last few years, continuing programs have included FNAET subdivisions, HBM housing projects, and urban core housing. Newer approaches such as bidonville upgrading, are still considered to be more or less experimental and are much more vulnerable to rejection or revision by local officials. It is important to remember that the upgrading approach was also not formally accepted by the government until late 1977 and that there are still too few successful examples to convince the most skeptical decision makers of the merits of a large-scale application of this approach.

#### 5. Ministry of Housing Weakness in Defending its Projects and Programs

The following diagram also shows the different ways in which MHAT's policies and programs can be influenced and manipulated at both national and local levels. Historically, the most significant housing programs and policy formulation were undertaken while housing was still the responsibility of the Directorate of Housing within the Ministry of Interior. During the late 50s and 60s, large-scale programs were launched and an important research, policy and planning unit was created (CERF). Since becoming a separate ministry in 1972, however, the Ministry of Housing has had a more difficult time in trying to develop and defend its own policies and to secure the necessary funding to undertake projects of significant importance and impact. Because the Ministry's programs within recent years have been small, there has been constant manipulation of projects for immediate political results. One of the ways this is done, for example, is to offer housing units from MHAT's regular projects to very special beneficiaries; i.e., families of soldiers killed in the Sahara war, drought victims, etc. Ribbon cutting ceremonies of new housing construction are frequently shown on television which also encourages an approach towards providing housing units that can be immediately occupied.

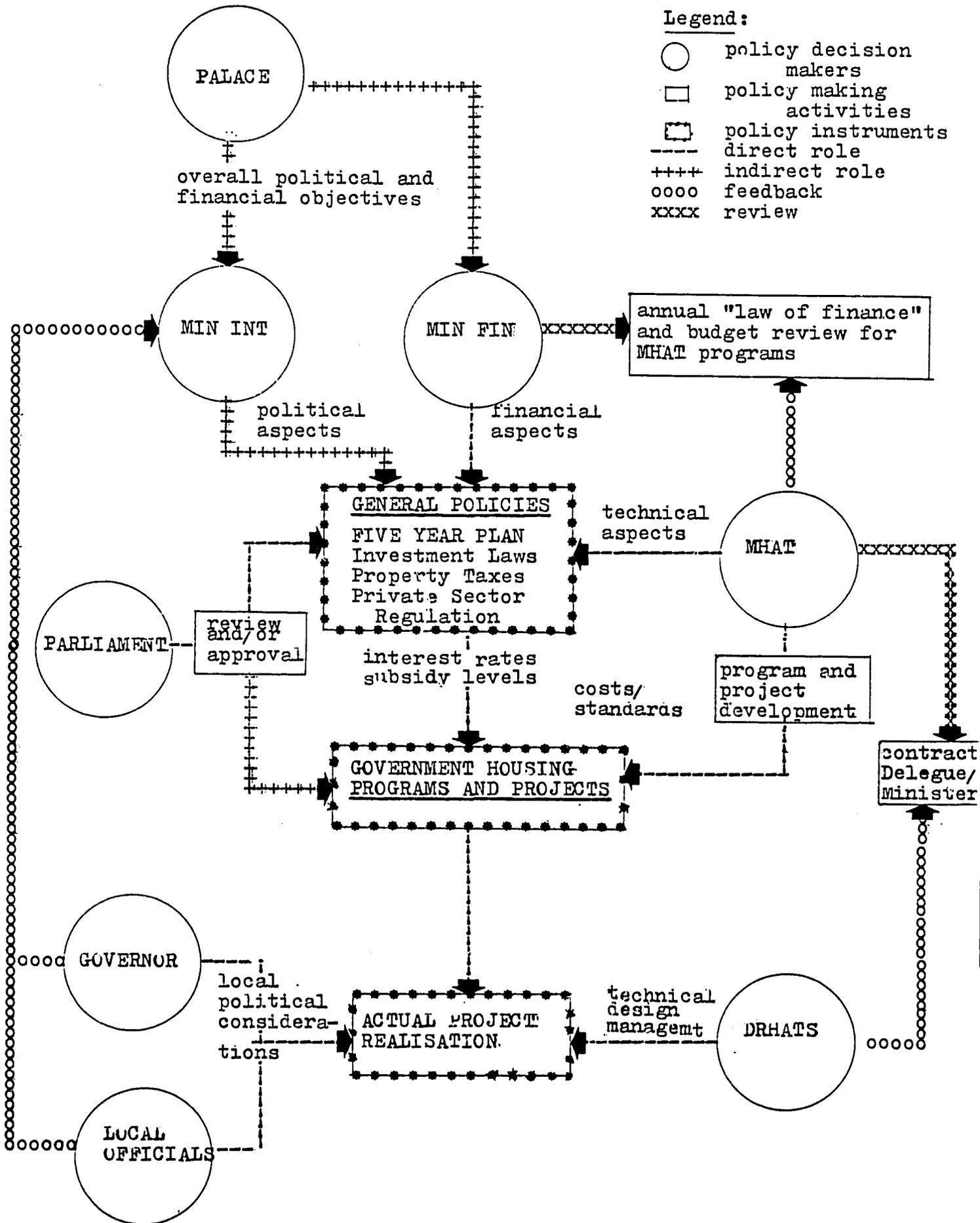
### C. PROJECT APPROACH AND LESSONS LEARNED

