

PDBBMS

DJIBOUTI
HOUSING AND URBAN DEVELOPMENT
PROJECT PAPER
603-0020

Agency for International Development
Washington, DC

September 1984

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUME
 CODE
 3

2. COUNTRY/ENTITY

Djibouti

3. PROJECT NUMBER

603-0020

4. BUREAU/OFFICE

Africa

5. PROJECT TITLE (maximum 40 characters)

Housing and Urban Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
 09 30 89

7. ESTIMATED DATE OF OBLIGATION
 (Under 'B:' below, enter 1, 2, 3, or 4)

A. Initial FY 84 B. Quarter 4 C. Final FY 88

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

A. FUNDING SOURCE	FIRST FY 84			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	()	()	(1,300)	()	()	(5,500)
(Loan)	()	()	()	()	()	()
Other U.S.	1.					
	2.					
Host Country						
Other Donor(s)						3,730
TOTALS				9,550	5,680	15,230

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	729	862				1,300		5,500	
(2)									
(3)									
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

867 865 720

11. SECONDARY PURPOSE COD

663

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

A. Code BU

B. Amount 5,500

13. PROJECT PURPOSE (maximum 480 characters)

To improve living conditions of the urban poor in Djibouti through construction of infrastructure and housing, and through development of key urban service agencies.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 09 87 09 89

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

17. APPROVED BY

Signature
 Title

Date Signed
 MM DD YY
 09 09 84

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

MM DD YY
 06 25 84

Direct project beneficiaries include approximately 93,000 residents of Old Wards and squatter settlements who will gain from construction of streets, sewers, dikes and other infrastructure in their neighborhoods. Approximately 175 families will be able to buy housing through a sites and services activity, and up to 700 families will be able to borrow money for home purchase or home improvement through the project. Institutional support to four urban agencies will indirectly benefit all Djiboutian city dwellers.

B. Financial Summary - AID obligations are planned in the following manner:

	FY84	FY85	FY86	FY87	FY88
\$000	1.3	1.0	1.0	1.6	0.6

Pursuant to the proposed co-financing arrangement, AID will reimburse up to \$5,500,000 of eligible GROD disbursements for the following planned inputs:

Infrastructure construction	\$4,050,000
Housing construction	1,440,000
Institutional support	3,800,000
Housing credit	1,750,000
Studies, design costs	520,000
Contingencies	1,140,000
Inflation	<u>2,030,000</u>
Total	14,730,000

Note: Certain pre-project costs will be financed totally by IDA. The total cost of the project will be \$15,200,000.

IDA will make a \$5,000,000 loan to the project, and GROD will invest \$3,700,000 (\$1,000,000 of which will be financed by the Societe Immobiliere de Djibouti, a parastatal housing agency). GROD will secure a loan from the Caisse Centrale de Cooperation Economique of the French Government for an additional \$1,000,000. IDA will advance funds to GROD for the project as needed.

C. Socio-Economic, Technical and Environmental Description

1. Socio-economic acceptability: The project is judged socially sound. It will improve living conditions of the urban poor of Djibouti.
2. Human rights implications: None.

B

3. Technical analysis: The project is judged technically sound. It was designed over a two year period by IDA, with the assistance of American and French consulting firms of international standing.
4. Environmental analysis: The project IEE is negative.

D. Implementation:

1. Major conditions and covenants have been developed by IDA which focus on Djiboutian support to the project. A major precondition to the project is the promulgation by GROD of decrees granting tenure rights to residents of Old Wards and Balbala squatter settlement, and relaxing residential building codes. The AID project agreement with the Djiboutian Government will include IDA covenants and conditions precedent, as well as standard AID clauses. The covenants and conditions are considered necessary and within GROD capacity to fulfill.
 2. The Project Committee has reviewed the IDA Implementation Plan and believes that it is realistic.
 3. The major implementing agencies will be the Ministry of Public Works, Urban Planning and Housing, the District of Djibouti, the Land Office, the Societe Immobiliere de Djibouti, and the Caisse de Developpement de Djibouti (development bank).
- E. 611(a): The requirements of 611(a) have been met.
- F. 611(b): Not applicable.
- G. The project officer in the field is Fred Hansen, Regional Housing and Urban Development Officer/Nairobi. The project officer in AID/W is Erna Kerst AFR/PD/EAP.
- H. On August 7, 1984, an ECPR meeting was held under the chairmanship of Deputy Director, AFR/PD Larry Hausman. The project was approved.
- I. Waivers: The project requires the approval of two distinct sets of waivers. The first set of five waivers has been approved by the Administrator. (Action Memorandum to the Administrator is attached.) A second set of six additional waivers are included in the attached Project Authorization document for approval by the Acting Assistant Administrator.
- J. Justification to the Congress: Advice of Program Change was submitted and expired without comment on June 29, 1984.

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Recommendation: That you sign the attached Project Authorization and thereby approve FY 1984 funding of \$1,300,000 and the requested waivers which are incorporated into the Project Authorization document.

Attachments:

1. Project Authorization
2. Project Paper
3. Action Memorandum to the Administrator

Clearances:

AFR/PD/EAP, JHeard	<u>JH</u>	Date	<u>8/10/84</u>
AFR/EA, ESpriggs	<u>ES</u>	Date	<u>8/14/84</u>
AFR/DP, HJohnson	<u>HJ</u>	Date	<u>8/14/84</u>
GC/AFR, TBork	<u>TBork</u>	Date	<u>8/14/84</u>
PPC/PB, HHandler	<u>HH</u>	Date	<u>8/14/84</u>
DAA/AFR, PBirnbaum	<u>PB</u>	Date	<u>8/17/84</u>

Drafted: AFR/PD/EAP, EKerst
Doc 0849J

*continuing as Aug 31, 1984 -
 Subject to Administrator's approval of
 waivers - in separate memo*

*AKC
 8/31*

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PROJECT
AUTHORIZATION

Name of Country: Djibouti

Name of Project: Housing and
Urban Development

Number of Project: 603-0020

1. Pursuant to section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Housing and Urban Development project (the "Project") for planned obligation of not to exceed five million five hundred thousand U.S. dollars (\$5,500,000) in grant funds over a five (5) year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is five years and three months from the date of initial obligation.

2. The project consists of assistance for urban upgrading of the City of Djibouti.

3. The Project Agreement which may be negotiated and executed by the officers to whom authority is delegated in accordance with A.I.D. regulations and Delegation of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in countries included in A.I.D. geographic code 935, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have countries included in A.I.D. geographic code 935 as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of countries included in Code 935.

4b. Conditions Precedent

(1) First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the following

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actions must be undertaken:

(a) The Grantee shall provide to A.I.D. a statement of the name of the person(s) holding or acting in the office of the Grantee specified in section 8.3, and of any additional representatives, together with a specimen signature of each person specified in such statement;

(b) The Grantee shall provide to A.I.D. written notification from the International Development Association ("IDA") that its credit to the Grantee for the Project is fully effective, except for notification from A.I.D. as to the effectiveness of this grant agreement; and

(c) A memorandum of understanding between IDA and AID for substantial monitoring and supervision of the project by IDA must be executed.

(2) Disbursement for Technical Assistance, Commodities and Construction. Prior to disbursement under the Grant for technical assistance, commodities, or construction, or to issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A signed contract for the applicable technical assistance, commodities, or construction.

4c. Covenants

The Grantee shall covenant that, except as A.I.D. may otherwise agree in writing:

(1) Project Evaluation. [Standard Covenant]

(2) IDA Credit Agreement Covenants, Terms and Conditions. It will adhere to all the covenants, agreements, and other terms and conditions as set forth in the IDA Credit Agreement, and all documents incorporated by reference therein. The covenants, agreements, and other terms and conditions of the IDA Credit Agreement shall be in addition to, and not in substitution for, or modification of, any other provision of this Grant Agreement or document issued pursuant to this Grant Agreement.

(3) Maintenance of Accounts, Books and Records. With respect to funds provided under this grant, and accounts into which such funds are deposited, it will maintain all the books and records, and shall perform all audits and prepare all reports, that are required by the IDA Credit Agreement for IDA funds. This requirement is in addition to, and not the substitution for, or modification of, any other provision of this grant agreement or document issued pursuant to this grant agreement.

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(4) Submission of Books, Records, Accounts. It will promptly submit to A.I.D. copies of all accounts, books, records, and other documents that it maintains, is required to maintain, submits to IDA, or is required to submit to IDA, pursuant to the IDA Credit Agreement or any document incorporated by reference therein. Without limitation, this includes a copy of any letter of no objection issued by IDA, or refusal to issue such a letter, for solicitations and contracts under the project.

(5) It will not agree with IDA to any major modification in the project or in the allocation of funds among project components, without prior A.I.D. concurrence.

(6) Marine Insurance. It will not discriminate against marine insurance companies authorized to do business in the United States in connection with transactions financed by A.I.D.

(7) Procurement Procedures. For any contract that might be eligible for A.I.D. financing (1) it will include in solicitation and in the contract the substance of the clauses set forth in Annex 1 to the grant agreement, and (2) it will follow the procurement procedures set forth in Annex 1 to the grant agreement.

(8) Housing Credit. It will not request A.I.D. to disburse for housing credit subloans which exceed \$5000 per subloan.

4d. Waivers

Based on the authorities and justifications contained in the project paper, I hereby waive, for this project, the requirements

(1) of section 636(i) of the Foreign Assistance Act of 1961, as amended, that AID-financed vehicles be manufactured in the U.S. unless "special circumstances" exist;

(2) for marking AID-financed commodities and shipping containers;

(3) for advertising procurements in the Export Opportunities Bulletin;

(4) restricting the participation of government-owned commercial organizations in AID-financed contracts;

(5) for prior AID approval of transportation charters; restricting AID financing of despatch, demurrage or dead freight; and



(6) for obtaining a supplier's certificate from contractors.

Mark L. Edelman
Mark L. Edelman
Acting Assistant Administrator
Africa Bureau

Date: Aug. 31, 1984

REXIMU WL R L050

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ASSISTANT
ADMINISTRATOR

SEP 7 1984

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: AA/PPC, Richard *Beaman*
FROM: A-AA/AFR, Mark *Edelman*
SUBJECT: Djibouti Housing and Urban Development Project
(603-0020) Request for Exceptions to AID
Procurement Requirements

Problem: The Djibouti Housing and Urban Development Project is a proposed joint financing effort with the International Development Association (IDA). The project has been developed as a potential prototype for co-financed projects in countries with very small resident AID staffs. The primary responsibility for design, administration and management of the project, including the portion financed by AID, will be borne by IDA. Protections for AID's investment have been built into systems for procurement, disbursement and audit. The model offers real savings to AID in personnel time and money. However, implementation of such a project in a coherent manner requires approval of exceptions to AID procurement requirements.

Your approval is required: (1) for a blanket waiver of AID source/origin requirements for commodities and services; (2) to exclude the project from cargo preference requirements; (3) for a waiver of the policy requirement that host country contracts include an equal opportunity clause; (4) to adopt the IDA definitions of "origin" and "nationality"; and (5) to make the requirement informal that AID not finance contracts with suspended or debarred suppliers.

Discussion: Small country programs in AID demand a disproportionate share of operational budgets and staff time for project design and implementation. One way in which the Africa Bureau is addressing this problem is through the development of a model for jointly financed projects with international organizations such as the World Bank. The Djibouti Housing and Urban Development Project is intended as a prototype for such collaboration.

The Project is a joint endeavor of AID, the International Development Association (IDA), and the Government of the Republic of Djibouti (GROD). The project is budgeted at \$15,230,000 over five years, to which AID's contribution will be

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a \$5,500,000 ESF grant. The project was designed by IDA, which funded and carried out all technical, financial and feasibility studies.

The goal of the project is to improve the living conditions of the urban poor in Djibouti. The project consists of five components: infrastructure and sanitation improvements in the Old Wards section of Djibouti; upgrading of the city's major squatter settlement; a sites and services housing construction program; institutional support to four urban agencies; and housing credit for new homes and home improvement.

This project is AID's first co-financing effort with IDA that is not strictly a parallel financing arrangement. The project design features a hybrid of joint and parallel financing systems. This innovative approach allows AID to participate in a major development project without assuming a heavy design and management responsibility. Systems have been designed by the Africa Bureau and GC, in consultation with FM, SER/CM, SER/COM, and IG, which minimize AID's management burden, while providing controls to protect AID's investment. IDA is deemed to be a responsible, experienced entity on which to rely for carrying out monitoring responsibilities.

The procedures developed for implementation of this project have been negotiated in detail with IDA. The project, as designed, is considered by both the Africa Bureau and IDA to be precedent setting, and a potential model for future AID-IDA cooperation in development projects. If we cannot participate in this project, we are concerned that IDA may be reluctant to consider using this model in future projects.

The basic framework of the implementation model is set forth in a Memorandum of Understanding (draft) to be signed by AID and IDA (Attachment A), and is amplified in the project paper. All procurement will be carried out by GROD, under standard IDA procedures which IDA, as an international organization, cannot modify. The IDA procedures have been reviewed and found not to conflict with AID requirements. IDA, not AID, will review and approve or disapprove the solicitations and contracts for the project. However, REDSO/ESA will review solicitations and contracts to ensure inclusion of the few items that AID cannot waive (defense base act insurance and anti-boycott provisions) or believes must be included (AID audit rights).

AID and IDA will proportionally disburse against the same line items and contracts which are eligible for AID financing to the

extent feasible. AID and IDA will each establish a separate advance account, from which GROD will make disbursements for project costs. AID will reimburse GROD (replenish its advance account), upon (1) GROD's certification that the disbursement meets the requirements of the AID grant agreement, and (2) IDA's statement that it is willing to disburse its own funds for the voucher. AID will spot check signed contracts and may participate in the monitoring process, but will not bear the primary monitoring responsibility. To enable this mechanism to work, however, a number of waivers of normal AID regulations and procedures are required. While most of these waivers may be approved at lower levels, your approval is required for waivers to (1) broaden the authorized geographic code to Code 935, (2) exclude the project from the requirements of cargo preference, (3) waive the policy requirement that host country contracts include an equal opportunity clause, (4) approve use of IDA definition of "origin" and "nationality" and (5) make informal the requirement preventing AID from contracting with suspended or debarred contractors.

(1) Source/origin/nationality requirements

The authorized source/origin/nationality for commodities and services for projects in Djibouti is normally Code 941 (United States and less developed countries). But it will be necessary to expand source/origin/nationality to AID Geographic Code 935 (Free World plus host country) in order to make our rules somewhat compatible with IDA's and because it will be necessary to procure goods and services from European sources in order to meet project objectives.

IDA procurements are open to all member countries, which include four bloc countries. AID Geographic Code 935 includes all but five IDA member states. Thus, even with the AID Geographic Code 935 waiver our systems are not entirely compatible. In order to deal with this problem, AID and IDA have agreed, subject to approval of this waiver and this project, that IDA will continue to allow all member countries, including bloc members, to be eligible for procurement under the project, but AID will limit its disbursement to costs of goods and services from AID Geographic Code 935 countries. Thus, under no circumstances will AID finance goods and services from bloc countries.

Because of the nature of this particular project, IDA has determined that there will clearly be sufficient Code 935 procurement for AID to disburse against. In the unlikely event that sufficient Code 935 goods and services are not procured, AID will not disburse the full amount of the grant. Because of

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Djibouti's close ties to France, the most likely source for goods and services will be France and Belgium. AID will informally encourage GROD to include U.S. firms on short lists of technical assistance contractors. Inclusion of U.S. firms should be facilitated by IDA's standard procedure of discouraging inclusion on a short list of more than two firms from any one country.

Even if bloc contractors are awarded some contracts (which of course would not be financed by AID), the prohibitions against "commingling" of Section 620 (h) of the FAA would not be violated, since this is an IDA, not a bloc, project or activity. Section 620(h) prohibits use of U.S. foreign assistance in a manner contrary to the best interests of the U.S., or in a manner which promotes or assists foreign aid projects or activities of bloc countries.

A source/origin waiver to Code 935 for the full amount of the grant is justified under HB 1B, Ch 5B4a(7), "Such circumstances as are determined to be critical to the success of project objectives." Here, procurement under IDA's procedures can be done only if it is open to 935 countries. Additionally, if AID parallel financed a portion of the project under its own standard procedures, it would probably finance the technical assistance contracts. In that case, multiple waivers to Code 935 would likely be required because of the requirement for French language fluency and for equipment which can be serviced locally. Under HB 1B, Ch 5B4c(2), your approval is required since the amount may exceed \$3 million.

(2) Cargo Preference Exclusion

Handbook 1B, Ch 10D1 permits you to find "in exceptional situations that it is not practicable to include the usual cargo preference requirements in a particular loan or grant agreement," and thereby exempt the agreement from the requirements of cargo preference. This exemption is necessary to permit procurement under IDA procedures, which include all IDA members, Switzerland and Taiwan. The lack of U.S. shipping under this project will be made up elsewhere in the Africa region. It is unlikely that exclusion of this project from cargo preference requirements will harm U.S. flag vessels, since they do not provide regular liner service to Djibouti, and the project commodities would normally be liner, not charter, cargo. Additionally, if AID parallel financed this project, it would finance primarily technical assistance, not commodities, and so little business for ocean vessels would be provided.

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(3) Equal Opportunity Clause

As a policy matter, AID normally requires inclusion of a clause in host country contracts stating that a U.S. contractor will not discriminate in the recruitment or employment of personnel hired in the United States because of race, color, sex, religion or national origin. However, HB 1B, Ch 6D4 permits you to waive this requirement. A waiver is required here to allow as much conformity as possible to IDA procedures, which do not require such a clause. Waiver of the clause here should have little if any effect in allowing discrimination, since a similar clause, included by law in all U.S. Government direct contracts, prohibits discrimination by the employer across the board, not only for that contract. Additionally, the scope of the coverage provided by the standard host country contract clause, persons hired in the U.S. by U.S. contractors, would probably be very narrow in this project.

(4) Definition of Source, Origin and Nationality

A waiver is requested to allow application of the usual IDA standard for determining that goods and services are of a particular source, origin or nationality, or an actual determination of this. Because of the Code 935 waiver this is more of a documentation than a substantive point, since AID's highly complex rules are primarily designed to distinguish among U.S., Code 941 and Code 935 items. The only real issue involving origin (e.g., place of manufacture) is componentry, and a waiver of the prohibition against the presence of any bloc component, no matter how small, is requested. Concerning the nationality of suppliers of services, a waiver is requested from the usual requirements concerning the beneficial ownership of stock and a firm's principal place of business, and for certification as to nationality by the corporate secretary. IDA accepts reliance on the place of incorporation, which is the last prong in the usual AID test. It is highly unlikely that a supplier of services incorporated in a Code 935 country would be more than 50% beneficially owned by bloc citizens or have its principle place of business in a bloc country. "Source" (place from which goods are shipped) should not be an issue, since it is highly unlikely that free world manufactured goods would be procured in and shipped from bloc countries. Following usual IDA definitions is necessary to administer the procurements under IDA procedures. This waiver is permissible, since while FAA Section 604 (a) requires that AID apply a "source" test, the standard by which "source" is defined, as well as the

requirement for an origin or nationality test, are matters of regulatory discretion.

(5) Informal Requirement Concerning Debarred or Suspended Suppliers

A waiver is requested to waive the usual formal requirement that no disbursement be made against contracts with contractors on the debarred or suspended list, on condition that AID make informal efforts not to reimburse against such contracts. The requirement that AID not finance host country contracts with firms on AID's or GSA's suspended or debarred lists is based on policy, not on statutory or regulatory requirement. While AID does not normally waive this policy, a waiver is requested for this project to allow procurement to be conducted in accordance with normal IDA procedures. In practice, there should be very few, if any opportunities for suspended or debarred contractors, since competition is open to Code 935 countries and most suspended or debarred firms are U.S. firms.

Recommendation: For the above reasons, it is recommended that you:

(1) Approve a source/origin waiver for the full value of the AID grant (\$5,500,000) to permit the procurement of goods and services from Code 935 countries and certify that exclusion of procurement from Free World countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program:

Approved AB Knudsen SEP 7 1984

Disapproved _____

(2) Approve exclusion of the project from the requirements of cargo preference:

Approved AB Knudsen SEP

Disapproved _____

(3) Approve a waiver of the policy requirement that host country contracts include an equal opportunity clause:

Approved AB Knudsen SEP 7 1984

Disapproved _____

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(4) Approve use of the usual IDA definition of "origin" and "nationality":

Approved FKimball SEP 7 1984

Disapproved _____

(5) Approve making the requirement that AID not finance contracts with suspended or debarred suppliers informal:

Approved FKimball

Disapproved _____

Clearances:

C/AID, FKimball	<u>X</u>	Date	
GC, HFry	<u>6/16/84</u>	Date	<u>7/6/84</u>
DAA/AFR, PBirnbaum	<u>PKB</u>	Date	<u>2/16/84</u>
M/AAA/SER, JOwens	<u>JKO</u>	Date	<u>8/22/84</u>
AFR/PD, NCohen	<u>NC</u>	Date	<u>7/31/84</u>
AFR/EA, ESpriggs	<u>ES</u>	Date	<u>Aug. 13/84</u>
GC/AFR, TBork	<u>TB</u>	Date	<u>7/11/84</u>
PPC/PB, HHandler	<u>H</u> (draft)	Date	<u>8/7/84</u>
SER/COM/ALI, PHagan	<u>P</u> (draft)	Date	<u>8/10/84</u>
AFR/PD/EAP, JHeard	<u>J</u> (draft)	Date	<u>8/7/84</u>
AFR/TR/ENG, JSnead	<u>J</u> (draft)	Date	<u>8/9/84</u>
PRE/H, DOLinger	<u>D</u> (draft)	Date	<u>8/7/84</u>

Drafted: AFR/PD/EAP:EKerst, GC/AFR:MAKleinjan

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DJIBOUTI HOUSING AND URBAN DEVELOPMENT PROJECT
(603-0020)

PROJECT PAPER

Background

The Djibouti Housing and Urban Development Project (HUD) represents a proposed new model for AID collaboration with international organizations. The HUD project allows AID to participate in a meaningful way in a major infrastructure project in a country with a very small resident AID staff. AID involvement in the project will be at once high profile in Djibouti, where it will be well publicized, and low intensity overall in terms of management burden. The project provides a possible model for AID small country programs worldwide.

