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For Quarter Ending: Mar. 30, 1985
(covering 6 mos. 10/84 to 3/85)

IVORY COAST
INTERIOR CITIES DEVELOPMENT PROJECT
681-HG-004

QUARTERLY REPORT

A. BASIC INFORMATION

1. Serebou has been officially dropped by MTP and RHUDO as a beneficiary city. The closing of the local sugar plant which is the raison d'etre of the community caused the MTP to conclude that Serebou will drastically decline in population and regional economic importance over the immediate future. No changes in IA or PP required.
2. All sub-project delivery plans have been submitted for original 12 cities and approved by RHUDO. No sub-project delivery plan has been submitted for Serebou as this city has been dropped from the project portfolio.
3. Disbursement of \$875,000 from 003B escrow interest has been made to finance the remaining balance in expenses for technical studies for the original twelve project cities and for cadastral surveys in Odienne and Issia.

B. STATUS SUMMARY

1. Upgrading

- a. Vavoua
 - Roadwork construction is 100% complete
 - Community facilities construction is 72% complete.
- b. Issia
 - Roadworks are 100% complete
 - Community facilities are 5% complete.
- c. Lakota
 - Roadworks are 26% complete
 - Construction of community facilities has not yet started.
- d. Sassandra
 - Under the original sub-project design, community facilities are 100% complete and roadworks 60%.

-Sub-project design has been modified to provide for 75 million cfa in additional works: construction of a fish market/storage center and women's education center.

Request for this addition was made by the Mayor of Sassandra and approved by the MTP. RHUDO subsequently approved request on the grounds that these facilities are vital to the regional economy and that their absence has posed a major constraint to local and regional economic development.

e. Bouna

-Community facilities are 50% complete.

f. Odiene

-Contracts have been let for both community facilities and roadworks.

g. Bongouanou

-Contracts let and bids opened for both roadworks and community facilities.

h. Man

-Contracts have been let for both community facilities and roadworks

i. Oume

-Bid portfolios are still under preparation.

j. Zouan Hounien

-Contracts are in the signature process

k. Dabou

-Contract bidding documents are in the process of being revised. The original documents have been split into two in order to expedite implementation. An unforeseen land tenure issue has arisen with respect to the sites and services site.

l. PK 108

-Agreement has been reached between MTP, RHUDO, MOI and local authorities on the basic sub-project design. The terms of reference for feasibility studies to better define the future evolution of this new town are in the process of being prepared.

2. Add-On Cities

RHUDO has received an official request from the MTP to include Gagnoa, Didieville, Aboisso, Abengourou and Dabakala as part of the add-on cities for this project. Development activities are to be financed with the greater

than expected local currency funds generated by the dollar HG loan due to the strength of the U.S. dollar vis-a-vis the cfa franc.

RHUDO has approved including the four cities of Gagnoa, Didieville, Aboisso and Abengourou in the project. Terms of reference are currently being developed by the MTP and RHUDO to perform a regional urban/economic analysis of Abengourou and a basic needs and socio-economic survey for the other three cities for which master urban development plans exist.

3. Small Home Improvement and Business Loans

CAA and RHUDO have made contact with the two local private banks in town, CCI and BNDA, which have expressed interest in undertaking implementation of this component. Both banks have indicated that the on-lending interest rate under both loan types necessary to recover HG and GOIC counterpart contributions of 20% would be in excess of that allowable under the Central Bank for West African States (BCEAO). Consequently, the banks have withdrawn their offers to undertake the program. RHUDO has been contacted officially by the CAA with this news and with the recommendation that only through USAID grant assistance to subsidize the interest rate could this component be able to move.

RHUDO has informed the CAA that this matter will have to be taken up with the Ministry of Finance and TP for resolution.

4. Sites and Services Development

a. All three cities in which this component is programmed have made public announcements requesting low income families to apply for serviced lots to be constructed under the project. Applications have been received and the process closed.

b. RHUDO and representatives of the MTP have made visits to Bongouanou, Oume and Dabou to preselect candidates from among those applicants. A list of preselected candidates has been established for Dabou and Bongouanou.

c. SETU has expressed its interest in establishing a mechanism for collection of periodic payments from serviced sites beneficiaries in all three project cities. A budget for undertaking this activity has been requested from SETU.

d. RHUDO has initiated discussions with the CAA for the preparation of a draft memorandum of understanding between the CAA, SETU and RHUDO which would define SETU's collection and payment obligations to the CAA under this activity. The draft memorandum has been prepared.

5. Cost Recovery Mechanism Implementation

a. Workplans for proceeding with limited cadastral survey work and preparation of the tax map for pilot activity in Odienne and Issia have been developed by RHUDO and the Direction du Cadastre, Minfin. Gathering of existing subdivision plans and cadastral surveys for cities has been undertaken in Abidjan. Technical dossiers to facilitate fieldwork have been prepared in Abidjan.

b. RHUDO, MTP and Minfin have had contact with local authorities in Issia and obtained support of the prefet to initiate implementation.

c. Logistical matters regarding housing of the field team have been worked out for Issia.

d. Special account at the CAA to finance this activity has been created and financing from the latest 003 escrow interest account disbursement is being transferred to the account.

C. PROBLEMS AND/OR DELAYS

1. Upgrading

Drastic government salary reductions have noticeably lowered productivity of GOIC counterpart staff and slowed down overall project implementation.

2. Small Home and Business Loans

It appears unlikely that RHUDO will be able to get around the problem of maximum allowable interest rates under BCEAO regulations. This would require a derogation from the BCEAO's headquarters in Dakar. All parties have advised that our chances of this coming through are remote. Given the unavailability of RHUDO grant funds to put into this activity and the fact that subsidization of the interest rate is not an objective of the project, it appears unlikely that RHUDO will be able to move this component.

3. Sites and Services Development

a. Land tenure issue in Dalou has required RHUDO and MTP to modify original bid portfolio so as to permit those portions of the sub-project design not affected by the issue to proceed to construction stage. Resolution of the land tenure issue is closely linked to political rivalries among local authorities and will probably not be resolved before the next national elections foreseen in early 1986.

b. RHUDO and MTP are still working with the local authorities in Oume to establish a list of preselected sites and services beneficiaries. However, there is an issue over whether there is sufficient demand in the city for the sites.

4. Cost Recovery Mechanism Implementation

PRE/H's hold up of the requested disbursement of \$875,000 from the 003B escrow interest account has slowed down implementation of cost recovery mechanism in two pilot cities by at least four months.

D. MAJOR ACTIVITIES TO OCCUR DURING THE NEXT QUARTER

1. Upgrading

a. Odienne, Man, Bongouanou, Zouan Hounien-construction start up by end of next quarter or early third quarter.

b. Bongouanou and Oume-selection of contractors

c. PK 108-let contracts for feasibility studies and begin undertaking them.

d. Dabou-let construction bid for partial roadworks

2. Sites and Services

a. Final beneficiary selection in Bongouanou. Land tenure issue in Dabou precludes making a final selection although all preselected list has already been established.

b. Memorandum of Understanding between the CAA, SETU and RHUDO to be signed. SETU to begin fielding staff to Bongouanou and Oume.

c. Continue to work with local authorities in Oume to establish a list of preselected beneficiaries or modification of the component design.

3. Cost Recovery Mechanism Implementation

- a. Initiate fieldwork in Issia
- b. Establish contacts with local authorities in Odienne to present cost recovery policy and mechanism and work out logistical details for fielding technical team.

4. Small Home and Business Loans

No major actions are anticipated for this component during the coming quarter.

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