This brief chapter is not in any way intended to be a complete review of the project and/or how it was approached. It simply gives an idea of certain factors that influenced the way in which the project was executed and some indications on the validity of the approach.

#### 1. Conditions Influencing Project Approach

Four major considerations determined the choice of approach to be followed in providing housing policy advice to the Ministry. These included:

FIGURE 1  
HOUSING POLICY DEVELOPMENT



- a. **The absence of an existing framework in which housing policies could be systematically reviewed and discussed.** As mentioned earlier, the development of housing policy in Morocco is very personalized and widely dispersed between national and local levels. There is no written or formally approved housing policy and local officials have an important say in determining government housing activities in their area.
- b. **The dispersed nature of the policy making process and the inability to identify responsibility for many policy decisions.** A large number of potential decision makers were also inaccessible to the project.
- c. **The lack of a tangible project through which MHAT and USAID could work together to resolve policy issues of mutual interest and importance.** Only towards the end of the project, when the HG-002 IA was signed, did this situation improve and some movement take place towards addressing several policy issues.
- d. **The difficulty in obtaining precise information within the Ministry, especially in regards to an overall view of the situation.** Communication of information between offices within the Ministry is very poor and few people have a complete picture of what is going on. Records are also poorly kept and with the constant changeover of personnel, information is continually lost.

## **2. General Approach**

Execution of the project followed certain activities and steps which included:

- a. **Establish credibility with the Director of Housing by effectively executing assignments given by him.** This included several short notes and studies done at the start of the project as well as discussions and meetings held with the Director of Housing.
- b. **Determine policy issues of real interest and concern to the Ministry.** A series of short notes or discussion papers were produced throughout the project to determine the need and extent of addressing a range of housing policy issues. These papers were presented to the Director of Housing and other Ministry officials for review.
- c. **Produce well thought out and presented working documents or tools which could be used to assist reflection on different aspects of housing policy as well as in themselves provide a positive impact on these policies.**
- d. **Develop an approach to issues based on the positive reinforcement of existing housing policies and programs and especially those which have proved viable and successful.** Positive encouragement was considered more appropriate than negative criticism.

- e. Follow through on key issues once the Ministry became interested in implementing policy improvements.

In general, each of the above steps was carried out with some degree of success and acceptance by the Moroccan Government. Because of the external events mentioned earlier in this report, however, not enough time remained for the adequate follow up of several of the issues addressed. It also took considerably more time for ideas to be discussed between decision makers and for the proper moment to develop for the Ministry to consider policy changes. The timeliness of the discussion papers was appropriate in most cases and was particularly true for the paper on cost recovery.