The implementation model developed with the International Development Association (IDA) in this case features elements of joint and parallel co-financing systems. Project design employs a hybrid system which minimizes AID's management burden but provides controls to protect AID's investment. The project, as designed, is considered by both AID and IDA to be precedent-setting, and a potential model for future AID-IDA cooperation in development projects.

Participation in the HUD project was originally proposed to take the form of a cash transfer to the Government of the Republic of Djibouti (GROD). It was suggested that GROD be required to certify that the grant would be used to fund the HUD project. Preliminary review of the project in Washington supported USAID/Djibouti's proposal for AID participation in the project. However, AID regulations do not allow cash transfers to be tied to specific project activities. The cash transfer approach was hence disapproved and an alternative format sought for AID participation with minimal management burden. The model described herein was developed through the collaboration of the AID General Counsel's Office, Africa Bureau and Office of Housing and reflects the results of detailed discussions with the IDA in Washington.

(1) Project Rationale and Description

The Djibouti Housing and Urban Development Project (HUD) is a joint endeavor of AID, the International Development Association (IDA), and the Government of the Republic of Djibouti (GROD). The project will be implemented by GROD and monitored primarily by IDA. The HUD project is in full conformance with the approved country development strategy for Djibouti: to provide economic and social assistance which is consistent with Djibouti's needs and in a form which minimizes AID oversight responsibilities. Participation with other

donors in projects designed and managed by them is a mandated part of this strategy.

Djibouti is virtually a city-state, with two-thirds of the total population resident in Djibouti city. The objective of the HUD project is to improve living conditions of the urban poor in Djibouti, to increase the absorptive capacity of the key urban development agencies, and to improve the revenue base of the local agencies. The project consists of five components: infrastructure and sanitation improvements in the Old Wards, upgrading of the Balbala squatter settlement, sites and services development in Salines Ouest district, institutional support to urban agencies, and housing credit for new homes and home improvement in the target areas.

The project provides direct assistance to poorer residents of Djibouti city through construction of infrastructure and housing, and through the establishment of a homeowner loan system through the Djiboutian development bank. The project also plays an important role in institutional development and policy reform. A major component of the project is institutional support to four key urban agencies: District of Djibouti, national land office, housing agency and development bank. Important sectoral policy reforms by GROD are a precondition to project implementation. Because of the project, land tenure will become possible for residents of poorer urban neighborhoods and squatter settlements, and housing codes will be relaxed from European standards for single family homes. In addition, GROD must establish an urban development fund for revenues received by the project (sale of land, etc.) which will provide seed money for urban development programs beyond the life of this project.

The HUD project is co-financed by IDA and AID. The contribution of IDA is \$5 million, all loan. AID is providing a grant of \$5.5 million over five years. Djibouti is contributing \$4.7 million, of which \$1 million is the contribution of the Societe Immobiliere de Djibouti (SID). Co-financing provides AID an opportunity to participate in a major urban development, high profile activity in Djibouti, which would otherwise be impossible. AID's role in the project will be publicized in Djibouti, but IDA will bear primary donor responsibility for administration of the project, both AID and IDA financed elements.

Co-financed projects with other major donors have traditionally taken the form of an AID grant to an international organization, or parallel financing, in which AID finances a discrete portion of a project which it manages separately, in coordination with the other partner(s). Neither pattern was found suitable in this case. The project is co-financed in a manner which is a hybrid of joint and parallel financing.

The hybrid mode of co-financing developed allows AID to minimize management burden, especially on-site, while providing a number of controls to protect AID's investment. Project design in this case has concentrated on the development of a model for implementation of projects with IDA. IDA's

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procedures for project implementation meet international standards, and are generally congruent with AID policy and regulation. Where differences exist, AID has worked with IDA to develop systems which are mutually acceptable.

Controls have been built into the system for procurement, disbursement, project monitoring and audit. A separate Project Agreement will be signed by AID with the GROD. A Memorandum of Understanding will establish roles and responsibilities in project implementation with IDA. (See Annex H.)

Full details on the project are found in the IBRD Staff Appraisal Report, Annex E to this paper. Documentation on this project has been developed by IDA, and reviewed by AID for conformance with AID statutory and policy guidelines. IDA documentation is supplemented by an initial environmental examination conducted by AID (Annex G). IDA social soundness analysis, found in French language consultant reports, has been summarized in Annex F. AID has summarized IDA's cost estimates and engineering plans (Annex), thus assuming that the requirements of section 611(a) for a reasonably firm cost estimate and adequate technical, financial and other planning are met. In all other cases, reference is made to the IBRD Staff Appraisal Report for project description and analysis. Limitation of the AID Project Paper in this way is authorized by Handbook 3, Chapter 4B1 "Exceptions to AID's General Project System: Projects being Funded with Economic Support Funds or Other Related Funding Categories." A decision to limit AID's design and management input in the project was made at the PID level, and agreed to by the Africa Bureau and PPC.

(2) Cost Estimate and Financial Plan

The total cost of the project is estimated to be \$15.2 million. Approximately \$3.7 million will be disbursed in local currency, and \$12.5 in foreign exchange. The AID contribution to the project is \$5.5 million, or 36% of total project cost. See IBRD Report, page 2 for details.

AID will not finance a discrete portion of the project, but will instead participate in the full project, reimbursing the GROD for expenditures against procurements which conform to AID requirements as set forth in the Project Agreement. To the extent feasible, AID and IDA will disburse proportionally against all line items and contracts that are eligible for AID financing. AID will disburse only after IDA states that it finds the particular cost satisfactory for its own disbursement. AID and IDA will each establish a separate advance account. GROD will make disbursements from the advance account, and AID will reimburse GROD (replenish the account) for eligible expenditures. Decisions on eligibility of procurements for AID financing will be made at the contracting stage whenever possible. It is expected that AID funds will be applied to technical assistance costs, to a large extent.

AID will reimburse up to \$5,500,000 of eligible disbursements for the following planned inputs:

Input	Cost (\$000)
Infrastructure construction	4,050
Housing construction	1,440
Institutional support	3,800
Housing credit	1,750
Design and supervision costs	520
Contingencies	1,140
Inflation	<u>2,030</u>
Total	14,730

IDA funds will be made available as needed. The expected schedule for IDA disbursements is the following:

	FY85	FY86	FY87	FY88	FY89	FY90	FY91
(\$mil)	1.00	0.65	0.85	0.90	0.90	0.65	0.05

IDA would make a first tranche of funds available to GROD after signature of project agreements and satisfaction of conditions precedent by the Djiboutian Government.

AID obligations for the project are planned in the following manner:

	FY84	FY85	FY86	FY87	FY88
(\$mil)	1.3	1.0	1.0	1.6	0.6

(3) Implementation and Administrative Arrangements

A. Implementation Arrangements and Supervision Strategy

The basic implementation arrangements for the project are set forth in the IDA staff report, Sections 4.08-4.21. The primary administrative and management responsibility for the project, including the portion financed by AID, will be borne by the IDA. Given the small AID staff in Djibouti, no other arrangement is possible. IDA is deemed to be a responsible, experienced entity on which to rely for carrying out monitoring responsibilities. Additionally, it has scheduled substantial staff and consultant supervision of the project in Djibouti, 95 weeks for a five year project.

1. Procurement

All procurement will be carried out by GROD, under standard IDA procedures which IDA, as an international organization, cannot modify. The IDA procedures have been reviewed and found generally acceptable, and not in conflict with AID requirements. The major exceptions and waivers that will be

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required are noted below. The IDA procedures include formal competitive procedures, negotiated procedures for consulting services, and informal small value local procurement procedures. Specific items to be procured, and the method of procurement planned, are set forth in the IBRD (IDA) staff report, Sections 4.10-4.14.

a. Source/origin requirements; commodity and supplier eligibility

IDA procurements are open to all member countries, which include four bloc countries, Switzerland and Taiwan. AID disbursements, however, will be limited to goods and services from Code 935 (Free World plus host country). Because of the nature of this particular project, IDA has determined that there will clearly be sufficient Code 935 procurement for AID to disburse against. If sufficient Code 935 goods and services are not procured, AID will not disburse the full amount of the grant. To minimize adverse publicity from AID association with solicitation documents open to bloc bidders, GROD and IDA will agree that a reference to AID financing will not be included in the solicitation documents, unless AID otherwise agrees.

Even if bloc contractors are awarded some contracts (which of course would not be financed by AID), the prohibitions against "commingling" of Section 620 (h) of the FAA would not be violated, since this is an IDA, not a bloc, project or activity. Section 620(h) prohibits use of U.S. foreign assistance in a manner contrary to the best interests of the U.S., in a manner which promotes or assists foreign aid projects or activities of bloc countries. The Treasury Department's Iranian Assets Control regulations (Handbook IB, Chapter 6Blb) do not apply in this case.

A source/origin waiver to Code 935 for the full amount of the grant will be required, and will be requested from the Administrator. The most likely source/origin and nationality for goods and services will be France, Belgium and Asian countries, because of the necessity in Djibouti for French fluency and because of the need for compatibility with existing equipment and servicing capabilities, plus cost advantages. AID will informally encourage GROD to include US firms on short lists of technical assistance contractors. Inclusion of U.S. firms should be facilitated by IDA's standard procedure of discouraging inclusion on a short list of more than two firms from any one country. A waiver to Code 935 is justified under HB 1B, Ch 5B4a(7), "Such circumstances as are determined to be critical to the success of project objectives." Here, procurement under IDA's procedures can be done only if it is open to 935 countries. Additionally, if AID parallel financed a portion of the project under its own standard procedures, it would probably finance technical assistance and even then multiple waivers to Code 935 would likely be required because of the requirement for French language fluency and for equipment which can be serviced locally.

A waiver of the usual definitions by which AID determines origin of commodities (e.g) place of manufacture), nationality of suppliers (e.g. percent stock ownership), and requirements concerning componentry and assembly, will be requested from A/AID, to allow application of IDA's

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standards for origin and nationality instead. (This is not, of course, a waiver of which countries are included in Code 935, or which countries are eligible for AID financing.) IDA requires that "goods (be) produced in and services (be) supplied from" acceptable countries. If a supplier is incorporated in an acceptable country, IDA does not inquire further. IDA's model IFB defines origin as the country where goods are grown, manufactured, or mined. This waiver is necessary, since AID's usual definitions of origin and nationality, and componentry requirements, are so complex that they can be monitored only if they are fully detailed in the solicitations and contracts, and contractors certify compliance with them. However, this is inconsistent with application of IDA procedures. This waiver is permissible, since the only applicable statutory requirement (except for a few specialized items), FAA section 604(a), requires only that commodities be "procured from" certain countries, but provides discretion as to how this is defined, and does not apply to nationality of suppliers. AID will also require that commodities be of eligible source (place from which they are shipped to Djibouti), which IDA does not require. It should be sufficient to rely on a GROD certification as to source, without a contract clause, contractor certification or support documentation. AID's definition of "source" is simple, and with Code 935 eligibility, the only possible situation of ineligibility would be goods of free world manufacture which were purchased in and shipped from a bloc country, which is extraordinarily unlikely.

None of the restricted or ineligible goods set forth in HB 1B, Chapter 4 (except vehicles/or explosives for use in construction) or PD 71, are contemplated in the project, given its inherent nature. However, to ensure that they will not be added inadvertently, GROD will specifically agree not to procure them without AID approval, and this is one of the few point that AID will review solicitations and contracts for. For motor vehicles, a waiver of the requirements of Section 636(i) of the FAA, that motor vehicles be manufactured in the U.S. unless "special circumstances" exist, will be required. Such "special circumstances" exist because of the need to implement the project under IDA procedures, and under the standard of HB 1B, Ch 4C2d(b) "present or projected lack of adequate service facilities and supply of spare parts for U.S. manufactured vehicles." As demonstrated in prior projects, where vehicle waivers were also approved, spare parts and service for U.S.-manufactured vehicles are not available in Djibouti. The value of non-U.S. vehicles to be procured will be less than \$3 million, so approval of this waiver is within the authority of AA/AFR. Explosives may be required for use in construction. Under Hb. 1B, Ch. 4A1c(1), a normally restricted item may be financed if included in the project paper.

Although it is doubtful that any government-owned commercial organization will be a contractor, a waiver of the restriction on their use will be requested from AA/AFR (in consultation with M/DAA/SER, S&T/Eng and GC), in accordance with HB 1B, Ch 5.10.a(2)(c), that "the foreign policy interests of the United States outweigh any competitive disadvantage at which U.S. firms might be placed or any conflict of interest that might arise by permitting a government-owned organization to compete for a contract." IDA procedures do not impose this restriction, and, to smoothly implement this project under IDA

procedures, it is not possible to wait for a case-by-case demonstration, beset on prequalification results, that no U.S. firm is interested in a contract before processing a waiver on these narrower grounds.

A/AID will be requested to excuse the formal requirement that no disbursement be made against contracts with contractors on the debarred or suspended list on the condition that AID make informal efforts not to reimburse against such contracts. In augment, there should be very few opportunities for suspended/debarred contractors, since most such contractors are U.S. firms and most contractors under this project would partially not be U.S. entities. This procedure is necessary to allow procurement to be conducted in accordance with normal IDA procedures..

b. Transportation

To apply IDA procedures, it is also necessary to exclude the entire project from the requirements of cargo preference. This exclusion is appropriate for the additional reason that U.S. flag vessels do not provide regular liner service to Djibouti, and it is anticipated that project goods will be liner, not charter, cargo. The AID Administrator will be requested to approve this exclusion.

The "Fly America" statute (49 USC 1517) requires that any USG grant-financed air transportation of passengers or freight be on U.S. air carriers to the extent that such service is available. The Comptroller General has set forth detailed definition of availability. This statute cannot be waived and, unlike cargo preference, an exemption cannot be obtained. To avoid including lengthy clauses or imposing detailed record-keeping requirements on suppliers, inconsistent with normal IDA procedures, disbursements will be structured so that air transport costs will normally be attributed to IDA, not to AID. To implement this, GROD will agree in the grant agreement that it will not submit air transport vouchers for AID financing, unless AID otherwise agrees in writing. In the unlikely event that it becomes necessary for AID to finance air transportation on a foreign flag, AID will ask the supplier for a statement of the unavailability of U.S. flag carriers.

A waiver of several transportation policies contained in HB 1B, Ch 7 will be requested from AA/AFR and SER/COM, since it is not administratively possible to apply these requirements where the project is administered by IDA, under IDA procedures. These are requirements for prior AID/W approval of charters, and policies against financing of dead freight, despatch, demurrage, and inland transportation costs.

c. Marine Insurance

Section 604(d) of the FAA prohibits AID from financing commodities unless marine insurance for them is placed in the U.S., where a country discriminates against marine insurance companies authorized to do business in the U.S. (i.e. requires that private importers in AID-financed transactions place marine insurance with local companies). Although Djibouti does not so discriminate

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currently, to avoid commodity ineligibility if discrimination occurs during the course of the project, GROD will agree, as other countries have agreed, that it will not so discriminate for the purposes of AID-financed transactions.

d. Workers Compensation Insurance

GROD will agree to include in any contract which might be eligible for AID financing for performance of services outside the U.S. that worker's compensation insurance providing benefits equivalent to Defense Base Act insurance will be procured for all U.S. citizens or permanent residents, or persons hired in the United States. This is one of the few requirements for which AID will review solicitations and contracts.

e. Advertising

IDA procedures require that solicitations be publicized by transmitting a copy of the solicitation to each member's embassy in Djibouti and by advertising in a Djibouti newspaper, and that 'major procurements' be advertised in widely circulated international technical magazines. To ensure that U.S. suppliers receive notice of procurements over \$100,000 (\$500,000 for construction contracts), USAID/Djibouti will place such announcements, received through the



Embassy, in the Commerce Business Daily. A waiver of the requirement to advertise in the AID Export Opportunities Bulletin will be requested from AA/AFR, under the guidance of HB 11, Ch 3.2.3.2, to avoid serious delay in implementation, provided that efforts are made to secure bids from a reasonable number of suppliers. Standard IDA advertising procedures satisfy this requirement.

f. Boycotts

Standard IDA procurement procedures prohibit secondary boycotts, although they permit primary boycotts if the borrower's local law so provides. Evidence obtained thus far suggest that GROD, as an Arab League member, may boycott Israel. Reliance on standard IDA rules and monitoring should be sufficient to prevent secondary boycotts. To safeguard against a primary boycott, the normal AID procedures in such cases will be applied. GROD will specifically agree with AID that, in substance, for contracts that might be financed by AID, "procurement solicitations will state that the procurements are open to IDA member countries, Taiwan and Switzerland and procurements will be so implemented." To enable US firms to participate in the procurements without running afoul of US anti-boycott regulations, any procurement solicitation and contract that might be financed by AID which stipulates a choice of Djibouti law will state, in substance, that the contract will be "construed in accordance with" or "interpreted in accordance with" Djibouti law, rather than that the contractor "will comply with" Djiboutian law. Inclusion of these clauses, in substance, in solicitations and contracts is one of the few requirements for which AID will review solicitations and contracts.

g. Marking

GROD will specifically agree to mark project sites to indicate that they are in part AID financed. A waiver of the requirement that AID financed commodities and shipping containers be marked will be requested from AA/AFR, in consultation with SER/COM, under the standard of HB 1B, Ch 22 D1, that "compliance with marking requirements is considered to be impracticable."

In accordance with HB 1B, Ch 6D, A/AID will be requested to waive the policy that host country contracts include a clause stating that U.S. contractors will not discriminate against employees hired in the U.S. on the basis of race, religion, sex or national origin (for this or any other contract). This is reasonable, since most U.S. contractors will be bound to this standard through other U.S. government contracts, and requiring a clause applicable only to U.S. contractors would serve to discourage, rather than encourage, selection of U.S. contractors or employees.

h. Language

IDA procedures permit procurement solicitations and contracts to be prepared in any language customarily used in international transactions. GROD will probably select French, rather than English, which should be acceptable given the necessity for fluency in French to function in Djibouti.

i. Other Procurement Procedures

While IDA does not prohibit cost plus percentage of cost contracts, it discourages them, which should provide sufficient protection for AID. While non-US specifications will be permitted, technical specifications are not important for technical assistance contracts, which AID would likely finance if parallel financing under AID procedures were used. Local contractors will receive a 7 1/2% margin of preference in certain small value internationally-competed procurements for civil works. This preference should not be unacceptable to AID, however, since the value of the procurements is small and local costs are eligible for AID financing.

2. Currency of Bidding and Payment

IDA procedures, coupled with the free convertibility of the Djibouti Franc, will protect US contractors against receipt of payment in an unconvertible currency. Since IDA allows bidding and payment to contractors in a number of currencies, AID will reimburse GROD for expenditures in other currencies at the exchange rate for dollars in effect at the Central Bank of the country of the relevant currency on the date GROD made its disbursements.

3. Contract Review and Approval

IDA will review, and issue, or decline to issue letters of no objection for solicitation documents, short lists, and contracts for technical assistance and for procurements which exceed \$50,000 for equipment and \$100,000 for civil works, in accordance with its usual procedures. Smaller contracts will similarly be reviewed post-award. GROD is required by IDA to hire technical consultants to assist in preparation of solicitations, and to make technical evaluations of bids. AID will review contracts and solicitations to assure inclusion in contracts of the few provisions that AID needs for financing (audit rights, boycott, insurance). This review will most likely be performed by the regional legal adviser. For other purposes, however, AID will not formally review solicitation and contract documents before contracts are signed, although the AID project officer may informally review technical assistance short lists, to suggest inclusion of possible US contractors.

Reliance on IDA contract review is reasonable, since AID cannot second guess IDA's application of its own (acceptable) procedures; IDA is a responsible organization; this procedure is consistent with IDA's assumption of management responsibility; AID will review for the few items that it requires; and AID will follow the system that IDA normally follows, which is to rely on refund rights against GROD rather than the contractor if there are problems.

GROD will transmit a copy of each signed contract to AID together with a copy of IDA's "no objection" notice. IDA approval of a voucher for AID disbursement includes IDA's statement that the procurement procedures and contracts are acceptable. The AID project officer will spot check these signed contracts for limited purposes, but will not systematically and fully review them, for the same reasons that contracts will not be reviewed before signing.

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For contracts awarded under formal competitive procedures, reasonable prices will be established by the fact of competition. Technical assistance contracts are negotiated procurements, awarded on the basis of "best evaluated bid", which combines cost and technical qualification factors. For negotiated procurements, IDA has currently established for Djibouti a maximum estimated cost for a person/month of effort (currently \$10,400 all inclusive). Billings in excess of IDA guidelines will be subject to questioning and possible disapproval by IDA. IDA relies on supervision visits to verify levels of effort, and on reimbursement rights against GROD to protect itself against overbillings. Reasonable price is one of the items for which AID anticipates relying on IDA review.