### 3. Conclusion and Lessons Learned

Considering the Moroccan mentality, conditions within MHAT and the external events that intervened during the course of the project, it is difficult to imagine an approach to the project much different than that which was actually followed.

It was considered very important at the start of the project to first establish credibility and confidence within the Ministry. This in fact proved to be the key to any success and discussions which followed. The need to produce documents of sufficient quality that they could be read at the highest levels of the Ministry was also verified by experience. The cost recovery document, for example, was even reviewed by the Minister. While this meant that fewer discussion papers were produced than anticipated, those issues which were addressed received a wider exposure and closer review. In addition, the decision to provide documents which also furnished analytical tools for evaluating different aspects of important issues means that the documents can be used longer and be of greater service.

Given all the factors and participants involved in housing policy development in Morocco, it became clear that a considerable amount of time is also necessary for housing policy proposals and ideas to filter through the system and for action to be taken. Consequently, aspirations for project outputs and policy changes should be tied to the reality of the situation and perhaps to a longer time frame. As in most developing countries, the impact of exogenous events on housing policy can also be of significant importance.

## D. PROJECT ACCOMPLISHMENTS

The brief summary which follows indicates some of the activities undertaken during the course of the project which have been most enthusiastically received by MHAT and therefore have the greatest potential to impact on future housing policy. They include work on:

- o **PHYSICAL STANDARDS AND THEIR RELATION TO PROJECT AFFORDABILITY**

including the use of the PADCO Bertaud Model in the conception and evaluation of projects.

- o **COST RECOVERY**  
including an analysis of the impacts of interest rate subsidies, the implications of different financial conditions for project beneficiaries, potential cost recovery mechanisms for bidonville upgrading projects, and the determination of cost recovery conditions for urban and rural core housing projects.
- o **BIDONVILLE UPGRADING (HANDBOOK)**  
including a methodological approach towards upgrading as well as a review of the Moroccan experience.
- o **TRAINING OF MHAT STAFF**  
in the use of the PADCO/Bertaud Model and in determining the means of analyzing cost recovery conditions through a series of simple diagrams.

Papers produced on these issues have already and are still generating interest and consideration within the Ministry of Housing. It is hoped that they will also eventually have a positive impact on future policies.

Experience gained from the project also shows that technical assistance in housing policy can only have a major impact:

- o if USAID and the Moroccan Government both agree that a major overall of existing housing policies is necessary;
- o and/or if USAID can offer significant project financing linked to the implementation of more effective housing policies. In this way, the Ministries of Housing and Finance will be willing and obliged to take the necessary measures to defend policy changes.

In the absence of either of these conditions, a much more realistic approach would be to attempt to influence housing policies on a more modest scale by dealing with specific issues and improving project implementation. To a certain extent this is where technical assistance to the Ben Msik project began. While a full time advisor in the Ministry of Housing would still be useful and advisable, his work would include a wide range of tasks, and in particular training, which might not immediately lead to policy changes.

#### **E. HOW FUTURE USAID EFFORTS CAN INFLUENCE HOUSING POLICY DEVELOPMENT**

In light of the general difficulties in influencing high level policy decisions, as well as in gaining access to and in many cases even identifying decision makers who have the final word or responsibility, it would seem more realistic at this time that USAID's efforts and aspirations to influence housing policy be more modest and precise. In this way, USAID can continue to influence aspects of housing policy by:

1. **Concentrating on specific elements which have an immediate importance to the successful implementation of projects.** In Morocco, good policies will only be continued if they are successful. Given, for example, the considerable discussion on the Dersa project in Tetouan, it is important that USAID now be willing to provide the necessary technical assistance to make this project work. This is particularly true if USAID still intends to finance a large part of the project.
2. **Trying to reinforce the more positive aspects of present policies and projects.** Whether a particular bidonville is upgraded or its inhabitants rehoused is not as important, for example, as the successful implementation of those projects in which bidonvilles are upgraded. Once certain policies and approaches have proven themselves successful, they are more likely to be continued and expanded.
3. **Continuing to encourage better communication and the sharing of experiences between Regional Delegations as well as with the central Ministry.** The informal seminars undertaken by the Direction of Housing and the Upgrading Handbook are good examples of how this might be done. Similar activities should also be highly encouraged. The communication and the exchange of ideas is extremely important because of the role that the Delegations play as intermediaries in the policy formation process and in obtaining feedback from local authorities and population.

## **F. SUGGESTED FOLLOW-UP ACTIVITIES TO THE PROJECT**

### **1. Formulation of a Shelter Strategy Paper**

Having just provided long-term assistance to the Ministry of Housing, USAID should now take measures to maintain an influence in the development of housing policy by also ensuring certain follow-up activities.

First of all, it seems important to quickly develop with MHAT a very basic long-term strategy of cooperation and approach for the next few years. The document resulting from this exchange of views should indicate mutual areas of concern as well as the way in which USAID can most effectively be of assistance to MHAT in the future. While it does not need to include a specific commitment of future funds and/or technical assistance or personnel by USAID, it should outline a basic understanding between USAID and MHAT of what can and should be accomplished with continued technical assistance from USAID, as well as what kind of improvements in housing policy are reasonable and can be anticipated.

During the course of the technical assistance grant, for example, it has also appeared that MHAT has had considerable difficulty in keeping up with the intentions of USAID as well as with the changes in the responsibilities of the various technical assistance personnel (Ben Msik, Tetouan, Rabat). While USAID has made a maximum effort to provide effective technical assistance, MHAT has not always been fully aware of the reasoning behind

the changes made and/or what USAID's real interests are. Part of the problem has been the lack of an agreed upon strategy and/or priorities of cooperation.

To resolve this problem, one of USAID's monitoring and evaluation documents can be used. This document is called a "shelter strategy paper" and it can be used to "establish what results in shelter are sought over time and expressing the end purposes of a program of housing guarantees as a sector goal or goals..."<sup>4</sup> Such a collaborative document, through which both USAID and MHAT agree on the importance and role of the HIG Program as well as that of future technical assistance, should be established so that both sides are fully aware of the potential advantages of continued cooperation and the responsibilities involved. The actual preparation of this document can also help improve communication and understanding between MHAT and USAID and will permit better continuity in the provision of technical assistance. Now that the HG-002 is moving forward and the new Director of Housing has become more comfortable with his new position, an excellent opportunity exists to begin considering the formulation of a document and approach of this type.

## **2. Short-Term Technical Assistance Possibilities Within the PADCO PRE/H Contract**

As mentioned earlier, there has not been sufficient time for adequate follow-up of all aspects of housing policy issues identified and dealt with during the course of the project. Several of these elements, however, can be dealt with under assistance from the PADCO PRE/H contract. Without any indication of priority, they could include:

### **a. Seminar on Bidonville Upgrading**

Because MHAT's program of upgrading small and medium sized bidonvilles is still largely experimental and has not produced all the anticipated and desired results, it is important that this seminar take place in order to encourage and properly evaluate this approach. The Director of Housing has indicated his desire to hold the seminar but no date has yet been established. The Upgrading Handbook has been well received within the Ministry and is now under review by selected regional Delegations.

### **b. Cost Recovery and the Collection of Payments for Bidonville Upgrading Projects**

Although most cost recovery procedures for MHAT's present programs have now been addressed, work still needs to be done on the actual mechanics of cost recovery for small and medium-sized bidonville upgrading projects. This also includes developing a publicity, education and information system to deal with project beneficiaries as well as implementing two or three small-scale sample surveys to determine beneficiary attitudes and preferences concerning the best cost recovery approach. Addressing these issues would complete the tasks indicated in the terms of reference for a cost recovery study which were included in an earlier paper. The assistance required would probably take four to five months.