B. Monitoring and Supervision

The primary responsibility for supervising and monitoring the entire project, including any portion which AID finances, will be borne by IDA, rather than AID, and AID will rely on IDA to carry out this responsibility. IDA and AID will consult from time to time, and IDA will agree to take AID's views into consideration, but IDA, not AID, will have final responsibility for making monitoring decisions. IDA will agree not to make major changes in the project, with GROD, without prior consultation with AID and AID will retain the right to terminate its grant.

As indicated in the IBRD (IDA) Staff Report, Section 4.21, IDA plans to provide about 95 weeks (almost two years) in staff and consultants time to supervise this 5 year project. Substantial IDA seriousness about its supervision mission is anticipated, since IDA relies heavily on monitoring, rather than other mechanisms (such as post audit of contractors) to assure proper use of funds. If IDA deems it necessary, it includes an auditor on its supervision visits.

AID will appoint a project officer from RHUDO/Nairobi. AID will agree with GROD that the project officer may informally review technical assistance short lists, to advise on firms' qualifications and encourage inclusion of US firms, but this review will not be formally required. The project officer may from time to time participate in IDA supervision missions, and in writing supervision mission reports, but will not be expected to participate in all missions. This officer will also have the right to monitor independently of IDA visits, and may do so occasionally. USAID/Djibouti will not be involved in monitoring, since it has neither the time nor the requisite expertise, and its involvement would likely result in complication that would outweigh the benefits.

IDA requires GROD to prepare quarterly progress reports, which GROD will furnish to AID. IDA will formally agree to provide all supervision mission reports to AID. It has also informally agreed to provide other monitoring and project documents to AID, although because of its immunities as an international organization, AID cannot be formally assured that it will receive a sensitive internally generated document.

C. Audit

As set forth in Sections 4.17-4.20 of the IBRD Staff Report, IDA is requiring GROD management units to employ accountants and prepare annual financial statements which will be audited by an accounting firm acceptable to IDA. IDA is also requiring GROD to prepare quarterly progress reports and an end-of-project report, which is audited. GROD will transmit to AID all the reports and audits that it has prepared. Under IDA project structure, primary project management and documentation responsibility rests with the GROD project implementation entities. Since contracts will be host country contracts, GROD should have the relevant information and documents. AID will apply its standard record-keeping requirement to GROD, and retain its standard audit rights against GROD. Thus, AID should receive sufficient information and audit rights vis-a-vis GROD.

AID will require GROD to agree to include a provision in all contracts which might be eligible for AID financing requiring the contractor to maintain books and records during the contract period and for three years after final payment, and to permit GROD (or its designated agents, which would include AID) to audit them, which is the substance of AID's standard audit clause. This is one of the few clauses for which AID will review solicitations and contracts. Thus, AID should receive sufficient audit rights against contractors, and these rights should enable AID to investigate and determine the cause of any problem transaction. Although AID would not receive a suppliers certificate or refund rights against the contractors, these audit rights should provide the basis for establishing any refund claims against GROD.

As an international organization, IDA will not permit AID to audit its own accounts and records. However, as is standard for international organizations, AID will receive any published audit reports prepared by IDA's external auditors concerning project matters affecting AID. AID's need for audit rights of IDA should be mitigated by the fact that AID funds are not channeled through IDA and that most information should be available from GROD, where AID has audit rights.

Additionally, IDA has indicated informally that it will generally provide AID with reports and other information it develops during the course of monitoring (see monitoring section above). Because of its international organization immunity, however, AID cannot be assured that IDA will provide an internally generated document that is sensitive to IDA.

D. Disbursement Procedures

AID, like IDA, will establish a separate advance account for GROD, from which GROD will make disbursements for project costs. AID will replenish this account, on a reimbursement basis, for disbursements that GROD has already made. Direct reimbursement of GROD, rather than disbursement directly to suppliers is necessary since both IDA and AID documentation review could not

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be completed on a timely basis to allow direct payment. Additionally, this procedure gives AID additional time if it needs to spot check. An advance account is necessary, because of GROD's severe shortage of funds, even though the Djibouti franc is tied to the U.S. dollar and thus is freely convertible. AID and IDA will both disburse against the same line items and contracts whenever feasible and eligible for AID financing.

The documentation required for AID to disburse is as follows:

- (1) GROD certification that the transaction (a) complies with AID's source/origin/nationality requirements and (b) complies with all the other terms and conditions of the grant agreement;
- (2) the documentation IDA requires to support an "Application for Payment" for its disbursements; and
- (3) IDA's statement that, in its usual judgment, the documentation is satisfactory for IDA to disburse its own funds.

IDA requires the following documents to back up its "Application for Payment":

- (1) Evidence that payment was made.
- (2) For a completed transaction (not a progress or down payment), supplier's invoice and evidence of shipment (such as bill of lading). For a progress or down payment, evidence of shipment must be furnished as soon after disbursement as it is available.
- (3) For a progress or down payment, a copy of the contract and an engineer's certificate or progress report showing that payment was due.

Review of documents at IDA is by a disbursement officer and, in case of a problem, by the project officer. Reliance on IDA for document review is reasonable, since IDA will use the same standard as if its own funds were involved, and as a result of its intensive monitoring it will be the most knowledgeable entity as to project status. Funneling documents through IDA will eliminate the possibility of disbursement by both IDA and AID for the same payment.

A waiver of the HB 1B, Ch 3D requirement for obtaining a suppliers certificate will be requested from M/AA/SER. No supplier's certificate or certification can be obtained, since the possibility of AID financing or the requirement for the certificate will not be included in the contract solicitations. This procedure is reasonable, however, since AID will receive GROD's certifications, and will have refund rights against GROD. IDA also reserves refund rights against GROD. In addition, AID will have audit rights against the contractor, which IDA will not have.

Disbursement documentation submitted to AID will be reviewed by the AID project officer in RHUDO. His/her certification will be based primarily upon IDA's certifications, supported by personal knowledge of the project.

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(4) Conditions Precedent and Covenants

The conditions precedent and covenants are set forth in Annex I.

(5) Housing Credit

Under the housing credit component, AID anticipates disbursing only for the home improvement subloans, where the average subloan is estimated at \$1400 and so it can be reasonably assumed that no subloan will exceed \$5000. However, AID does not anticipate disbursing for the subloans for new housing units, where the average subloan is estimated at \$9700. It is adjudged that the subloan will be for local costs, and under Hb. 1B, Ch. 19A3a, AID does not apply its procurement policies to local cost subloans of \$5000 or less, or monitor for them. While it is anticipated that the subloans for new housing will also be for local costs and will comply with the few applicable AID policies that have not been waived (especially code 935 procurement, including shelf-item origin), the additional burden of monitoring these subloans for these requirements makes it more efficient to normally decline to disburse for them.

(6) Evaluation

AID will carry out a mid-term evaluation of the project after three years in order to assess the viability and replicability of the hybrid co-financing model employed. An end of project evaluation will be held in 1990 to evaluate all aspects of the project.

Given the intensive supervision and monitoring component of the IDA project, and AID's participation in the Bank's oversight system, no separate monitoring and evaluation system is considered necessary by AID.

(6) Annexes

- (A) PID Approval Message - classified cable on file
- (B) Statutory Checklist
- (C) B/G Request for Assistance
- (D) FAA Section 611 (a) analysis
- (E) IBRD (IDA) Staff Appraisal Report
- (F) Social Soundness Analysis
- (G) IEE
- (H) Draft Memorandum of Understanding AID-IDA
- (I) Conditions Precedent and Covenants

- (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
4. FAA Sec. 611(b); FY 1982 Appropriation Act. Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.)
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
- (a) & (b) Yes; see Annex D of the project paper.
- None required.
- Not applicable.
- Yes

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.
- The project is planned and will be executed in cooperation with IDA, but it will not transfer funds to IDA for use in making loans or act contrary to the provisions of Section 506 of the FY 1982 Appropriation Act.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
- Djibouti private enterprise and trade will benefit from improved urban infrastructure.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- U.S. private firms will be eligible for contracts under IDA standard procurement procedures.

9. FAA Sec. 612(b), 636(h);
FY 1982 Appropriation
Act Sec. 507. Describe
steps taken to assure
that, to the maximum
extent possible, the
country is contributing
local currencies to meet
the cost of contractual
and other services, and
foreign currencies owned
by the U.S. are utilized
in lieu of dollars. The GROD will contribute
\$3 million to the project,
about 20% of the total
project costs.
10. FAA Sec. 612(d). Does
the U.S. own excess
foreign currency of the
country and, if so, what
arrangements have been
made for its release? No.
11. FAA Sec. 601(e). Will
the project utilize
competitive selection
procedures for the
awarding of contracts,
except where applicable
procurement rules allow
otherwise? Yes.
12. FY 1982 Appropriation Act
Sec. 521. If assistance
is for the production of
any commodity for export,
is the commodity likely
to be in surplus on world
markets at the time the
resulting productive
capacity becomes
operative, and is such
assistance likely to
cause substantial injury
to U.S. producers of the
same, similar or
competing commodity? Not applicable.
13. FAA 118(c) and (d).
Does the project comply
with the environmental
procedures set forth in
AID Regulation 16? Does A negative determination
has been granted by the
Bureau Environmental
Officer.

the project or program take into consideration the problem of the destruction of tropical forests?

Not applicable.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

Not applicable.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

Not applicable.

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

e. FAA Sec. 110(b).
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed?" (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

institutional development;
and supports civil
education and training in
skills required for
effective participation in
governmental processes
essential to self-government.

2. Development Assistance Project
Criteria (Loans Only)

Not applicable.

- a. FAA Sec. 122(b).
Information and conclusion
on capacity of the country
to repay the loan, at a
reasonable rate of interest.
- b. FAA Sec. 620(d). If
assistance is for any
productive enterprise which
will compete with U.S.
enterprises, is there an
agreement by the recipient
country to prevent export
to the U.S. of more than
20% of the enterprise's
annual production during
the life of the loan?
- c. ISDCA of 1981, Sec. 724
(c) and (d). If for
Nicaragua, does the loan
agreement require that the
funds be used to the
maximum extent possible for
the private sector? Does
the project provide for
monitoring under FAA Sec.
624(g)?

3. Economic Support Fund
Project Criteria

- a. FAA Sec. 531(a). Will
this assistance promote
economic or political

The project's objective is
to provide improved living
conditions for the urban

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stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

poor in Djibouti through drainage and sanitation improvements; a large housing component and institutional support to four Djiboutian urban agencies. Two-thirds of Djibouti's population live in the capital.

b. FAA Sec. 531(c). Will assistance under this chapter be use for military, or paramilitary activities?

No.

c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

No.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

Not applicable.

5C(3) - STANDARD ITEM CHECKLIST

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

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

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.

2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes.

3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? While GROD does not now discriminate, it will agree not to so discriminate for the purposes of AID-financed transactions, to facilitate IDA consumption of project management responsibilities.

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be Not applicable.



financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas?

Code 935 firms will be eligible.

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

The project has been granted exclusion from the requirements of this section.

7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other

Yes; yes

Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

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

9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? **Yes.**

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used? **U.S. firms are eligible for procurement.**
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? **Yes.**

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3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)? Not applicable.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? Not applicable.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by a international organization, does Comptroller General have audit rights? No fund administered by an IO will be established since AID is disbursing directly to GROD, not IDA, and will have control of its disbursements. AID has full audit rights of the GROD account to which it disburses.
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes, see Section (3)A.1.a. of the project paper.
4. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family Yes.

planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property?

Yes.

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

Yes.

d. FAA Sec. 662. For CIA activities?

Yes.

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?

Waiver obtained.

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or

Yes.

adjusted service
compensation for military
personnel?

g. FY 1982 Appropriation
Act, Sec. 505. To pay
U.N. assessments,
arrearages or dues? **Yes.**

h. FY 1982 Appropriation
Act, Sec. 506. To carry
out provisions of FAA
section 209(d) (Transfer
of FAA funds to
multilateral
organizations for
lending)? **Yes.**

i. FY 1982 Appropriation
Act, Sec. 510. To
finance the export of
nuclear equipment, fuel,
or technology or to train
foreign nationals in
nuclear fields? **Yes.**

j. FY 1982 Appropriation
Act, Sec. 511. Will
assistance be provided
for the purpose of aiding
the efforts of the
government of such
country to repress the
legitimate rights of the
population of such
country contrary to the
Universal Declaration of
Human Rights? **No.**

k. FY 1982 Appropriation
Act, Sec. 515. To be
used for publicity or
propaganda purposes
within U.S. not
authorized by Congress? **No.**

RÉPUBLIQUE DE DJIBOUTI
Unité - Egalité - Paix

Ministère des Affaires étrangères
et de la Coopération

LE MINISTRE

/MAE/

Djibouti, le 26 MAI 1984

Assistance

جمهورية جيبوتي

الوحدة - المساواة - السلام

وزارة الخارجية والتعاون

الوزير

رقم

جيبوتي في

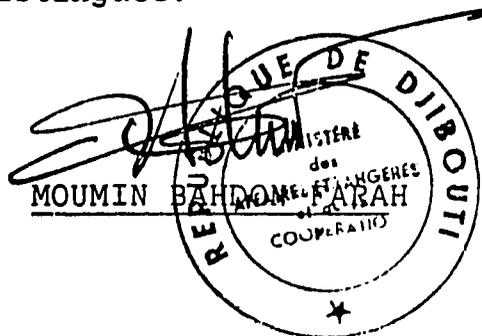
OBJET : Projet de développement Urbain

Monsieur le Chef de Mission,

J'ai l'honneur de porter à votre connaissance que le Gouvernement Djiboutien souhaite que l'US.AID participe au Projet de Développement Urbain Cofinancé par la Banque Mondiale.

En effet l'amélioration des conditions de vie de la population de Djibouti fait partie des priorités de Développement, retenues par le Gouvernement, et présentées lors de la Conférence des Donateurs. Votre participation à ce projet permettra ainsi de renforcer la Coopération entre nos deux Pays grâce à la mise en oeuvre d'un projet prioritaire.

Je vous prie d'agréer, Monsieur le Chef de Mission, l'assurance de ma considération distinguée.



A :-
MONSIEUR LE CHEF DE MISSION
DE L'USAID
DJIBOUTI

BEST AVAILABLE DOCUMENT

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PRESIDENCE DE LA REPUBLIQUE

جيبوتي في ١٩٨.....

Djibouti, le 198.....

BEST AVAILABLE DOCUMENT

O B J E T : Projet de Développement Urbain.

Monsieur le Chef de Mission,

J'ai l'honneur de porter à votre connaissance que le Gouvernement Djiboutien souhaite que l'US.AID participe au Projet de Développement Urbain financé par la Banque Mondiale.

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P. le Président de la République et p.o.
LE DIRECTEUR DE CABINET

Monsieur le Chef de la Mission

US. AID

s/c de Monsieur le Ministre
des AFFAIRES ETRANGERES
& DE LA COOPERATION
-DJIBOUTI-

ISMAEL SWEDI HAREB

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July 6, 1984

MEMORANDUM

To: Rex Cline, AFR/TR/ENGR

From: George R. Thompson, AFR/TR/ENGR,

Subject: Djibouti Housing and Urban Development PP (603-0020) -- 611a

Based on my knowledge of the consulting firm, Groupe Huit, and my brief review of the attached documents; I am satisfied that adequate engineering and financial planning of the project has been carried out. Therefore, I would recommend 611a certification.

On the other main concern: monitoring. The WB expects to invest up to 95 person-weeks of staff and consultant time (page 22) in the monitoring of the project's T.A. Exactly who and what kind of people they are talking about I was unable to determine by my brief review.

Further, investigation of this subject thru discussions with knowledgeable AIP and WB staff should allow you to make a recommendation to the project committee.

Attachment: a/s

cc: AFR/PD/EAP:EKerst

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memorandum

DATE: May 21, 1984.

REPLY TO
ATTN OF: W. Ernest Popp, USAID/DjiboutiSUBJECT: Housing and Urban Development (603-0020)
611 (e) Determination

TO: John A. Lundgren, AID Representative

Ref : State 141513

Problem

Reftel has requested that USAID/Djibouti prepare FAA Sec. 611 (e) certification that Djibouti has the capability effectively to maintain and utilize capital assistance (e.g., construction) proposed as U.S. assistance under the subject project.

Discussion

The World Bank study, "Project of Urban Development in Djibouti", recognizes that local institutions have been set up, but their fields of activity in the supply of urban services and housing face procedural obstructions and thereby do not reach low income groups, i.e., those whom the subject project is meant to serve as a matter of priority. Given such innovative ideas as massive rehabilitation, substantial increases in land allotments, self-help construction, cost recovery features, etc., etc., it was further recognized the HUD project can not be executed without restructuring existing local institutions and procedures.

Top priority is given by the World Bank to the consolidation of institutions involved in implementation of the HUD project, particularly those which will play an important role, i.e., the SID and the District. The same level of priority is given to the development of procedures to implement the project and identification of financial resources.

The specific institutional arrangements proposed by the World Bank to strengthen the GROD's capabilities to manage effectively the World Bank project (of which AID will be a part) are:

1. Consolidate existing institutions, and improve and simplify execution procedures.
2. Consolidate role of SID as social promoter.
3. Consolidate the District and designate it responsible for coordinating project with the most needy.

.../...

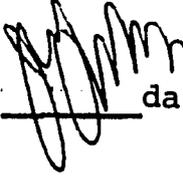
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4. Designate CDD as financial institution for project implementation, including the cost recovery element.
5. Establish a Project Implementation Office (PIO), in the Presidency of Prime Minister office level, for project follow-up and coordination.
6. Designate the Ministry of Public Works to implement the local materials element of the project.
7. Establish a District level system to speed-up process of land title examinations, permits, concessions, etc.
8. Conclude an agreement between CDD and SID concerning modalities of cost recovery and long-term housing financing.
9. Conclude an agreement between the State Property Service and SID concerning modalities of land tax payments.
10. Define modalities of taxes on new construction between District and State Property Service.
11. Define such procedures as relationships between PIO, District, SID, CDD, etc.

It is clear from the World Bank report that a primary concern is Djibouti's institutional capability to maintain and utilize project inputs effectively. The World Bank adequately addresses this concern and specifies a series of institution strengthening activities which appear reasonable and effective.

Recommendation

That you certify Djibouti is capable of effectively maintaining and utilizing U.S. capital assistance provided under the aegis of the overall World Bank urban development project.

Approved  date 5/21/84; Disapproved _____ date _____



Document of
The World Bank

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Report No. 5005-DJI

STAFF APPRAISAL REPORT
DJIBOUTI
URBAN DEVELOPMENT PROJECT

July 26, 1984

Water Supply and Urban Development Division
Eastern Africa Projects Department

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CURRENCY EQUIVALENTS

Currency Unit	=	DF
US\$1.00	=	DF 177.7
FD 1,000	=	US\$5.6
FD 1,000,000	=	US\$5,627

WEIGHTS AND MEASURES

1 cm - centimeter	=	0.39 inches
1 m - meter	=	3.28 feet
1 m ³ - cubic meter	=	264 US gallons
1 km - kilometer	=	0.62 miles
1 km ² - square kilometer	=	0.39 square miles

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

BAD	Banque Africaine de Développement (African Development Bank)
CCCE	Caisse Centrale de Coopération Economique
CDD	Caisse de Développement de Djibouti (Development Bank)
CFPA	Centre de Formation Professionnelle Administrative
DD	District of Djibouti
DEB	Djibouti Electricity Board
DUDP	Djibouti Urban Development Project
DUL	Direction de l'Urbanisme et du Logement (Urban Planning and Housing Department at MPWUH)
FAC	Fonds d'Aide et de Coopération (French Aid Agency)
LO	Land Office
MPWUH	Ministry of Public Works, Urban Planning and Housing
PMU	Project Management Unit
PPF	Project Preparation Facility
SID	Société Immobilière de Djibouti (Housing Agency)
UDF	Urban Development Fund
USAID	United States Agency for International Development
WDD	Water Department of Djibouti

FISCAL YEAR

January 1 - December 31

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

STAFF APPRAISAL REPORT

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This report is based on the findings of an appraisal mission which visited Djibouti in October 1983. The mission consisted of Ms. C. Carr (Mission Chief), Mr. G. Tenaille (IBRD), and Messrs. B. Dembitzer, I. Nahmias and D. Ossen (Consultants). The concurrent United States Agency for International Development (USAID) mission was composed of Messrs. C. Bovet and D. Chilson. Ms. Y. Colon assisted in the production of the report.

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IBRD 17675	Salines Ouest Component Site Development	
IBRD 17676	Salines Ouest Component Water Supply and Sanitation	
IBRD 17677	Salines Ouest Component Roads and Public Lighting	
IBRD 17678	Salines Ouest Component Drainage	

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DJIBOUTI
URBAN DEVELOPMENT PROJECT

I. PROJECT SUMMARY

Borrower: Republic of Djibouti

Amount: SDR 4.9 million (US\$5 million equivalent)

Terms: Standard IDA terms

Project Objectives and Description: The project's main objectives are to increase the absorptive capacity of key agencies by providing staff training, equipment and a clearer and more appropriate framework for the management of urban investments; to improve the living conditions of the urban poor in Djibouti; and to introduce more rigor in cost recovery practices, with special emphasis on improving the revenue base of the local agencies and recycling recovered project funds. The project consists of the following components:

- (a) Old Wards. Upgrading and drainage works in the Old Wards to alleviate stormwater damage and provide protection from flooding of all low lying areas. Roads, increased water distribution, fire hydrants and refuse collection will also be included.
- (b) Balbala. Upgrading of a squatter settlement; this will include provision of roads, public lighting, refuse collection and the construction of a market.
- (c) Salines Ouest. A site and service development as a joint venture with the Société Immobilière de Djibouti (SID) on land owned by them. SID's contribution will include the land and core housing units; the project will finance the cost of the off-site and on-site infrastructure.
- (d) Institution Support. Technical support including staffing, training and equipment to the Land Office, the District of Djibouti, SID, Caisse de Développement de Djibouti (CDD), and a small Project Management Unit (PMU).
- (e) Housing Credit. Housing credit to improve existing homes and for the construction of new housing units in the target areas.

Benefits and Risks

The project objectives will be achieved through the servicing of urban land and the provision of housing credit. The project will improve the living conditions in the Old Wards (161 ha., 10,390 households) and Balbala (105 ha., 2,500 plots) and will provide 176 serviced plots at Salines Ouest. The project will also strengthen the operations of existing urban institutions. The main risks faced by the project are those derived from weaknesses in the execution capacity of the implementation agencies which may lead to delays in project implementation, and cost recovery. Specific measures, including a high degree of institutional support which is considered of high priority in Djibouti, have been included as part of the project to limit these risks.

Project Costs

	US\$ Million		<u>Total</u>
	<u>Local</u>	<u>Foreign</u>	
Upgrading of Old Wards	1.22	1.50	2.72
Upgrading of Balbala	0.55	0.78	1.33
Salines Ouest) Site & Service)	0.59	0.85	1.44
Detailed Design & Supervision	0.19	0.33	0.52
Institutional Support	1.08	2.72	3.80
Housing Credit	<u>0.79</u>	<u>0.96</u>	<u>1.75</u>
Total Base Cost	4.42	7.14	11.56
Physical Contingencies	0.48	0.66	1.14
Price Contingencies	<u>0.78</u>	<u>1.25</u>	<u>2.03</u>
Total Project Cost <u>a/</u>	5.68	9.05	14.73
PPF	—	<u>0.50</u>	<u>0.50</u>
TOTAL FINANCING REQUIRED	<u>5.68</u>	<u>9.53</u>	<u>15.23</u>

a/ Net of taxes and duties.

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Financing Plan

<u>Source</u>	<u>US\$ Million</u>		<u>Total</u>
	<u>Local</u>	<u>Foreign</u>	
IDA Credit	--	5.0	5.0
USAID	--	5.5	5.5
Government of Djibouti	2.7	--	2.7
SID	1.0	--	1.0
CCCE	--	1.0	1.0
	<u>3.7</u>	<u>12.5</u>	<u>15.2</u>

Estimated Credit Disbursements

<u>IDA</u>	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>
Annual	1.0	0.65	0.85	0.90	0.90	0.65	0.05
Cumulative	1.0	1.65	2.50	3.40	4.30	4.95	5.00

Internal Rate of Return: 26%

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II. SECTORAL CONTEXT

A. Background and Urban Conditions

2.01 The Republic of Djibouti is a small country of 23,200 km² which became independent in 1977. Over sixty percent of its population, estimated at 330,000 inhabitants in 1982, live in the capital, Djibouti. Djibouti now exists as a separate state only because France developed a bunkering port there in the late 19th century for ships using the Suez Canal. Its boundaries correspond to no natural ethnic, geographic or more ancient historical distinctions. Djibouti consists of three economic sub-units: the city of Djibouti with the port/railway terminal, government services and practically all of the country's commercial activity; the French military base, the country's main source of economic activity; and the relatively remote, poor and sparsely populated hinterland. The military base, with a personnel of approximately 4,500 people, and the port are expected to remain the main source of economic activity for the near future. Known natural resources are few, except for possible availability of geothermal resources which is under investigation with a proposed IDA-financed project. The interior of the country is likely to remain as impoverished as the neighboring regions of Somalia and Ethiopia, with the main rural activity continuing to be nomadic pastoralism. France, together with several other countries and international agencies, supports the development effort of the country with substantial financial and technical aid, most of which is provided on a grant basis.

2.02 Since accession to independence, the Government has concentrated on developing agriculture and industry and on accelerated training of Djibouti nationals to take over from the expatriate personnel who in many instances still handle both the technical and management aspects of those two sectors and the country's modern services. Although this effort has already produced appreciable results, it is important to recognize that agriculture and industry face formidable natural obstacles and that the country lacks any abundant natural resources other than its fishing grounds, its geothermal potential and some mining activity.

2.03 The development effort since independence has produced tangible results in investment and economic growth. According to Bank estimates (Economic Report No. 4692-DJI), fixed public investment grew in real terms at 37% annually between 1978 and 1982, reaching a total of US\$75 million in 1982, or over 21% of GDP. There was also a small boom in private investment, particularly in building and infrastructure, although equivalent to less than 10% of public investment. This expansion, and sustained demand from the French military establishment, gave a real annual 3% growth rate in GDP between 1978 and 1982. Per capita GDP reached a nominal value of US\$880 in 1982, an estimate which falls to US\$480 if adjusted for the purchasing power parity approach and the presence of a large resident expatriate community.

2.04 Over the past several years the city of Djibouti has grown at an average rate of 5.4%, to a present population of 195,000. Although lower

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now than during the past two decades, this growth will add 125,000 people by 1992 to a city whose quality of life is already poor for the majority of its people. For most of this century, settlement was confined to a narrow peninsula, with the Wadi Ambouli serving as a natural barrier to expansion. Recent population pressures have changed this pattern. Expatriates and a small number of high-income Djiboutians remain in low-density areas north of the commercial center and in military compounds around the city. By contrast, the poorer "Old Wards" of the inner city have become more densely settled, and now contain 65% of the city's population. About half the population of the Old Wards are tenants. Beyond the Wadi Ambouli, 23,000 people (12% of the city's population) live in the squatter settlement of Balbala, an area with poor access to the rest of the city and virtually no services.

2.05 Djibouti has essentially a service rather than a production economy with 80% of total production coming from the tertiary sector, located in the city. The largest sources of formal sector employment are the state and its parastatal agencies, followed by the port, the railway, the military base, and businesses dependent on these three. A container port project is under preparation for possible Arab funds financing. Small-scale manufacturing for the domestic market has been largely confined to food and beverages, furniture, and maintenance and repair services.

2.06 Average monthly family income is US\$550 for the Old Wards and US\$170 for Balbala. This income, while rather high in absolute terms, is offset by the extremely high cost of living, such that a monthly income of US\$175 puts a family on the verge of starvation. Malnutrition is therefore severe in the overcrowded, poor parts of the city. Unlike most other African countries, the "informal" sector in Djibouti is not a major employment source; it makes up at present only about 30% of total employed.

2.07 Housing conditions in the Old Wards and Balbala are generally poor. Paradoxically in this almost treeless country, over 17,000 dwellings are made of wood, most of which is imported from Ethiopia. Few houses are of permanent construction. A few units are being upgraded, although at present this is an expensive and time-consuming process, requiring lengthy administrative approval because of the inappropriately high building standards of the Ministry of Public Works. Houses in Balbala are poorly built, of whatever materials are available, including cardboard and scrap plastic sheets.

2.08 The construction sector suffers from a scarcity of trained local labor, unreliable materials supply, and the volatile and irregular nature of demand. In addition to these factors, self-help builders also have to contend with the present cumbersome, 16-step process of obtaining a plot authorization and building permit. The lack of long-term financing has meant that up to now, the housing market has operated almost exclusively on a cash basis. Apart from sand, aggregate and lime, all building materials are imported. USAID is financing research on the local production of earth bricks; should the results prove positive, USAID and the French Government Technical Assistance (FAC) are envisaging financing a small project to produce these bricks in the future. This was not included in this project as no conclusive results are yet available.

2.09 The higher income areas and the commercial center are well served with surfaced roads, water, sewerage, and electricity. These areas are also relatively well drained. Although adequately served by both major access roads and secondary streets, the Old Wards suffer from poor quality interior roads and drains. Secondary streets are unsurfaced and often too narrow for anything but pedestrian access. Some areas lie below sea level and are subject to flooding during even light rains; severe floods occur every few years. The Old Wards have street lighting and a few public standpipes (27 in the whole city, including four for the 23,000 people in Balbala), as well as some private water and electricity connections. Water quality is satisfactory. Water connections which exist often serve many neighboring houses; the householder with a connection often charges his neighbors high prices for this service. There are some individual connections to the water-borne sewerage system but most housing in the Old Wards is served by septic tanks and pit latrines.

2.10 Life expectancy is about 50 years, and infant mortality is estimated at 120 per 1,000. The climate is relatively healthy. While Djibouti has a large number of expatriate medical personnel, it appears that inadequate attention is given to basic health services and to preventive medicine. Government sector priorities are for promotion of mother and child health, training of staff, and development of health education. Although 11% of the national budget is devoted to health, most is for curative services.

B. Institutional Framework

2.11 Institutional Setting. As a city-state, it is not surprising that the urbanized area comprising the city of Djibouti is regarded as a national rather than as a municipal asset. In such an environment the distinction between national and municipal responsibilities is thus hard to define; at present, there are no elected or appointed local government officials, although recently introduced legislation provides for the appointment of municipal advisory councils. Responsibility for planning, execution, and financing of urban infrastructure and other facilities rests with national agencies, primarily with the Ministry of Public Works, Urban Planning and Housing.

2.12 Ministry of Public Works, Urban Planning and Housing (MPWUH). Regional and urban physical planning, execution and maintenance of roads and drainage, construction and maintenance of government buildings and housing, and building code enforcement are among the wide range of responsibilities of this ministry. The Ministry has some 26 expatriates provided by FAC and 400 Djiboutians. An organization chart is attached (Annex 3). The proven technical capability of this ministry has led the Government and international aid agencies to further increase its responsibilities, particularly as regards construction and maintenance of urban infrastructure. A Presidential Decree issued in June 1982 transferred responsibility for maintenance of Djibouti city streets from the District to the Public Works Ministry; a subsequent decree, dated September 20, 1982, enlarged this mandate to include maintenance of drainage canals, sidewalks, and public squares.

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2.13 A strong technical bias has led the MPWUH to insist on unrealistically high standards for planning and construction. The French building code, without any modification or adaptation, is still in force in Djibouti. Award of full title can only be granted if a permanent house is built on a plot and on-site services conform to the planning regulation. As procedures for granting permanent title to land and issuing building permits are overly long, complex, and political, the bulk of house construction since Independence has taken place outside Public Works control. A review of the building code and permit procedure was undertaken during preparation of the proposed project. This review has produced recommendations aimed at simplifying the existing procedures to obtain building permits and allow lower building standards, which will be incorporated in the project (see Annex 10).

2.14 District of Djibouti (DD). The country is divided into five administrative districts; the District of Djibouti (further divided into three sub-districts or arrondissements) covers the city areas. Rather than a true Mayor, the head of the District administration represents the national authorities in the city, as his title (Commissaire de la République) implies. The District of Djibouti which is supervised by the Ministry of the Interior, is responsible for issuing licenses and permits, and provides police and emergency services (floods, fires, etc.). Two of its most important functions are garbage collection and street cleaning, which are handled by the Technical Services Department. The Government collects taxes for these services which go directly to the national Treasury. The District has no financial autonomy, all of its receipts being central government transfers. The Technical Services Department of the DD employs a total of 389 staff (of which two are expatriate supervisors financed by FAC); 136 of these are specifically employed in refuse collection and street cleaning. An organization chart of DD is included (Annex 3).

2.15 Land Office (LO). The Land Office which is under the titular control of the Ministry of Finance, processes all requests for plots, collects registry fees and property taxes, and manages public land reserves. This agency is divided into three divisions: the Public Property Division which manages all public land, the Survey Division which handles all topographic work, and the Records and Titles Division which registers all titles. The Public Property Division processes approximately 200 provisional or final property concessions per year. Drafting of decrees presently is needed for concessions ranging from a single plot to a major site. The Survey Division is currently able to handle one application per day or roughly 300 per year. The Survey Division therefore needs to be strengthened if its handling capacity is to be increased. The Land Records and Titles Division is able to meet current demand comfortably; however, it requires better registration and filing systems. An organization chart of LO is included (Annex 3).

2.16 The Société Immobilière de Djibouti (SID) (Housing Agency) is the parastatal agency responsible for developing and managing housing for lower- and middle-income groups. Until 1975, SID benefited from concessional financing from the French Caisse Centrale de Coopération Economique (CCCE), a minority shareholder in SID. Since this financing has been discontinued, no new projects have been undertaken. Between its

creation in 1956 and 1975, SID built some 2,120 housing units, of which it still owns about 780, the rest having been sold through rent-purchase agreements. Of the 780 dwellings, 50% are under lease-purchase contracts, and the balance under simple lease contracts. SID has a total staff of 34 persons to manage the portfolio of properties under lease and lease-purchase. SID has undertaken no new operation since 1975. SID has assets totalling US\$6.2 million of which US\$3.6 million is invested in term deposits with five Djibouti banks. In the period 1980-1983 delinquencies in payments on leases and lease-purchase have averaged 28% of SID's portfolio. SID's management advised during appraisal that this was due to the fact that penalties for late payment are not accepted under Djiboutian law and SID's only recourse against late payers is to seek a judgment through the legal system. A condition of disbursement for the Salines Ouest component will be that SID reduce their present delinquent accounts to less than 20% of their portfolio. Thereafter the Government shall cause SID to maintain the accounts delinquent for more than three months in its portfolio of leased and lease purchase properties to less than 20% (para. 6.04).

2.17 Caisse de Développement de Djibouti (CDD) (Development Bank).

The Caisse de Développement de Djibouti is a parastatal agency founded in January 1983 as a development bank with capital from the Government (51%), CCCE (14%), the Banque Européenne d'Investissement (14%) and six local commercial banks (21%). The objective of CDD is to make medium- and long-term loans to industry, transport, fishing, housing and in particular to small- and medium-scale enterprises which generate employment. CDD is an organization still in its infancy and as yet does not have its own payment facilities; it uses those of a commercial bank. CDD was formed primarily to support directly productive investments; however, its statutes specifically provide for the granting of loans for low- and intermediate-cost housing provided that these do not exceed 40% of the corporation's net worth. CDD has a total current staff of five persons, the director is an expatriate recruited by CCCE. At the time of appraisal CDD had granted loans amounting to DF 55 million (US\$310,000), of which DF 25 million (US\$140,000) to the private sector for real estate purchases, DF 15 million (US\$85,000) to commercial firms for equipment and DF 15 million (US\$85,000) for farm equipment. CDD ensures that it has proper guarantees and makes mortgage loans at 8% interest for a period not exceeding 15 years. Mortgage loans are subject to a ceiling of DF 3 million (US\$17,000) each.

C. Government Initiatives in the Sector

2.18 Urban Master Plan. A Master Plan study for the long-term development of the city of Djibouti has been prepared, with financing from the European Development Fund. The study, completed in February 1981, recommends the development of new residential areas to the west of the city in the Balbala area, improvement of conditions in Balbala itself, and correction of the drainage problem in the Old Wards. The general approach suggested by the Master Plan is sound, calling for standards of housing and other urban facilities to be set according to affordability criteria.

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2.19 Housing. Since 1975 the Government has constructed 410 housing units, to house the Djibouti army and security forces. Although the Government of Abu-Dhabi offered financing for several hundred housing units after Independence, only about 50 were actually built. Recently, a demonstration project for 300 finished houses (Cité Cheikh Osman) was undertaken by MPWUH with Saudi Arabian and Kuwaiti financing. Construction cost estimates indicated that under full cost recovery, these units would be affordable only to 5% of the population.

2.20 The DD leveled and demarcated 650 plots adjacent to Balbala in 1982, primarily to relocate people from the most crowded areas of the community but also to settle refugees and to resettle a small squatter group currently located next to the offices of MPWUH. No infrastructure services were provided. This was a successful experience and the District would like to continue this process until all of Balbala has basic road access and all residents are on demarcated plots.

2.21 Education. The Government is acting rapidly to expand primary education; primary school attendance in the city as a whole is about 60% of the relevant school-age population. However, literacy is still low, as is the level of marketable skills among the population in general. Only 9% of the population can read, write and count. Several donors are financing construction of primary and secondary schools, including vocational schools, as well as providing teachers. A primary teacher training college has been in operation since 1980. However, there is still a shortage of qualified candidates for admission to this college and Djibouti will continue to depend on expatriate teachers for many years to come.

2.22 Water and Electricity are provided by state owned companies, the Water Department of Djibouti (WDD) and the Djibouti Electricity Board (DEB) (which is attached to the Ministry of Industry). The water distribution network in the city needs rehabilitation. A WHO-CP sector mission visited Djibouti in April 1981 and prepared a report of its findings dated December 1981. The African Development Fund agreed in May 1983 to finance a water supply project for the city of Djibouti based on a study by a Belgian firm (Tractionel) of investment needs for reinforcement of water supply systems which was financed by Belgian technical assistance. This project will provide 22.4 km of water distribution network with 38 standpipes and 35 fire hydrants in Balbala; individual connections are envisaged later as needed.

2.23 Industry and Artisanal Production. Djibouti has only a small local market and little artisanal or industrial activity has developed. A small industrialization unit has been set up in the Ministry of Industry but, as yet, no services are offered to small or large scale industry. The labor force is lacking in industrial skills; while the need for basic training is widespread, training facilities are not necessarily compatible with the needs as more fully covered in the Education and Training Sector Memorandum of December 10, 1983 (Report Number 4682-DJ1). Wage rates in the formal sector are high, sustained by minimum wage legislation. Development of productive activities in the industrial sector will therefore be extremely difficult.

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D. Bank Involvement in Djibouti

2.24 Djibouti joined the Bank and the Association on October 2, 1980. Since then a Technical Assistance Project (CR 1232-DJI) and a Highway Maintenance Project (CR 1303-DJI) have been approved. The Technical Assistance Project (Credit of US\$3 million) became effective in May 1982. The project, which is co-financed with UNDP, provides technical assistance to the Directorates of Planning and Statistics. The project has encountered severe difficulties in the planning area; however a major reorganization of the Planning Directorate is now under way. Assistance to the Statistics Directorate has been satisfactory. The Highway Maintenance Project (Credit of US\$6 million) became effective in October 1983. Consultants have been selected for pre-investment studies. This project will assist the Government to carry out road maintenance throughout the country. A geothermal project was approved by the Board on May 31, 1984. This will thus be the fifth project in Djibouti since it joined the Bank Group. An economic mission from the Bank visited Djibouti in June 1983 and has recently completed a report on its findings, "Economic Situation and Prospects," October 30, 1983 (Report No. 4692-DJI). The Bank participated in a roundtable donors' conference held in Djibouti in November 1983. A possible education project focusing on expansion and improvement of primary education has recently been appraised following the recommendations of the Education and Training Sector Memorandum of December 10, 1983 (Report Number 4682-DJI). This project will provide primary education facilities for the underprivileged rural and urban areas, including those to be assisted by the proposed urban development project.

E. Rationale and Background for Bank Involvement

2.25 The rationale for Bank involvement in the project is as follows:

- (a) Djibouti is a city-state; with the country's population concentrated in the city, an urban project is the best vehicle to have a significant impact on a large segment of the population, given the scarce investment resources and limited agricultural development potential of the country;
 - (b) the Bank's substantial experience with low-income shelter projects in Africa gives it a comparative advantage in working with the Government to develop realistic policies for the urban sector emphasizing cost recovery and lower investment costs;
 - (c) the project is in line with government priorities and Bank strategy in Djibouti for institution building and will strengthen the urban institutions and convert this into an effective and financially viable sector; and
 - (d) the Bank's participation in the sector has laid the foundation for the Bank to coordinate and attract other donors, including USAID, and CCE, which are co-financing this project.
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2.26 The Government of Djibouti initially approached the Bank for assistance in 1981 regarding the proposed project, following which the Government commissioned a feasibility study for a program of investments financed by an IDA Project Preparation Facility (PPF) of US\$500,000, carried out by SEDES/Groupe Huit, a consortium of French consultants in 1982/83. Throughout the feasibility study, there has been a close dialogue between the Comité de Suivi (an interministerial committee established by the Presidency) and the Bank Group. This dialogue helped to translate the program of investments proposed by the feasibility study into specific project components suitable for donor financing.

III. THE PROJECT

A. Objectives

3.01 The proposed project which was identified in 1981 is in line with government priorities and Bank strategy. Its objectives are to:

- (a) increase the absorptive capacity of key agencies by providing staff training, equipment, and a clearer and more appropriate framework for the management of urban investments;
- (b) improve the living conditions of the urban poor in Djibouti, particularly the residents of Balbala and the Old Wards; and
- (c) introduce more rigor in cost recovery practices, with special emphasis on improving the revenue base of the local agencies and recycling recovered project funds.

B. Project Components

3.02 The project will include the following five components which are outlined below and described in detail in Annex 1.

- (a) Old Wards. Upgrading and drainage works in the Old Wards. The infrastructure works will alleviate stormwater damage and provide protection from flooding of all low-lying areas. Roads, increased water distribution, fire hydrants and refuse collection will also be included. The actions will benefit all the wards (161 ha. and 10,390 families) but will be particularly centered on wards 3, 5, and 6 (63 ha., 4,529 families).
- (b) Balbala. Upgrading of a squatter settlement containing the poorest segment of the population on a total of 137 ha. with 4,900 households; this will include provision of roads, public lighting, refuse collection, and construction of a market. Water is being provided under a separately financed African Development Fund credit.
- (c) Salines Ouest. A site and service development as a joint venture with the Société Immobilière de Djibouti (SID) on land owned by them. This will be a first phase development to provide 176 plots, with the construction of 106 core housing units ranging between 16 and 35 m² each, the remaining 70 serviced plots will be sold with services but no housing. SID's contribution will include the land and housing units; the project will finance the cost of the off-site and on-site infrastructure.
- (d) Institutional Support. Technical support including staffing, training and equipment will be provided to the Land Office,

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the District of Djibouti, SID, CDD, and a small Project Management Unit (PMU) (para. 3.03).