**c. Continued Training in the Use of the PADCO/Bertaud Model**

During the month of April, a presentation to a large number of MHAT professionals was given on the model and several Delegations were later asked to identify actual projects to which the model could be applied and tested during a workshop in Rabat. This activity is scheduled to take place in the near future and although people in the Ministry have been trained in the use of the model, they are not yet in a position of being able to teach it to others. Consequently, additional short-term assistance of one to two weeks will be required for this session.

It should be pointed out that under the new Director of Housing, interest in using the model has increased: both as an evaluation tool in the Central Ministry and for the conception of projects at the Delegation level.

**d. Project Management Guide**

Although some progress has already been made in improving project management for MHAT's programs, significant work obviously still needs to be done. This is true on an inter-ministerial level, within the central Ministry itself, between the central Ministry and the Regional Delegations, and within the Regional Delegations.

Considering that it might be difficult to provoke more substantial changes in inter-ministerial or overall ministerial management procedures, efforts in the short-term should be directed to improve the management performance of the Regional Delegations. This could be done in much the same way as the Bidonville Upgrading Manual, i.e., not only providing methodological guidelines and suggestions but also reviewing the Moroccan way things are done in more successful Delegations. Many of these Delegations have developed considerable expertise and ability in the art of "muddling through." Several of them, including those to be involved in the HG-002 Project, could also be studied with the intention of reviewing project management implementation and evaluation procedures and setting up a project management plan. A project management methodology by project type could then be established, as well as general management procedures which could be useful to and shared with other Delegations.

This additional short-term assistance may take two to three months of work and include at the end a seminar or round table discussion with selected Delegates.

## FOOTNOTES

**Note 1:** As an important leader of a large political party, the previous Minister of Housing was very interested in "social housing." Under his initiative, the first bidonville upgrading program was started and intended to be more sensitive to the real needs and financial capacities of poor urban families. At the same time, this concept of social housing was not very compatible with a rigorous approach to cost recovery. Procedures for recovering the costs of urban core housing units, formulated just prior to this Minister taking office were thus abandoned and never applied. Consequently, there now exists an administrative, legal, and financial nightmare for more than 12,000 families. Over the years, most of these government built units have been sold "illegally" before they were fully paid for by the original beneficiaries.

On the other hand, the present Minister who is a financial expert and does not represent any political party, is much more interested in cost recovery and less concerned about potential political benefits from "social housing programs." He is not particularly supportive of bidonville upgrading because of its yet unproven merit in Morocco.

**Note 2:** At the start of the calendar year, each Delege is requested to sign a personal contract with the Minister listing the activities his delegation will accomplish during the year. Depending on the capacities and experiences of the Delegation, this list will not only include activities belonging to MHAT's official programs but also "counter-proposals" that the Delegation feels are important within the local context. Two of the more successful projects of the Delegation in Fez, for example, included the restructuring of a clandestine neighborhood as well as the development of a small rural administrative center. Both these projects were undertaken solely on the initiative of professionals within the Delegation. If successful, similar projects may be included as regular programs of a future Five Year Plan.

**Note 3:** A large rehousing project in Settat is a good example in which the local governor had played an instrumental role in the setting of housing policies and procedures which are independent from those of the Ministry. Having decided in collaboration with local officials to rehouse the inhabitants of a large centrally located bidonville in Settat, the governor was able to use his power to mobilize efforts from other Ministries and agencies to make the project a success. Equipment sitting idle in the Ministry of Public Works, for example, was used to put in infrastructure, while truckdrivers guilty of traffic violations were required to work a day at the site without charge. Because of extra efforts like

these, costs were reduced and the project seems to have succeeded. Even though MHAT's Regional Delegation played a major role in the design, organization and implementation of the project, this approach does not figure in MHAT's official programs or policies.

**Note 4:** From a document on project evaluation and monitoring prepared by the Office of Housing in 1978