- (e) Housing Credit. Credit for some 100 new housing units of US\$9,700 each approximately and some 600 loans of approximately US\$1,400 each to improve existing houses in Balbala and the Old Wards.

C. Institutional Support

3.03 Institutional support and training is considered a key element of the project in view of the much needed institutional strengthening of the urban agencies and accounts for 24% of total project costs. It includes managerial and financial assistance to SID and CDD technical training for the staff of the LO and DD, as follows:

- (a) Support to SID will include the provision of a specialist in management and financial institutions to assist in the reorganization of SID into a more effective housing agency to undertake low-income housing promotion activities and better management of their existing housing stock.
- (b) Support to CDD will be focused on strengthening the agency's capability to finance low-cost housing and ensure cost recovery on their loans. It will include the provision of a financial and managerial specialist and a work foreman.
- (c) Support to the LO will strengthen the three divisions of this agency (Public Property, Land Records and Land Conservation). It will include staff training abroad as well as advanced training at the Centre de Formation Professionnelle Administrative (CFPA) and on-the-job training.
- (d) Support provided to DD will aim at strengthening the Technical Services Division which provides for household refuse collection and disposal. This will include short-term training abroad for the garage chief as well as a basic training program for diesel mechanics and an advanced training for auto mechanics, both at CFPA, as well as on-the-job training.

3.04 A project launch will be held to familiarize the personnel of the urban agencies with all aspects of project implementation, including Bank and USAID requirements regarding procurement, disbursements, reporting, accounts and audits. This is considered warranted in view of the unfamiliarity of Djiboutian agencies with Bank and USAID-financed projects.

IV. PROJECT IMPLEMENTATION DETAILS

A. Project Costs

4.01 The total cost of the Project, net of taxes and duties, is estimated at US\$15.2 million (DF 2,705 million), of which 62% or US\$9.5 million is estimated to be foreign exchange. This cost includes refinancing of an IDA Project Preparation Facility (PPF) of US\$500,000 which was approved in 1981 for project preparation and has been almost totally disbursed.

4.02 Physical contingencies amounting to 9.9% of total base cost have been estimated at 15% for civil works based on preliminary designs for all sites. Detailed designs for the infrastructure works to be carried out during the first year of the implementation period will be available by Board presentation. No physical contingencies were allowed for technical assistance, studies or housing credit. Price contingencies of 3.5% for 1984, 8.0% for 1985, and 9% thereafter have been applied for both the foreign and local cost components. The resulting price escalation factor represents 17.6% of total base costs. The project will be exempt from taxes and duties. Summary cost estimates adjusted to January 1984 levels, net of taxes and duties, are provided in Table 4.1 below. A more detailed breakdown is provided in Annex 2.

4.03 Cost estimates for equipment and vehicles are based on recent bid prices and quotations in Djibouti. The costs of civil works and construction are in line with the costs of recent similar works in the country.

4.04 The project provides for an estimated 55 man-months of consulting services for the preparation of the detailed design and bid documents and for works supervision. It also provides for 179 man-months of consultants for technical assistance to the agencies involved in the project and to the Project Management Unit.

B. Project Financing

4.05 The proposed IDA Credit of US\$5.0 million will cover about 33% of total project costs net of taxes plus refinancing of PPF.

	<u>DF million</u>	<u>US\$ million</u>	<u>%</u>
IDA	889	5.0	32.8
USAID	978	5.5	36.2
Government	480	2.7	17.8
SID	179	1.0	6.6
CCCE	179	1.0	6.6
Total financing required	<u>2,705</u>	<u>15.2</u>	<u>100.0</u>

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Summary of Project Costs

	<u>DF Million</u>			<u>US\$ Million</u>			<u>% Foreign Exchange</u>	<u>% Base Cost</u>	<u>% Total Cost</u>
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>			
Upgrading of Old Wards	217.39	265.27	482.66	1.22	1.50	2.72	55	23.5	18.42
Upgrading Balbala	97.74	139.35	237.09	0.55	0.78	1.33	59	11.5	9.04
Salines Ouest) Site & Service)	105.61	150.08	255.69	0.59	0.85	1.44	59	12.4	9.72
Detailed Design &) Supervision)	34.01	58.41	92.42	0.19	0.33	0.52	63	4.5	3.54
Institutional Support	192.40	483.20	675.60	1.08	2.72	3.80	72	32.9	25.83
Housing Credit	<u>140.00</u>	<u>171.00</u>	<u>311.00</u>	<u>0.79</u>	<u>0.96</u>	<u>1.75</u>	<u>55</u>	<u>15.2</u>	<u>11.90</u>
Total Base Cost	787.15	1,267.31	2,054.46	4.42	7.14	11.56	61	100.0	78.45
Physical Contingencies	85.72	116.68	202.40	0.48	0.66	1.14	58		7.75
Price Contingencies	<u>137.97</u>	<u>222.21</u>	<u>360.18</u>	<u>0.78</u>	<u>1.25</u>	<u>2.03</u>	<u>62</u>		<u>13.80</u>
Total Project Cost <u>a/</u>	1,010.84	1,606.20	2,617.04	5.68	9.05	14.73	61		100.00
PPF	—	88.85	88.85	—	0.50	0.50			
Total Financing Required	<u>1,010.84</u>	<u>1,695.05</u>	<u>2,705.89</u>	<u>5.68</u>	<u>9.53</u>	<u>15.23</u>			

a/ Net of taxes and duties.

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4.06 The IDA Credit (US\$5 million) will cover 40% of total expenditures for vehicles and equipment net of taxes, 50% of total expenditures net of taxes for civil and construction works, 50% of total expenditures for detailed design and supervision, 40% of total expenditures for housing credit and refinancing of the PPF amounting to US\$500,000. The USAID grant (US\$5.5 million) will finance a share of all project components. Caisse Centrale financing (US\$1 million) will cover institutional support to CDD and public lighting in Balbala. The Government contribution amounting to US\$2.7 million will cover local salaries of project personnel, local expenditures relating to consulting services, 20% of total expenditures for housing credit and additional operating expenses of the Land Office beginning in 1986. The SID contribution (US\$1 million) will cover the core housing units in Salines Ouest. The Bank will review the qualifications of all personnel proposed for technical assistance and institutional support and will approve all appointments made.

C. Flow of Funds

4.07 The Government will make the proceeds of the IDA credit, the USAID grant, and its own contribution available to the implementing agencies, either as grants in the case of components for which there is traditionally no cost recovery or as subsidiary loans to SID and CDD and government allocations to LO and DD where costs will be recovered. To ensure prompt availability of funds at the start of the project, a special account will be opened at the Treasury with an initial deposit of US\$500,000, corresponding to the largest estimated quarterly disbursement by IDA (para. 6.03 (b) (ii)). All disbursements by IDA will be made to this special account. Government and USAID contributions will be placed in a Project Account at the Treasury. All payments to the implementing agencies will be made by the PMU from the Project Account and Special Account. The IDA and government counterpart funds for on-site infrastructure at Salines Ouest will be lent to SID at 8% for a period of five years with three years' grace; the USAID and counterpart funds for housing credit will be lent to CDD at 6% for a period of 12 years with one year grace. CDD will make loans for housing improvement and new construction to final beneficiaries at 8% for 12 years with one year grace. CDD presently makes housing loans at 8%; this interest rate will be nominally positive in real terms given the expected inflation rate in Djibouti during the term of these loans. These terms and conditions were confirmed at negotiations (para. 6.03(c)). The flow of funds is shown in Annex 4.

D. Project Implementation

4.08 The project will utilize the existing institutions and agencies and will strengthen their operations as they implement the project. The Land Office will have contracting responsibility (maitre d'ouvrage) for upgrading at Balbala and the Old Wards; execution responsibility (maitre d'oeuvre) will rest with MPWUH). SID will have contracting responsibility for the site and service project at Salines Ouest; execution responsibility will rest with MPWUH (para. 6.03 (d)). The District of Djibouti will have

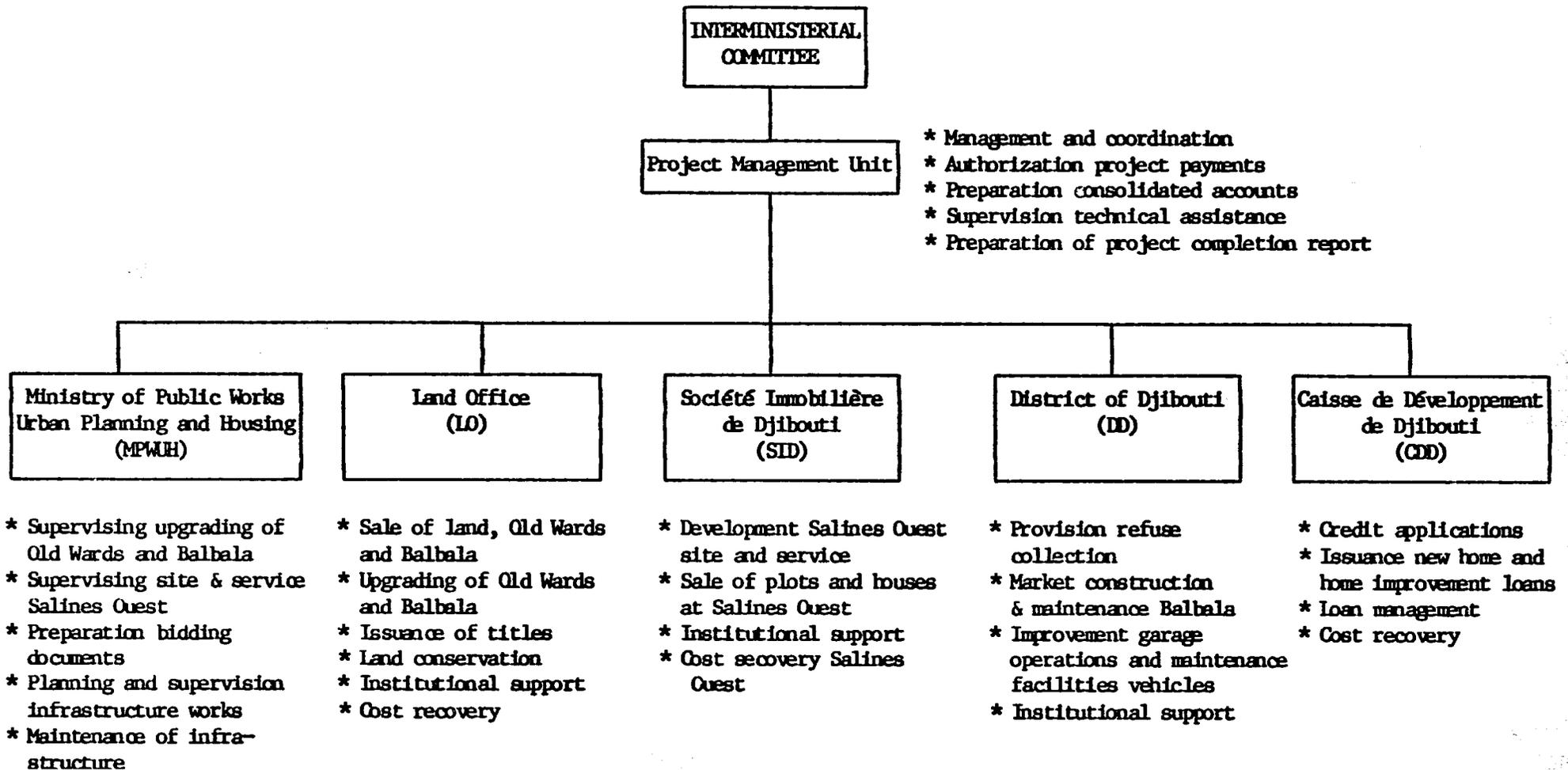
contracting responsibility for the construction of a small market at Balbala and management of refuse collection in the city, including the low-income areas.

4.09 The PMU will consist of seven people, a PMU director, an expatriate adviser, two accountants, and three support staff (a secretary, a driver and a messenger). Appointment of the PMU director, who has been selected after consultation with IDA, will be a condition of credit effectiveness (para. 6.03 (a)). The role of the PMU will be to: program project execution, ensure liaison between the executing agencies, authorize payment for project expenses, administer technical assistance, and provide for monitoring and overall supervision of the project, including the preparation of consolidated project accounts and the Project Completion Report. The PMU will report to an Interministerial Committee made up of the Prime Minister, the Cabinet Director of the Presidency, the Minister of Finance, the Minister of Public Works, Urban Planning and Housing, and the Minister of the Interior (para. 6.03 (e), and Annex 1). Chart I summarizes the flow of responsibility in project implementation. A Project Implementation Schedule is provided in Annex 5 and a Physical/Financial Implementation Schedule reflecting the expenditures and physical and financial contingencies for each year is in Annex 6.

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Urban Development Project

Chart 1 : Flow of Responsibility



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E. Procurement

Table 4.2

4.10 Procurement arrangements are summarized in Table 4.2 below.

<u>Project Element</u>	<u>Procurement Arrangements</u> (US\$ millions)			<u>Not Applicable</u>	<u>Total Cost</u>
	<u>ICB</u>	<u>LCB</u>	<u>Other</u>		
Off-site infrastructure	2.6 (0.8)*				2.6 (0.8)
On-site infrastructure	3.9 (1.4)				3.9 (1.4)
Market, drain cleaning, garage, land filling		0.9 (0.4)			0.9 (0.4)
House construction	0.8 (0.0)				0.8 (0.0)
Vehicles	0.5 (0.2)				0.5 (0.2)
Maintenance and) Office equipment)	0.3 (0.1)				0.3 (0.1)
Design and supervision			0.5 (0.2)		0.5 (0.2)
Technical assistance, training and studies			1.7 (0.4)		1.7 (0.4)
Project Unit support			1.0 (0.4)		1.0 (0.4)
Housing credit				1.8 (0.6)	1.8 (0.6)
Incremental operating expenses				0.7 (0.0)	0.7 (0.0)
PPF refinancing				0.5 (0.5)	0.5 (0.5)
TOTAL	<u>8.0</u> (2.5)	<u>1.0</u> (0.4)	<u>3.2</u> (1.0)	<u>3.0</u> (1.1)	<u>15.2</u> (5.0)

*NOTE: Figures in parentheses are the respective amounts financed by IDA.

4.11 Procurement of equipment and vehicles financed through the Project will total US\$0.4 million; they will be packaged as far as possible and awarded on the basis of international competitive bidding (ICB) in accordance with World Bank guidelines. A margin of preference, equal to 15% of the CIF bid price of imported goods or the actual customs duties and import taxes, whichever is less, will be allowed for domestic manufacturers. Office equipment (US\$0.1 million) over US\$10,000 in value and less than US\$20,000 will be purchased through local competitive bidding (LCB), in which foreign suppliers are eligible to participate, following local procurement procedures acceptable to the World Bank. Office equipment and supplies valued at less than US\$10,000 will be purchased by local shopping with at least three price quotations (para. 6.01 (a)).

4.12 Civil works, totalling US\$7.4 million, comprising roads, drainage, water supply, sewerage and electricity will be awarded through ICB, in accordance with World Bank guidelines. A preference of 7.5% will be applied to bids from local civil works contractors, if any. Contracts for simple works such as those for the cleaning of existing drains, land filling, the construction of the Balbala market and the improvement of the District garage facilities, totalling US\$0.9 million, will be awarded through LCB, following local procedures acceptable to the Association (para. 6.01 (a)).

4.13 Engineering services for detailed design and supervision, consultants for training and technical assistance totalling US\$3.2 million will be obtained from consulting firms or consultants on terms and conditions satisfactory to the World Bank. Incremental operating expenses include US\$0.7 million for staff salaries, for which procurement is not applicable. All contracts above the value of US\$50,000 for equipment and US\$100,000 for civil works will be subject to prior Bank review; they will cover 75% of the value of works and 75% of equipment value. Other contracts will be subject to post-award review.

4.14 Government's present procurement procedures generally allow discretion to Government in awarding contracts. Agreement to comply with Bank Group procurement guidelines and use procedures for LCB and shopping that are acceptable to the Association was confirmed during negotiations (para. 6.01 (a)). Procurement procedures to be followed were reviewed during appraisal and will be closely monitored by both the PMU and the joint Bank and USAID supervision missions.

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F. Disbursements

4.15 Disbursements from the proposed IDA Credit of SDR 4.9 million (US\$5.0 million) will be made such that the total amount disbursed under each category will be as follows:

- (a) 40% of total costs of equipment, vehicles and supplies;
- (b) 50% of total contract expenditures for civil works;
- (c) 50% of total expenditures for consulting services;
- (d) 40% of total costs for housing credit; and
- (e) 100% refinancing of PPF.

The participation of USAID is expected to be in the form of joint financing. An understanding concerning co-financing arrangements has been worked out between USAID and IDA which would accommodate the availability of USAID funds in any particular year or for any contract since USAID will share financing of all components. All contracts financed either by IDA or USAID or jointly by both will be procured in accordance with World Bank procurement guidelines (paras. 4.11 - 4.14). The Development Credit Agreement contains the cross-effectiveness and cross-default clauses normal for this type of co-financing. Both institutions will keep each other closely informed of any disbursement request as well as of any disbursement made under said contracts.

4.16 All disbursements will be fully documented and will be monitored by the PMU. Refinancing of PPF (US\$500,000) will be made as soon as the credit becomes effective. The estimated schedule of disbursement from the IDA credit is shown in Annex 7. Since this is one of the first IDA projects in Djibouti, there is no disbursement profile for the country. The disbursement schedule used is based on the disbursement profile for IDA credits in the region, adapted to take account of refinancing of the PPF of US\$500,000 and establishment of a special account at the Treasury of US\$500,000.

G. Accounts and Audit

4.17 Separate project accounts will be established by the LO, DD, SID, and CDD.

4.18 The LO and PMU will be required to complete preparation of financial statements of project transactions within three months of the close of the government fiscal year. Auditors' opinions on these financial statements will be prepared by independent auditors acceptable to IDA and submitted to the Government and to IDA within eight months of the end of the government fiscal year. Independent auditors are available in Djibouti and presently perform such audits. The audit report of the PMU will include a separate analysis of the use of IDA funds under the special account. CDD and SID will be required to submit audited project related accounts to IDA within eight months of the close of their fiscal years.

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4.19 The PMU will prepare and transmit to the Association progress reports each quarter that will briefly identify major problems and recommend solutions; review the performance of implementing agencies; and maintain performance indicators in fulfilling project goals.

4.20 A Project Completion Report will be prepared by the PMU and sent to IDA within six months of the close of disbursements.

H. Monitoring, Evaluation and Supervision

4.21 The PMU will be responsible for monitoring and evaluation of the progress of the project. IDA supervision of the project, which will be carried out jointly with USAID, will require up to 95 weeks of staff and consultant time over the period of project implementation. This level of effort is justified by the technical assistance provided by the supervision team. The level of involvement will be concentrated in the first two years, after which the PMU will have acquired greater management experience.

V. FINANCIAL ANALYSIS AND PROJECT JUSTIFICATION

A. Project Cash Flows

5.01 The cash flow for the project is shown in Annex 4. By 1990 when all project components have been implemented, the cumulative net inflows for the project will be US\$ 1.9 million. The cumulative surplus by the year 1994 will be US\$12 million. The bulk of the surplus funds relate to the sale of government land and the recovery of infrastructure costs at Balbala and the Old Wards in a shorter time than the repayment period on other components. This surplus, which will be deposited in the Urban Development Fund (UDF) to be established at the Treasury, will allow for replicability of the project in other urban areas of Djibouti. The establishment of an Urban Development Fund at the Treasury, to which all directly recovered costs will be credited, including the sale of land at Balbala and the Old Wards, will be a condition of loan effectiveness. Agreement was reached during negotiations that the UDF will be used to finance further civil works in urban areas of Djibouti (paras. 5.07, 6.01 (g), and 6.03 (b) (1)).

B. Cost Recovery

5.02 The cost recovery measures adopted are such that they will relate the charges borne by the beneficiaries to the benefits they receive. On-site infrastructure costs in the Old Wards, Balbala and Salines Ouest will be recovered directly through plot sales in the case of the Old Wards and through property taxes in Balbala and Salines Ouest. Loans made by CDD for home improvement and home purchase will be recovered directly through loan repayments by the beneficiaries. Operating costs of CDD will be recovered directly from beneficiaries through the spread allowed CDD on the on-lending terms. The costs that are recovered directly account for 73% of total project costs.

5.03 An additional 14% of total project costs will be recovered indirectly through property and refuse taxes payable by the population of the city. The costs recovered in this manner are off-site infrastructure at Balbala and Salines Ouest, the incremental operating costs at LO and the institutional support at DD to improve refuse collection. Refuse taxes are paid to the LO by residents of the city, including the Old Wards but not Balbala. Refuse taxes will also be charged to Balbala residents once collection is started there. An analysis of receipts on refuse taxes carried out during appraisal showed an increase in collection during the period 1980-82. Property and refuse tax collection will be closely monitored by the joint Bank/USAID supervision missions. Both direct and indirect recovery will be closely monitored by the PMU, IDA and USAID supervision missions. Together, direct and indirect recovery account for 88% of total project costs. The balance of 13% covers the institutional support to LO, DD, SID, CDD and the PMU. These costs are not considered recoverable, and they will be absorbed by the Government. A breakdown of cost recovery is summarized in Table 5.1 below.

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DJIBOUTI

URBAN DEVELOPMENT PROJECT
(DF Million)

Schedule of Cost Recovery
(Net of taxes and duties)

	<u>Total</u>	<u>Direct</u>		<u>Indirect</u>		<u>Absorbed by Government</u>
		<u>Plot Sales</u>	<u>Loan Repayments</u>	<u>Property Tax</u>	<u>Refuse Tax</u>	
Upgrading of the Old Wards	739	739				
Upgrading Balbala	347	283		64		
Salines Ouest	364	317		47		
<u>Institutional Support</u>						
- Lands Registry Office	313	230		54		29
- District of Djibouti	210				195	15
- Société Immobilière de Djibouti	9					9
- Caisse de Développement de Djibouti	105		33			72
- Project Management Unit	219					219
Housing Credit	<u>311</u>		<u>311</u>			
TOTAL	2,617	1,569	344	165	195	344
US\$ Million Equivalent	14.7	8.8	1.9	1.0	1.1	1.9
Percent	100	60	13	7	7	13

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C. Recurrent Costs

5.04 The major share of recurrent costs attributable to the project are for maintenance expenses, operating costs of the agencies and the PMU, and the operation of the market at Balbala. Maintenance costs will accrue primarily to the individual home owners and landlords for maintaining their dwellings. The Government will be responsible for maintenance costs on the roads, drainage and water supply systems which amount to 5% of capital works or approximately DF 11.87 million (US\$67,000) in annual charges for the Old Wards, DF 3.9 million (US\$22,000) for Balbala and DF 2.4 million (US\$13,000) for Salines Ouest. Annual project related operating costs of the implementing agencies will be recovered from the property tax and refuse collection tax. The recurrent expenses for operation of the market at Balbala will be covered by direct user charges.

D. Affordability

5.05 According to surveys conducted during project preparation, tenant households in the Old Wards spend about 21% of their income on housing (rent, water, electricity, and fuel) while households in Balbala spend 27% of their income on housing (rent, water, and fuel). Affordability calculations for Salines Ouest are based on household expenditures for tenants at existing housing development estates at Einguela, Stade and Progrès who spend about 30% of their income on housing (rent, water, electricity, and fuel). The income distribution of households in these areas is presented in Annex 9, page 1.

5.06 Home improvement loans will be available for improvement of existing homes or for building additional rooms at Balbala and the Old Wards amounting to DF 240,000 (US\$1,370). Based on an estimate of 15% of income spent on house improvement, these loans (repayable over 12 years at 8%) will be affordable by households above the 45th percentile in Balbala and above the 7th percentile in the Old Wards. Calculations of affordability have been done for the various options available at Salines Ouest, Annex 9, page 2. The various options are affordable by households ranging from the 18th percentile for a one-room unit on a small (72 m²) plot to the 35th percentile for a two-room unit on a large plot (120 m²). Plots of 160 m² will be marketed commercially and are affordable at the 41st percentile level.

E. Replicability

5.07 A mechanism has been set up for replicability of the project in the target areas of the city which were included in the feasibility study but are not financed by the proposed project. Detailed designs for the proposed project are being financed by the Technical Assistance Project (CR 1303-DJI). Funds are included in the proposed project to finance detailed designs of future sites and the Government will prepare by December 31,

1984 a priority plan setting down the sites that should next be upgraded and developed (para. 6.01 (e)). The Government will undertake to use the funds allocated in the proposed project for preparation of detailed designs for the proposed future sites (para. 6.01 (f)). The Government will also undertake to use the funds recovered in the UDF to finance the civil works for the proposed future sites (para. 6.01 (g)). SID will undertake to use the funds recovered from the sale of plots and core housing units at Salines Ouest to develop other sections of the Salines Ouest site (para. 6.01 (h)). The project will thus establish a clear means for replicating the results by (i) establishing priorities for development of the future sites, (ii) providing funding for detailed designs of the future sites, and (iii) by establishing a means to finance future development of these sites using the UDF (para. 6.03 (b) (i)).

F. Urban Poverty Impact

5.08 With an estimated GNP per capita of US\$480 (Economic Report No. 4692-DJI), the absolute poverty threshold is estimated at US\$192 per capita per year. On this basis 8% of the population of the Old Wards (831 households) and 45% of the population of Balbala (1,125 households) fall below this threshold. The upgrading programs included in this project will therefore benefit slightly more than 1,950 poor families. Twenty-seven percent of total project costs will go to these two areas.

G. Project Benefits

5.09 The benefits from this project fall into two categories: direct benefits to the final beneficiaries and indirect benefits and externalities. Direct benefits have been quantified for project components constituting 69% of total project costs and yield an overall weighted average rate of return of 26%. The poverty income level per capita amounts to DF 29,857 (US\$168). Household incomes amount to six times this amount, DF 179,142 (US\$1,008). Over 90% of the households in the Old Wards and virtually 100% of the households in Balbala have incomes below the poverty level. Therefore, these components, which represent 70% of the shelter investments of the project, are virtually all serving the target poverty group as defined by the Bank. The Salines Ouest component, which amounts to 9% of total project costs, is designed for the lower-middle income group whose incomes are above the poverty level. The other components, which constitute 25% of total project costs, represent institutional support for the urban institutions and will benefit the urban population as a whole.

5.10 Economic rates of return based on quantifiable direct benefits have been calculated for the Old Wards, Balbala, and Salines Ouest sites. Benefits were estimated as a stream of incremental rental values, based on surveys of market rents for similar housing in each area. No adjustments were made for possible changes in market prices due to the project, as it is expected that population growth will be adequate to sustain demand at current real prices. Costs include all costs for infrastructure and

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shelter construction, including shelter improvement, design and project management, maintenance costs and technical assistance to the related implementing agencies. The foreign exchange rate used in the calculation is the same as the market exchange rate. The individual economic rates of return, together with the results of the sensitivity analysis, the cost and benefit streams are presented in Annex 8.

5.11 The indirect benefits of the project fall into two categories:

(a) Improvement in capacity of urban institutions.

The project will have a substantial impact on the key urban institutions by improving their operations and enabling them to implement future projects. The overall financial management capability of these agencies will also be enhanced.

(b) Enhancement of capacity for locally-financed projects.

It is not feasible to expect foreign financing to provide the major portion of urban services and shelter needed by Djibouti in the years to come. This project includes initiatives--through the development of an urban development fund at the Treasury and the financial participation of SID in Salines Ouest--to develop alternative methods for financing urban services and lower-income shelter delivery.

5.12 The benefits described above do not lend themselves to quantification. However they represent an attempt to create the capacity through institutions and approaches, to replicate the direct benefits of the project. They, therefore, constitute an important justification for this project.

H. Project Risks

5.13 The principal risks associated with this project are inherent in the inexperience of the institutions which will be involved in the implementation of the project. Bank supervision efforts will pay particular attention to these risks during the early stage of supervision. The specific risks are concerned with project execution capacity of agencies and cost recovery.

5.14 Project Execution Capacity. Weaknesses in the execution capacity of the implementation agencies may lead to delays in the project. This risk is limited because of the special attention given to institutional support. The possibility of slippage and related cost overruns will be minimized by the provision of consultants who will assist the Government in civil works supervision. Implementation schedules have been adjusted to reflect possible delays; the Bank missions will supervise closely the civil works in the first phase of upgrading in the Old Wards before allowing the next phases to proceed. In this way adjustments will be made where necessary. Should implementation delays with the resultant cost overruns occur, consideration will be given to cutting back on the last phase in the Old Wards and on housing credit.

5.15 Cost Recovery. Djibouti has a tradition of non-payment for services in low-income areas; cost recovery is therefore a risk. Assurances were reached at negotiations that the LO will follow the measures provided for land sale (para. 6.02 (a), and Annex 10) and that the funds collected from the sale will be deposited in the Urban Development Fund (para. 5.01). This risk is reduced in the project because of the large pent-up demand for land ownership in Djibouti. Land acquisition in the target areas will be tied to repayment of upgrading costs. New measures have been established, at the request of the Bank, for obtaining simplified building permits with lower building standards for Balbala and the Old Wards (para. 6.02 (b), and Annex 10). These measures provide that owners of existing structures in Balbala and the Old Wards will have a period of three years to purchase the land on which the structures are located. An upgrading fee equal to the price of 10 m² of serviced land will be charged to all structure owners who do not undertake to purchase the land within the prescribed period. Should the owners not exercise their purchase option within the three-year period, the plots will be sold by the LO to other purchasers, with priority given to existing tenants to purchase these plots within one year after the expiration of the structure owner's option. These measures, which will secure land tenure, will also ensure full cost recovery of the infrastructure costs (see also Annex 10, Article III.3A). Repayment on housing credit will be closely monitored by CDD which will receive institutional support as part of this project.



VI. AGREEMENTS REACHED AND RECOMMENDATIONS

6.01 During negotiations assurances were obtained that:

- (a) The Government will follow World Bank procurement guidelines and will use procedures for LCB and shopping which are acceptable to the Bank (paras. 4.11 - 4.14);
- (b) The Government will provide:
 - i) suitable office space for the PMU (Annex 1);
 - ii) additional office space for the Land Office, estimated at 260 m² (Annex 1).
- (c) The Government will bear the following percentage of additional operating costs of the Land Office (Annex 1):
 - i) 30% as of 1986;
 - ii) 100% as of 1987.
- (d) The Government will give priority to the residents of the dwelling units to be demolished (one in Ward 5 and 34 in Ward 6) to purchase each a plot in the Old Wards or in Balbala (Annex 1);
- (e) The Government will prepare by December 31, 1984 a priority plan setting down the sites in the low-income areas of Djibouti that should next be upgraded and developed (para. 5.07);
- (f) The Government will undertake to use the funds allocated in the proposed project for preparation of detailed designs for the future sites to be upgraded and developed in the urban areas of Djibouti (para. 5.07);
- (g) The Government will undertake to use the funds recovered in the UDF to finance the civil works for the proposed future sites in urban areas of Djibouti (paras. 5.01 and 5.07; and
- (h) SID will undertake to use the funds recovered from the sale of plots and core housing units at Salines Ouest to develop other sections of the Salines Ouest site after repaying the Government for the cost of infrastructure financed under the proposed project (para. 5.07).

6.02 Conditions of Board Presentation

- (a) Ratified decree covering sale of land and recovery of costs for infrastructure investments in Balbala and the Old Wards (para. 5.15 and Annex 10);

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- (b) Ratified decree covering simplified building permits with lower building standards for Balbala and the Old Wards (para. 5.15 and Annex 10); and
- (c) Ratified decree covering agreement on street alignment plans for Balbala and the Old Wards (Annex 1, paras. A (1) and B (1)).

6.03 The following are conditions of credit effectiveness:

- (a) Appointment of the PMU director (para. 4.09);
- (b) Establishment of:
 - i) an Urban Development Fund at the Treasury (paras. 5.01 and 5.07); and
 - ii) a Special Account at the Treasury (para. 4.07);
- (c) Signature of the agreement between Government and CDD for housing credit (para. 4.07);
- (d) Signature of the agreement between Government and SID for execution of the Salines Ouest component (para. 4.08);
- (e) Official ratification of the decree establishing the PMU to manage and supervise the Urban Development Project and report to an Interministerial Committee made up of the Prime Minister, the Director of Cabinet of the Presidency, the Minister of Finance, the Minister of Public Works, Urban Planning and Housing; and the Minister of the Interior (para. 4.09).

6.04 The following is a condition of disbursement for the Salines Ouest component:

- That SID reduce and thereafter maintain their arrears on leased and lease purchase properties delinquent for more than three months to less than 20% of their portfolio of properties (para. 2.16).

6.05 With the assurances and conditions indicated above, the project is suitable for an IDA credit of SDR 4.9 million (US\$5.0 million) to the Government of Djibouti.

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

Project Description

1. The proposed project includes the following five components: Old Wards, Balbala, Salines-Ouest, Institutional Support and Housing Credit.

A. Old Wards

2. This component consists of significant improvements in living conditions in all the Old Wards (161 ha., 10,390 households), but particularly in Wards 3, 5 and 6 (63 ha., 4,529 households). It will improve roads, drainage, water supply and garbage collection, and will reduce the risks of flooding. A Government decree covers agreement on street alignment plan ratification of this decree is a condition of Board presentation (para. 6.02 (c)).

3. The works include:

- (a) Cleaning of about 3,700 m of existing concrete collectors, 1.00 m diameter, along avenues 13 and 26, to improve the stormwater system in wards 1, 2, 3 and 4.
- (b) Construction of the Canal Ouest, 1,600 m. length, of which 1,200 m. with concrete lining and 400 m. earth made, to improve drainage in the whole of downtown area.
- (c) Construction of two sea outfalls at the end of the main collectors in Avenues 13 and 26. They will be designed to prevent sea water from entering into the collectors during high tide levels.
- (d) Construction of a dike, 1,200 m. length, along the river Ambouli between the water pumping station and the Arta road, to protect all low lying areas in Central Djibouti against flooding. The dike will be earth made with crushed stone embankments.

4. The works in Ward 3 include:

- (a) Construction of some 2,000 m. paved roads of different widths.
- (b) Levelling of about 3,800 m. earth roads, 5.50 to 6.00 m. width, to assure adequate drainage towards the main drains.

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- (c) Laying of 170 m. pipes of 150 mm. diameter, of 850 m. pipes of 100 mm diameter, together with one valve of 150 mm diameter, six valves of 100 mm diameter and five fire-hydrants, to improve existing water supply and fire protection in the wards.
- (d) Installation of three containers to improve garbage collection.
- (e) Demolition of about 1,000 m² paved roads and 1.700 m. of curbstone.

5. The works in Ward 5 include:

- (a) Construction of 2,200 m paved roads of different widths.
- (b) Levelling of about 4,200 m earth roads.
- (c) Laying of 970 m. pipes of 100 mm diameter, with six valves of 100 mm and four fire hydrants.
- (d) Installation of three containers to improve garbage collection in the ward.
- (e) Demolition of one dwelling. Priority will be given to dwellers to purchase a plot in Old Wards or Balbala (para. 6.01 (d)).

6. The works in Ward 6 include:

- (a) Construction of 2,700 m. paved roads of different widths.
- (b) Levelling of 6,200 m. earth roads,
- (c) Laying of 200 m. pipes 200 mm diameter, of 1,110 m pipes 100 mm diameter, together with 2 valves of 200 mm. diameter and eight of 100 mm, and five fire hydrants.
- (d) Installation of three containers for garbage collection.
- (e) Demolition of 34 dwellings. Priority will be given to dwellers to purchase each a plot in the Old Wards or Balbala (para. 6.01 (d)).

B. Balbala

7. This component consists of improving the infrastructure of the existing new sites (105 ha., 2,500 plots) and of the old center (32 ha., 2,400 plots). The project will improve roads, drainage, public lighting and garbage collection. Water supply has not been included as it is being financed by the African Development Fund under a separate project. A Government decree covers agreement on street alignment plans; satisfaction of this decree is a condition of Board presentation (para. 6.02 (c)).

8. The works include:

- (a) Construction of 3,000 m paved roads, of 7.00 m width.
- (b) Improvement of 4,700 m. of 6.00 m earth roads, with 40 m. concrete culverts and 180 m. stone protected level crossings in river beds.
- (c) Provision of a public lighting system along major roads, consisting of one 50 KVA transformer station, 2,800 m middle tension (5 KV) and 7,000 m. low tension overhead lines, with a total of 100 street lights.
- (d) Installation of 10 garbage containers of about 6m³ each.
- (e) Construction of a market 27x27 m, surrounded by walls, with two main gates. It comprises two covered halls of about 20x5 m each, where the main activities will take place. Along the walls, small stands will be installed.

C. Salines Ouest

9. This component consists of developing 176 plots, with core dwelling units on 106 plots on land owned by the Société Immobilière de Djibouti (SID), along the Arta road, on the west side. An area of about 175x160 m. (28 ha.) will be landfilled, 0.80 to 1.00 m. height.

10. The works include:

- (a) Construction of 165 m. of paved roads, 7.00 m width, will link up the area with the Arta road. In addition, 270 m paved roads of 4.50 m wide, and 350 m earth roads of 3.00 m wide, will allow for easy access to all plots.
- (b) Construction of concrete open channel along the paved roads for drainage. Earth roads will be levelled in such a way that surface water will drain into the

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concrete channels. For this purpose, three culverts of a total length of 33 m will be constructed to allow road crossing.

- (c) Laying of 170 m water main of 200 mm diameter to connect the site to the existing water main of 300 mm diameter in Arta road. On site construction of 150 m pipe of 100 mm. diameter and 590 m. of 80 mm diameter, with one valve of 100 mm. diameter and five of 80 mm. Plots receiving dwellings will be provided with private house connections: in total 106, of an average length of 5.0 m.
- (d) Construction of 1,300 m. gravity sewer of 200 mm. diameter to connect the site to the existing Arhiba pumping station. This pumping station will be provided with new pumps and a 45m³ sump pump.
- (e) Some 1,000 m gravity sewers of 200 mm diameter will ensure sewerage collection within the area. Constructed plots will be connected to the system.
- (f) Installation of public lighting along the streets, consisting of a 400 KVA transformer station, 900 m low tension lines and 19 street lights. House connections will be decided by the owners.
- (g) Installation of three containers for garbage collection.

11. The 176 plots to be developed are classified in four categories:

Type A: 6 x 12 m = 72m², 64 plots with dwellings

Type B: 8 x 12 m = 96m², 28 plots with dwellings.

Type C: 8 x 15 m = 120m², 50 plots of which 14 with dwellings

Type D: 8 x 20 m = 160m². 34 plots without dwellings.

According to the type of plot, the following houses will be constructed:

Salines Ouest

Type of Plot	Number of Plots	Type of Dwelling	Description	Number of Dwellings
A - 72m ²	64	A1	1 room - 12.75m ² 1 sanitary block 3.2m ² 1 kitchen area	64
B - 96m ²	28	B1	1 room - 15.4m ² 1 sanitary block 5m ² 1 kitchen area	14
		B2	2 rooms 18.2m ² 12.2m ² 1 sanitary block 5m ² 1 kitchen area 1 veranda	14
C - 120m ²	50	C2	2 rooms 17.5 m ² 12.2 m ² 1 sanitary block 6m ² 1 kitchen area 1 veranda	14
D - 160m ²	34			
TOTAL	176			106

D. Institutional Support

12 This component aims at strengthening the urban services provided by Government and parastatal agencies involved in the urban sector and includes support to the Land Office, the District of Djibouti, Société Immobilière de Djibouti (SID), Caisse de Développement de Djibouti (CDD) and a Project Management Unit.

Land Office (LO)

13. The actions proposed consist in strengthening the three divisions of this agency (Public Property, Land Records and Land Conservation) by providing appropriate staffing, staff training, technical assistance, equipment and financing of operating costs during the first three years of the project.

Land Office

<u>Position</u>	<u>Speciality</u>	<u>Exist</u>	<u>New Position</u>	<u>Annual Cost of New Positions</u>
				(DF '000)
<u>Public Property</u>				
Section Chief	Administration	1	-	
Administrative Assistant	" "		1	1,730
Assistant Accountant	" "		1	1,150
Cashier	" "	1		
Office Clerk	" "		1	1,000
Typist	Secretarial		1	1,000
<u>Land Records</u>				
Chief Engineer	Surveyor	1*	1	2,800
Techn. Operator	" "	1*+1	3	6,480
Draftsman	" "	-	1	1,730
Chainmen	" "	4	2	1,440
Office Clerk	Administration		1	1,000
<u>Land Conservation</u>				
Section Chief	Administration	1		
Mortgage Officer	" "		1	1,500
Bookkeeper	" "	1	1	1,150
Typist	Secretarial	2	2	2,000
<u>Total</u>		<u>2*+11</u>	<u>16</u>	<u>22,980</u>

* Expatriate

(a) Staff training will comprise:

- i) Three-year fellowship for training an engineer-surveyor abroad.
- ii) Fellowship for accelerated training abroad of four technician surveyors.
- iii) Local advanced training, Centre de Formation Professionnelle Administrative (CFPA).
- iv) Organized on-the-job training.

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- (b) Technical Assistance comprises the provision of:
 - i) One engineer-surveyor for 48 months.
 - ii) One technician surveyor for 36 months.
 - iii) One lawyer specialized in property matters for 3 months.
- (c) Supplies and equipment will be financed to make up the requirements of the three divisions. The Government will need to provide suitable office space, estimated at 260m² (see para. 6.01 (b)).
- (d) The operating costs resulting from this support are shown below. They will be borne in full by the project for the first two years and partially in the third year. In the fourth and fifth years these expenses will be the total responsibility of the Government budget (see para. 6.01 (c)).

Cost Estimates

<u>Operating Costs</u>	<u>DF '000</u> (net of taxes)
Share of office costs	3,800
Vehicle costs	4,500
Share of personnel costs	<u>47,900</u>
TOTAL	<u>56,200</u>

District of Djibouti (DD)

14. The actions proposed under the project aim at strengthening the Technical Services Division of the District of Djibouti which provides for household refuse collection and disposal. The project will also provide a maintenance shop for vehicle repair of the fleet of refuse collection vehicles.

District of Djibouti

<u>Position</u>	<u>Specialty</u>	<u>Exist.</u>	<u>New Position</u>	<u>Annual Cost of New Positions</u>
			(DF '000s)	
<u>Refuse Collection</u>				
Chief, cleansing		1		
Asst. Chief, cleansing		1		
Chief, Collection section		1	1 (to be seconded from another section)	
Crew foremen		6	4	
Sweepers		57	12	
Drivers		33	-	
<u>Garage</u>				
Chief, garage	Diesel mechanic	1+1*		
Chief, heavy vehicles	" "		1	1,730
Chief, light vehicles	Auto mechanic	1		
Chief, stores	Administration	1		
Qualified mechanic	Auto-diesel	2	8	13,840
Qualified mechanic	Automobile	3		
Assistant mechanic	" "	7	1	1,150
Electrician	" "	2	1	1,730
Crew foreman	Bodywork	1		
Welder-Body mechanic	" "	4		
Crew foreman	Painting	1		
Painter	" "	2		
Maintenance Chief	Automobile		1	1,730
Greaser	" "	4		
Washer	" "	2		
Fuel officer	" "	2		
Tire officer	" "	3		
Totals		1* + 135	29	20,180

* Expatriate

(a) Staff training will include:

- i) A basic training program at the CFPA consisting of training 12 diesel mechanics for one and two-year periods. The salary payments during the training period will be met by the project.
- ii) Occasional advanced training courses of 2.5 months at the CFPA for auto mechanics and assistant mechanics.
- iii) A six-month training course abroad designed to round out the garage chief's training.
- iv) Organized on-the-job training.

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- (b) Materials and equipment procurement will provide for the purchase of six multi-tipper vehicles and equipment for the garage. In addition, the project will finance the transfer of the garage to Base No. 2.

Société Immobilière de Djibouti (SID)

15. The project will provide technical assistance to SID to help it implement the Salines-Ouest investment component and establish a system within SID for further development of low-income housing at the Salines-Ouest site as well as elsewhere. Supervision of the civil works will be provided by the Urban Housing Department of the Ministry of Public Works.

16. It is proposed that SID be reorganized in the form of a directorate general made up of two departments:

- (a) Administration and Finance
- (b) Technical.

17. The Administration and Finance Department will be responsible for supervising the financing of the operations, ensuring the sale of the units, managing the rental properties, collecting the rents and administering the personnel.

18. The Technical Department will be responsible for the maintenance of the rental property.

19. The staff recommended for the Administration and Finance Department are as follows:

Société Immobilière de Djibouti (SID)

Position	Specialty	Exist.	Annual Cost	
			New	New Positions
(DF '000)				
Department Head	Finance		1	3,000
Administrative Asst.	Administration		1	1,730
Chief Accountant	Accounting	1	-	
Accountant	" "		1	1,730
Bookkeeper	" "	2		
Acctg. machine operator	" "	1		
Chief, Collection	Administration	1		
Office clerk	" "	1		
Cashier	" "	1		
Secretary	Secretarial		1	1,500
Total		7	4	7,960

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20. The project will finance the assistance, for three months, of a specialist in administrative and financial organization to set up this new structure and make it operational. The office equipment for this reorganization will also be included in this financing.

Project Management Unit (PMU)

21. Purpose and Responsibilities. A Project Management Unit will be created and will assume responsibility for the planning and coordination of the entire project. Its responsibilities will be to:

- (a) Program the execution of the project;
- (b) Combine and issue the invitations for bids;
- (c) Ensure liaison between the executing agencies;
- (d) Administer the technical assistance and supervise the water tariff study;
- (e) Authorize payment of project expenses;
- (f) Keep the consolidated accounts of the project;
- (g) Provide monitoring and evaluation of the overall project;
- (e) Prepare a project completion report.

22. Proposed Actions. This office will be created under the responsibility of an Interministerial Committee made up of the Prime Minister, the Director of Cabinet, Office of the President, the Minister of Finance, the Minister of Public Works, Urban Planning and Housing, and the Minister of the Interior. Ratification of the decree establishing the PMU is a condition of credit effectiveness (para. 6.03 (e)). Outside of group decisions arrived at in committee sessions, the Project Director will approach the Committee Chairman on any current matter.

23. The project will finance all the personnel and material resources needed for the establishment and operation of the this office. The composition of the team will be as follows:

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Project Management Unit

Position	Specialty	New	Annual Cost DF'000s
Project Director	Engin/Admin.	1	3,400
Adviser to Proj. Man.	Management Spec.	1 expatriate	22,800
Admin. asst.	Accounting	1	1,700
Accountant	"	1	1,500
Secretary	Secretarial	1	1,500
Driver		1	700
Messenger			500
	TOTAL	7	32,100

23. The Project Director will be assisted by an expatriate throughout the entire four-year execution period of the project.

24. The project will finance the setting up and equipping of the offices, together with two light vehicles. As counterpart, the Government will be required to make suitable office space available for the Project Management Unit (see para. 6.01 (b)).

Caisse de Développement de Djibouti (CDD)
Proposed Actions

25. The structure recommended will be an Operations Department and a Loan Department, both answerable to a Director. Technical assistance would be provided to facilitate organization of the two departments and to fill the position of a works foreman. This would include:

- (a) 1 specialist in administrative and financial organization 9 months
- (b) 1 works foreman 24 months

26. In addition, the project will finance office furnishings, 1 small vehicle and 1 microcomputer and will share in the office costs for a period of two years.

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Institutional Support Summary

<u>Technical Assistance Provided</u>	<u>Manmonths</u>	<u>(DF'000) net of taxes</u>
<u>Land Office</u>		
Engineer Surveyor	48	91,200
Technician Surve. or	36	56,700
Lawyer (property)	3	6,800
Sub-Total	87	154,700
<u>District Technical Services</u> NONE		
<u>Société Immobilière de Djibouti (SID)</u>		
Specialist in admin. and fin. organization	3	6,000
Sub-Total	3	6,000
<u>Caisse de Développement de Djibouti (CDD)</u>		
Specialist in admin. and fin. organization	9	18,000
Works foreman	24	37,800
Sub-Total	33	55,800
<u>Project Management Unit</u>		
Management specialist	48	91,200
Short term consulting	8	18,400
Water Tariff Study		10,000
Sub-Total	56	119,600
Total for Technical Assistance	179	336,100

E. Housing Credit

27. This component would provide funds to Caisse de Développement de Djibouti (CDD) for housing credit to beneficiaries in the target areas of the project. This credit would include:

- (a) Credit for new housing:
150 loans of approximately DF 1.7 million (US\$9,700) each;
- (b) Home Improvement Loans
600 loans of approximately DF 240,000 (US\$1,300) each.

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URBAN DEVELOPMENT PROJECT

Detailed Cost Estimates
(DF '000)

Base: Jan. 84

	<u>Local</u> <u>Currency</u>	<u>Foreign</u> <u>Exchange</u>	<u>Total</u>
I. <u>OLD WARDS</u>			
A. Off-site			
Cleaning of existing main drains	20,500	10,000	30,500
Construction Canal West Sea outfalls	32,140	48,210	80,350
Protection dike along Oued Ambouli	9,140	16,960	26,100
	<u>36,140</u>	<u>54,210</u>	<u>90,350</u>
Base Cost A	97,920	129,380	227,300
B. On-Site			
Provision for relocation Roads and drains	14,400		14,400
Water supply	91,150	111,380	202,530
Solid waste	13,920	20,880	34,800
	<u> </u>	<u>3,630</u>	<u>3,630</u>
Base Cost B	119,470	135,890	255,360
C. Consultants Services			
Detailed design	7,240	16,890	24,130
Supervision	<u>14,430</u>	<u>19,360</u>	<u>33,790</u>
Base Cost C	21,670	36,250	57,920
Total Base Cost	<u>239,060</u>	<u>301,520</u>	<u>540,580</u>
Physical contingencies	35,860	45,240	81,100
Price contingencies	<u>52,923</u>	<u>64,818</u>	<u>117,741</u>
TOTAL COST	<u>327,843</u>	<u>411,578</u>	<u>739,421</u>

URBAN DEVELOPMENT PROJECT

Detailed Cost Estimates
(DF '000)

Base: Jan 84

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
II. <u>BALBALA</u>			
A. Off-Site			
Roads and drainage	30,360	37,030	67,390
B. On-Site			
Roads	34,950	42,700	77,650
Solid waste		4,020	4,020
Street lighting	25,330	47,000	72,330
Market	<u>7,100</u>	<u>8,600</u>	<u>15,700</u>
Base Cost B	67,380	102,320	169,700
C. Consultant Services			
Detailed design	2,110	5,000	7,110
Supervision	<u>3,790</u>	<u>5,700</u>	<u>9,490</u>
Base Cost C	5,900	10,700	16,600
Total Base Cost	<u>103,640</u>	<u>150,050</u>	<u>253,690</u>
Physical contingencies	15,550	22,510	38,060
Price contingencies	<u>23,152</u>	<u>32,352</u>	<u>55,504</u>
TOTAL COST	<u>142,342</u>	<u>204,912</u>	<u>347,254</u>

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URBAN DEVELOPMENT PROJECTDetailed Cost Estimates
(DF '000)

Base: Jan. 84

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
III. <u>SALINES OUEST</u>			
A. Off-Site			
Roads	2,660	3,250	5,910
Water supply	1,060	1,970	3,030
Electricity	4,490	8,350	12,840
Sewerage	<u>12,670</u>	<u>19,010</u>	<u>31,680</u>
Base Cost A	20,880	32,580	53,460
B. On-Site			
Site preparation	14,820	22,230	37,050
Roads	3,400	4,160	7,560
Water supply	4,300	7,990	12,290
Electricity	6,250	11,600	17,850
Sewerage	9,560	14,340	23,900
Drains	1,840	1,510	3,350
Waste disposal	--	<u>1,210</u>	<u>1,210</u>
Base Cost B	40,170	63,040	103,210
C. House Construction	44,560	54,460	99,020
D. Professional Services			
Detailed design	2,125	3,782	5,907
Supervision	<u>4,315</u>	<u>7,678</u>	<u>11,993</u>
Base Cost D	6,440	11,460	17,900
Total Base Cost	<u>112,050</u>	<u>161,540</u>	<u>273,590</u>
Physical contingencies	16,810	24,230	41,040
Price contingencies	<u>20,217</u>	<u>28,947</u>	<u>49,164</u>
TOTAL COST	<u>149,077</u>	<u>214,717</u>	<u>363,794</u>

DJIBOUTIURBAN DEVELOPMENT PROJECTDetailed Cost Estimates
(DF '000)

Base: Jan. 84

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
IV. <u>INSTITUTIONAL SUPPORT</u>			
A. <u>Land Office</u>			
Investments	1,300	12,500	13,800
Staff training	400	25,200	25,600
Technical assistance	14,800	139,900	154,700
Operating costs	<u>50,200</u>	<u>6,000</u>	<u>56,200</u>
Base Cost A	66,700	183,600	250,300
B. <u>District of Djibouti</u>			
<u>Technical Service</u>			
Investments	28,500	122,500	151,000
Staff training	<u>13,600</u>	<u>2,100</u>	<u>15,700</u>
Base Cost B	42,100	124,600	166,700
C. <u>Société Immobilière de Djibouti (SID)</u>			
Investments	200	800	1,000
Technical assistance	<u>600</u>	<u>5,400</u>	<u>6,000</u>
Base Cost C	800	6,200	7,000
D. <u>Caisse de Développement de Djibouti (CDD)</u>			
Investments	--	--	--
Technical assistance	5,800	50,000	55,800
Operating costs	<u>25,000</u>	<u>--</u>	<u>25,000</u>
Base Cost D	30,800	50,000	80,800
E. <u>Project Management Unit</u>			
Investments	600	5,400	6,000
Technical assistance	11,400	108,200	119,600
Operating costs	<u>40,000</u>	<u>5,200</u>	<u>45,200</u>
Base Cost E	<u>52,000</u>	<u>118,800</u>	<u>170,800</u>
Total Base Cost	192,400	483,200	675,600
Physical contingencies	17,500	24,700	42,200
Price contingencies	<u>41,681</u>	<u>96,090</u>	<u>137,771</u>
TOTAL COST	<u>251,581</u>	<u>603,990</u>	<u>855,571</u>

100%

DJIBOUTI

URBAN DEVELOPMENT PROJECT

Detailed Cost Estimates
(DF '000)

Base: Jan. 84

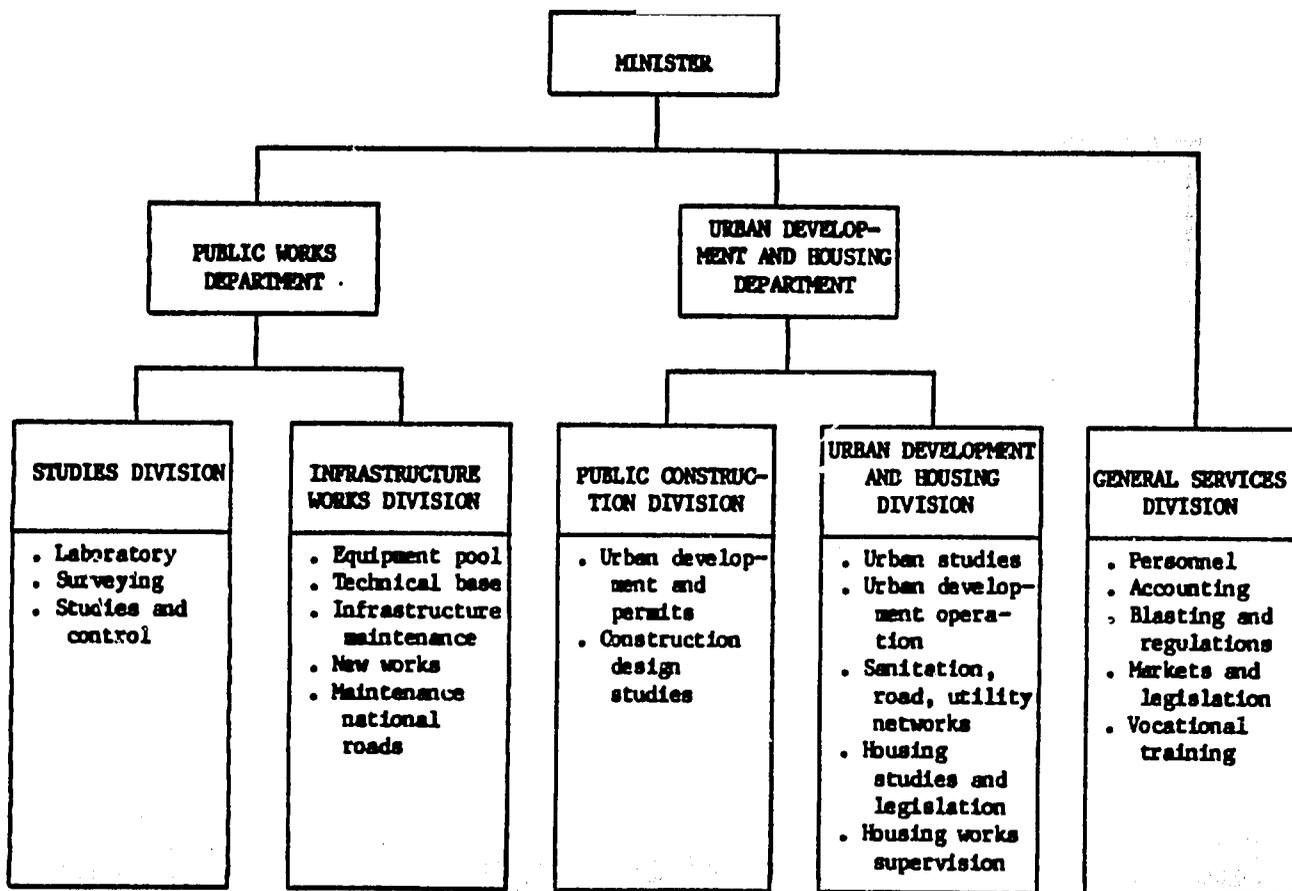
	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
V. <u>HOUSING CREDIT</u>			
Home improvement loans	64,800	79,200	144,000
New house construction loans	<u>75,200</u>	<u>91,800</u>	<u>167,000</u>
TOTAL COST	<u>140,000</u>	<u>171,000</u>	<u>311,000</u>

DJIBOUTI

URBAN DEVELOPMENT PROJECT

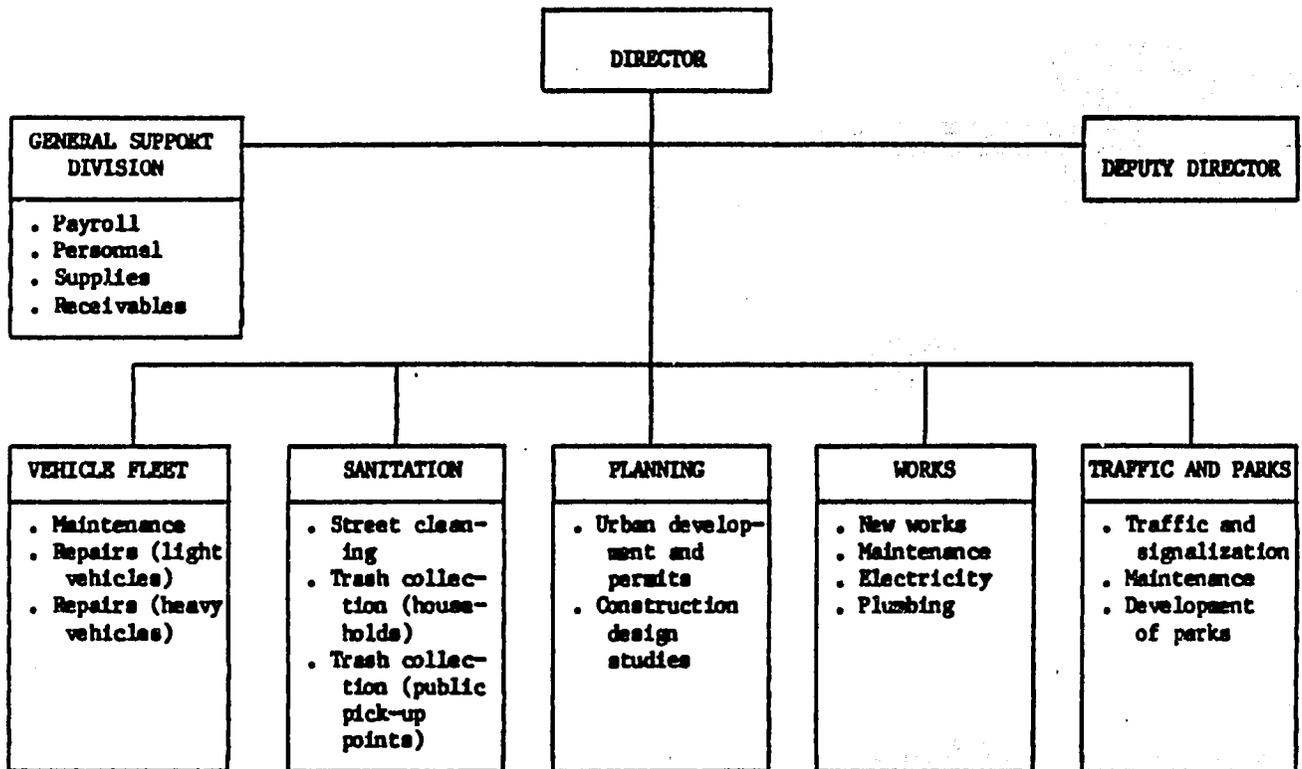
Organization Chart

Ministry of Public Works, Urban Planning and Housing

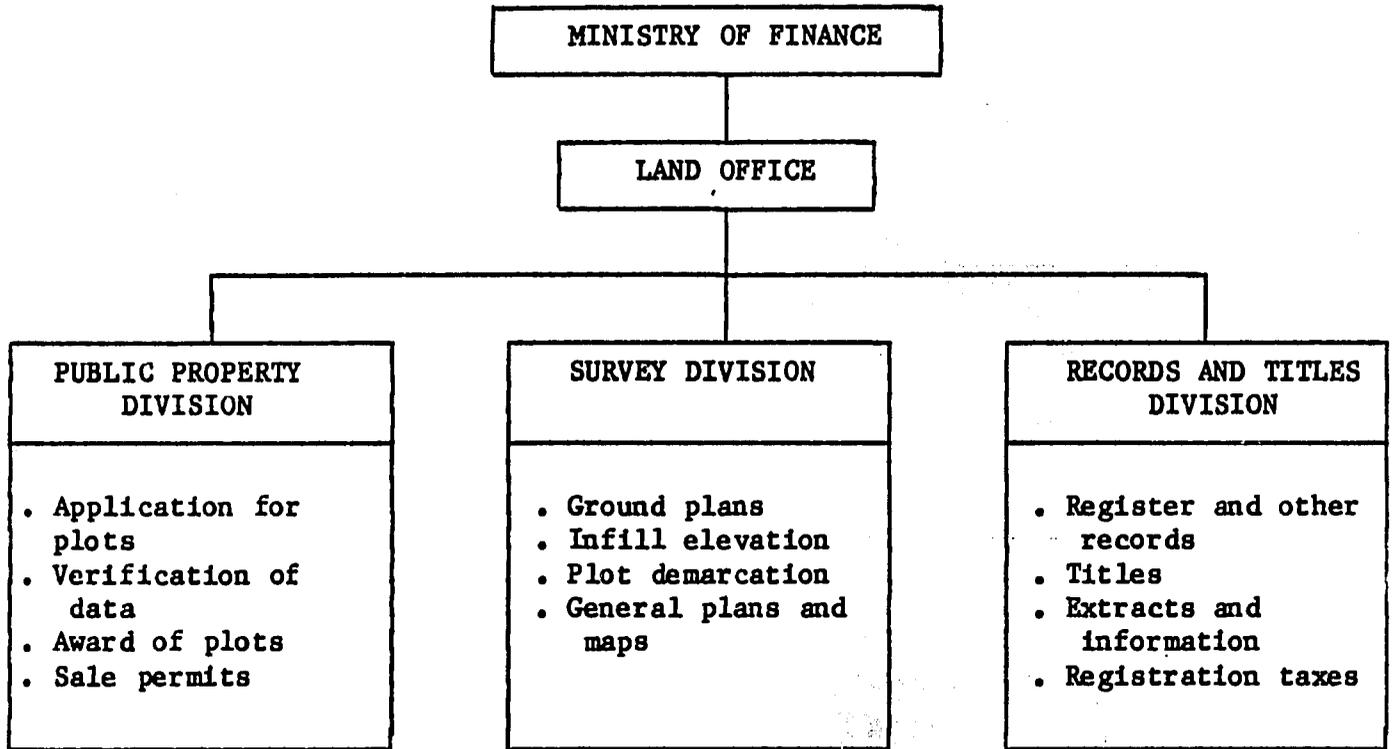


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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Organization Chart
Djibouti Metropolitan District
Technical Services Department



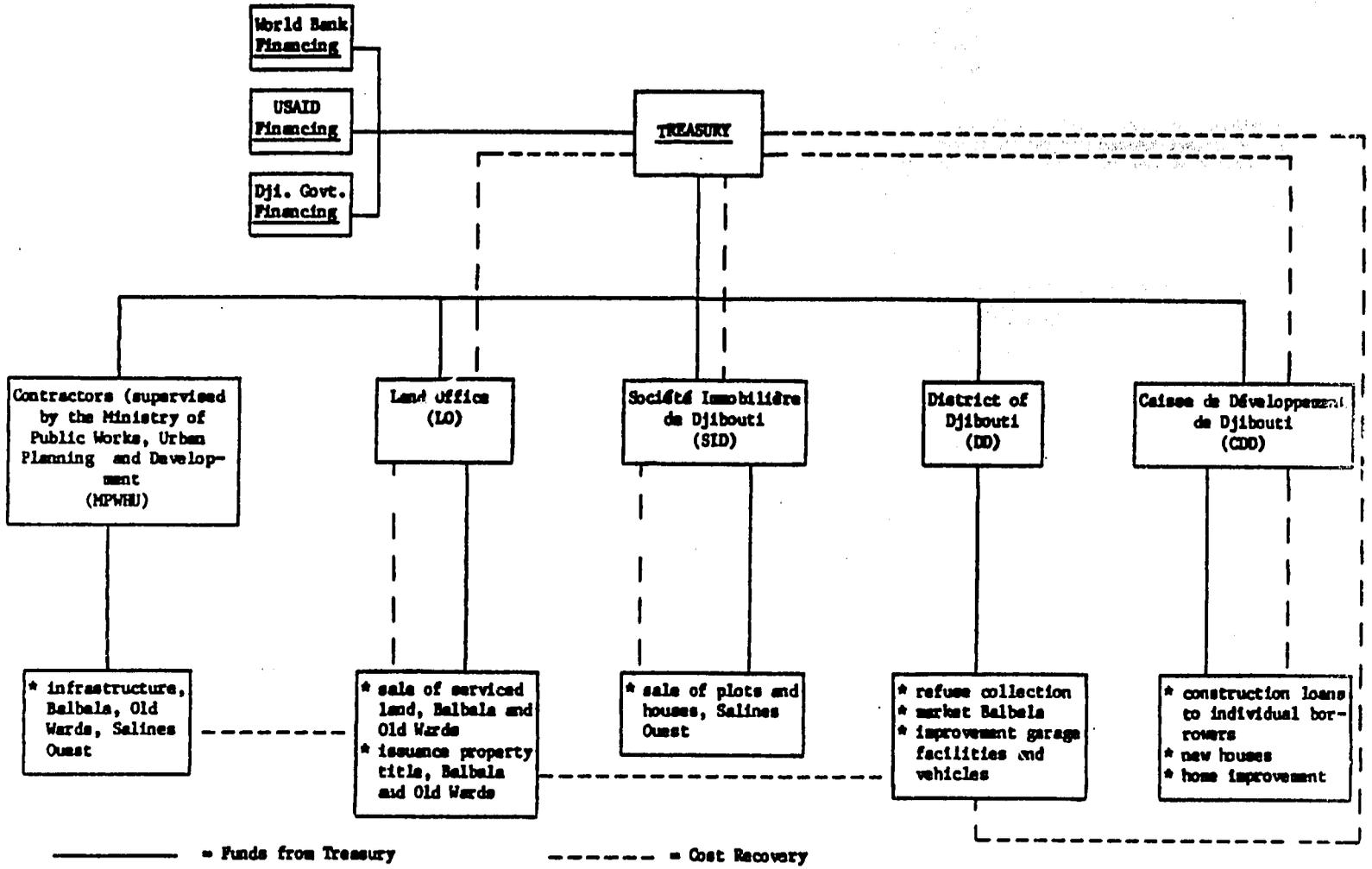
DJIBOUTI
URBAN DEVELOPMENT PROJECT



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DJIBOUTI
URBAN DEVELOPMENT PROJECT

Flow of Funds



ANNEX

URBAN DEVELOPMENT PROJECT

Project Cash Flows
(IN MILLION)

	<u>Total</u> <u>1984-1994</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<u>Source of Funds</u>												
IDA Credit	889	178	115	151	160	160	115	10				
USAID	978	180	208	208	208	174	-					
COCE	179	-	18	88	73	-	-					
Government contribution	480	36	41	75	78	120	130					
SID contribution	179	-	29	90	60	-	-					
Subtotal	2,705	394	411	612	579	454	245	10				
<u>Beneficiary Payments</u>												
Land Balbala	317			16	32	32	32	48	48	47	31	31
Land Old Wards	1,036			52	104	104	104	155	155	155	104	103
Subtotal	1,353			68	136	136	136	203	203	202	135	134
<u>Beneficiary Repayments</u>												
Balbala	272			14	27	27	27	41	41	41	27	27
Old Wards	331			17	33	33	33	50	50	50	33	32
Salines Ouest	234			-	9	18	27	36	36	36	36	36
Subtotal	837			31	69	78	87	127	127	127	96	95
TOTAL	4,895	394	411	711	784	668	468	340	330	329	231	229
<u>Application of Funds</u>												
Old Wards	739	17	246	245	100	131						
Balbala	347	8	44	227	68	-						
Salines Ouest	364	9	167	114	74	-						
Institutional Support	856	-	280	293	180	103						
Housing Credit	311	-	60	70	80	101						
Refinancing PPF	88	88	-	-	-	-						
Subtotal	2,705	122	797	949	502	335						
<u>Debt Service to Government</u>												
SID	24					3	4	5	5	5	2	
CID	26			1	2	3	4	4	4	4	4	
TOTAL	2,755	122	797	950	504	341	8	9	9	9	6	
Surplus (Deficit)	2,140	272	(386)	(239)	280	327	460	331	321	320	225	229
Cumulative surplus	2,140	272	(114)	(353)	(73)	254	714	1,045	1,366	1,686	1,911	2,140

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

Project Implementation Schedule

	1985				1986				1987				1988			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. Old Wards																
<u>Off-site</u>																
Cleaning of existing main drain																
construction of main drain (Canal Ousef)																
Sea outfalls																
Protection dike along Oued Anboul																
<u>On-site Ward 3</u>																
Roads/drains																
Water supply																
Solid waste																
<u>Ward 5</u>																
Roads/drains																
Water supply																
Solid waste																
<u>Ward 6</u>																
Roads/drains																
Water supply																
Solid waste																
B. Balbala																
<u>Off-site</u>																
Roads drains																
<u>On-site</u>																
Roads																
Solid waste																
Street lighting																
Market																
C. Salines Ousef																
<u>Off-site</u>																
Roads																
Water supply																
Electricity																
Sewerage																
<u>On-site</u>																
Site preparation																
Roads																
Water supply																
Electricity																
Sewerage																
Drains																
Waste disposal																
House Construction																
D. Institutional Support																
Land Office																
District Technical Dept.																
Société Immobilière de Djibouti																
Caisse de Développement de Djibouti																
Project Management Unit																
E. Housing Credit																

DUBAI
URBAN DEVELOPMENT PROJECT
 Physical/Financial Implementation Schedule

(DF '000)

	1984			1985			1986			1987			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
Off-Site															
Roads and Drainage				15,200	18,500	33,700	15,160	18,530	33,690				30,360	37,030	67,390
On-Site															
Roads							34,950	42,700	77,650				34,950	42,700	77,650
Solid Waste							—	4,020	4,020				—	4,020	4,020
Street Lighting							12,660	23,500	36,160	12,670	23,500	36,170	25,330	47,000	72,330
Market							3,550	4,300	7,850	3,550	4,300	7,850	7,100	8,600	15,700
Total On-Site							51,160	74,520	125,680	16,220	27,800	44,020	67,380	102,320	169,700
Professional Services:															
Detailed Design & Engineering	2,110	5,000	7,110										2,110	5,000	7,110
Supervision				540	810	1,350	2,550	3,830	6,380	700	1,060	1,760	3,790	5,700	9,490
Total Professional Services	2,110	5,000	7,110	540	810	1,350	2,550	3,830	6,380	700	1,060	1,760	5,900	10,700	16,600
TOTAL BASE COST	2,110	5,000	7,110	15,740	19,310	35,050	68,870	96,880	165,750	16,920	28,860	45,780	103,640	150,050	253,690
Physical Contingencies	320	750	1,070	2,360	2,900	5,260	10,330	14,530	24,860	2,540	4,330	6,870	15,550	22,510	38,060
Price Contingencies	37	88	125	1,765	2,165	3,930	14,850	20,889	35,739	6,500	9,210	14,610	23,152	32,352	55,504
TOTAL COST	2,467	5,838	8,305	19,865	24,375	44,240	94,050	132,299	226,349	25,960	42,400	67,260	142,342	204,912	347,254

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DIBOUTI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(DF '000)

	1984			1985			1986			1987			1988			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
Old Wards																		
Off-site																		
cleaning of existing main drain				20,500	10,000	30,500										20,500	10,000	30,500
construction of main drain (Canal Ouest)				32,140	48,210	80,350										32,140	48,210	80,350
sea outfalls protection dike along Qued Amboull							9,140	16,960	26,100							9,140	16,960	26,100
							<u>36,140</u>	<u>54,210</u>	<u>90,350</u>							<u>36,140</u>	<u>54,210</u>	<u>90,350</u>
Sub-Total Off-Site				52,640	58,210	110,850	45,280	71,170	116,450							97,920	129,380	227,300
On-site A) Ward 3																		
provision for relocation roads/drains				23,660	28,910	52,570										23,660	28,910	52,570
water supply				4,060	6,080	10,140										4,060	6,080	10,140
solid waste					1,210	1,210											1,210	1,210
Sub-Total Ward 3				27,720	36,200	63,920										27,720	36,200	63,920
B) Ward 5																		
provision for relocation roads/drains							400		400							400		400
water supply							18,180	22,220	40,400	9,470	11,580	21,050				27,650	33,800	61,450
solid waste							2,560	3,840	6,400	1,270	1,900	3,170				3,830	5,740	9,570
								800	800			410	410				1,210	1,210
Sub-Total Ward 5							21,140	26,860	48,000	10,740	13,890	24,630				31,880	40,750	72,630
C) Ward 6																		
provision for relocation roads/drains										14,000		14,000				14,000		14,000
water supply										8,920	10,890	19,810	30,920	37,780	68,700	39,840	48,670	88,510
solid waste										1,990	2,990	4,980	4,040	6,070	10,110	6,030	9,060	15,090
											800	800		410	410		1,210	1,210
Sub-Total Ward 6										24,910	14,680	39,590	34,960	44,260	79,220	59,870	58,940	118,810
PROFESSIONAL SERVICES	4,500	10,500	15,000	8,000	12,000	20,000	6,000	9,000	15,000	1,770	2,650	4,420	1,400	2,100	3,500	21,670	36,250	57,920
TOTAL BASE COST	4,500	10,500	15,000	88,360	106,410	194,770	72,420	107,030	179,450	37,420	30,830	68,250	36,360	46,750	83,110	239,060	301,520	540,580
Physical Contingencies	670	1,580	2,250	13,250	15,960	29,210	10,860	16,060	26,920	5,630	4,620	10,250	5,450	7,020	12,470	35,860	45,240	81,100
Price Contingencies	90	211	302	9,907	11,931	21,838	15,615	23,079	38,694	11,946	9,837	21,784	15,365	19,760	35,126	52,923	64,818	117,741
TOTAL COST	5,260	12,291	17,552	111,517	134,301	245,818	98,895	146,169	245,064	54,996	45,287	100,284	57,175	73,530	130,706	327,843	411,578	739,421

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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(OF '000)

	1984			1985			1986			1987			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
Saïines-Ouest															
Off-Site															
Roads							2,660	3,250	,910				2,660	3,250	5,910
Water Supply				1,060	1,970	3,030							1,060	1,970	3,030
Electricity										4,490	8,350	12,840	4,490	8,350	12,840
Sewerage				12,670	19,010	31,680							12,670	19,010	31,680
Sub-Total Off-Site				13,730	20,980	34,710	2,660	3,250	5,910	4,490	8,350	12,840	20,880	32,580	53,460
On-Site															
Site Preparation				14,820	22,230	37,050							14,820	22,230	37,050
Roads							3,400	4,160	7,560				3,400	4,160	7,560
Water Supply				4,300	7,990	12,290							4,300	7,990	12,290
Electricity										6,250	11,600	17,850	6,250	11,600	17,850
Sewerage				9,560	14,340	23,900							9,560	14,340	23,900
Drains							1,840	1,510	3,350				1,840	1,510	3,350
Waste Disposal										—	1,210	1,210	—	1,210	1,210
Sub-Total On-Site				28,680	44,560	73,240	5,240	5,670	10,910	6,250	12,810	19,060	40,170	63,040	103,210
House Construction				9,000	11,000	20,000	28,790	35,190	63,980	6,770	8,270	15,040	44,560	54,460	99,020
Professional Services	2,170	5,050	7,220	1,600	2,400	4,000	1,200	1,800	3,000	1,470	2,210	3,680	6,440	11,460	17,900
TOTAL BASE COST	2,170	5,050	7,220	53,010	78,940	131,950	37,890	45,910	83,800	18,980	31,640	50,620	112,050	161,540	273,590
Physical Contingencies	320	760	1,080	7,950	11,850	19,800	5,690	6,880	12,570	2,850	4,740	7,590	16,810	24,230	41,040
Price Contingencies	44	102	146	5,944	8,852	14,796	8,171	9,898	18,069	6,058	10,095	16,153	20,217	28,947	49,164
TOTAL COST	2,534	5,912	8,446	66,904	99,642	166,546	51,751	62,688	114,439	27,893	46,475	74,363	149,077	214,717	363,794

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DUBOITI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(DF '000)

INSTITUTIONAL SUPPORT

	1985			1986			1987			1988			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
I. Land Registry Office															
A. Investments															
- office equipment	1,300	5,100	6,400									1,300	5,100	6,400	
- survey equipment		3,500	3,500										3,500	3,500	
- vehicles, 4 h.p. (3)		3,900	3,900										3,900	3,900	
Sub-Total A	1,300	12,500	13,800									1,300	12,500	13,800	
B. Staff Training															
- training abroad (5 fellowships, 84 m/m)		18,000	18,000	3,600	3,600		3,600	3,600					25,200	25,200	
- local advanced training	200		200	200		200						400		400	
Sub-Total B	200	18,000	18,200	200	3,600	3,800		3,600	3,600			400	25,200	25,600	
C. Technical Assistance															
- Engineer/surveyor 48 m/m	2,000	20,800	22,800	2,000	20,800	22,800	2,000	20,800	22,800	2,000	20,800	22,800	8,000	83,200	91,200
- Technical/surveyor 36 m/m	2,000	16,900	18,900	2,000	16,900	18,900	2,000	16,900	18,900				6,000	50,700	56,700
- Lawyer public property 3 m/m	800	6,000	6,800										800	6,000	6,800
Sub-Total C	4,800	43,700	48,500	4,000	37,700	41,700	4,000	37,700	41,700	2,000	20,800	22,800	14,800	139,900	154,700
D. Operating Costs															
- Share of office costs	500	1,000	1,500	500	1,000	1,500	300	500	800				1,300	2,500	3,800
- Vehicle costs	300	1,000	1,300	300	1,000	1,300	300	1,000	1,300	100	500	600	1,000	3,500	4,500
- Additional personnel costs															
- Technicians (3)				6,500		6,500	6,500		6,500				13,000		13,000
- Drawer (1)	1,700		1,700	1,700		1,700	1,700		1,700				5,100		5,100
- Adm'n. Asst.	1,700		1,700	1,700		1,700	1,700		1,700				5,100		5,100
- Others (10)	10,300		10,300	10,300		10,300	4,100		4,100				24,700		24,700
Sub-Total D	14,500	2,000	16,500	21,000	2,000	23,000	14,600	1,500	16,100	100	500	600	50,200	6,000	56,200
TOTAL BASE COST	20,800	76,200	97,000	25,200	43,300	68,500	18,600	42,800	61,400	2,100	21,300	23,400	66,700	183,600	250,300
Physical Contingencies	3,600	1,200	4,800	2,600	900	3,500	2,200	800	3,000	800	400	1,200	9,200	3,300	12,500
Price Contingencies	2,379	7,547	9,926	5,213	8,288	13,500	5,772	12,099	17,871	1,066	7,975	9,041	14,430	35,909	50,339
TOTAL COST	26,779	84,947	111,726	33,013	52,488	85,500	26,572	55,699	82,271	3,966	29,675	33,641	90,330	222,809	313,139

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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(OF '000)

	1985			1986			1987			1988			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
II. District of Djibouti															
A. Investments															
- garage arrangement	28,500	42,000	70,500										28,500	42,000	70,500
- material and equipment		14,500	14,500											14,500	14,500
- multi-tipper vehicles (6)															
				66,000	66,000										
Sub-Total A	28,500	56,500	85,000	66,000	66,000								28,500	122,500	151,000
B. Staff Training															
- Training abroad:															
1 for six months															
- Local training:															
12 for 12-24 months	2,200		2,200	4,400		4,400	4,400		4,400	2,200		2,200	13,200		13,200
- Advanced Training															
14 for 2-5 months	100		100	100		100	100		100	100		100	400		400
Sub-Total B	2,300		2,300	4,500		4,500	4,500		4,500	2,300		2,300	13,600		15,700
TOTAL BASE COST	30,800	56,500	87,300	4,500	66,000	70,500	4,500		4,500	2,300	2,100	4,400	13,600	2,100	15,700
Physical Contingencies	3,100	5,700	8,800	400	6,600	7,000	400		400	200	200	400	4,100	12,500	16,600
Price Contingencies	3,305	6,065	9,370	919	13,613	14,531	1,360		1,360	919	845	1,764	6,503	20,523	27,026
TOTAL COST	37,205	68,265	105,470	5,819	86,213	92,031	6,260		6,260	3,419	3,145	6,564	22,703	157,623	210,326

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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(DF '000)

	1985			1986			1987			1988			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
III. Société Immobilière de Djibouti															
A. Investment															
- office equipment				200	800	1,000							200	800	1,000
B. Technical Assistance															
- specialist in organization 1 for 3 months				600	5,400	6,000							600	5,400	6,000
TOTAL BASE COST				800	6,200	7,000							800	6,200	7,000
Physical Contingencies				100	600	700							100	600	700
Price Contingencies				169	1,275	1,444							169	1,275	1,444
TOTAL COST				1,069	8,075	9,144							1,069	8,075	9,144
IV. Caisse de Développement de Djibouti															
A. Technical Assistance															
- specialist in organization 1 for 9 months				1,800	16,200	18,000							1,800	16,200	18,000
- works foreman, 1 for 24 months				2,000	16,900	18,900	2,000	16,900	18,900				4,000	33,800	37,800
B. Operating Cost															
- Share of office costs				10,000		10,000	10,000		10,000	5,000		5,000	25,000		25,000
TOTAL BASE COST				13,800	33,100	46,900	12,000	16,900	28,900	5,000		5,000	30,900	50,000	80,800
Physical Contingencies				700	1,700	2,400	600	800	1,400	200		200	1,500	2,500	4,000
Price Contingencies				2,719	6,525	9,244	3,497	4,912	8,408	1,911		1,911	8,127	11,437	19,564
TOTAL COST				17,219	41,325	58,544	16,097	22,612	38,708	7,111		7,111	40,427	63,937	104,364

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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(DF '000)

INSTITUTIONAL SUPPORT

	1985			1986			1987			1988			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL									
V. Project Management Unit															
A. Investments															
- office equipment	600	2,200	2,800												
- Vehicles 6 H.P. (2)		3,200	3,200									600	2,200	2,800	
Sub-Total A	600	5,400	6,000									600	5,400	6,000	
B. Technical Assistance															
- Management specialist															
1 for 48 months	2,000	20,800	22,800	2,000	20,800	22,800	2,000	20,800	22,800	2,000	20,800	22,800	8,000	83,200	91,200
- Water tariff study	1,000	9,000	10,000										1,000	9,000	10,000
- Specific assistance, 8 m/m	600	4,000	4,600	600	4,000	4,600	600	4,000	4,600	600	4,000	4,600	2,400	16,000	18,400
Sub-Total B	3,600	33,800	37,400	2,600	24,800	27,400	2,600	24,800	27,400	2,600	24,800	27,400	11,400	108,200	119,600
C. Operating Costs															
- office expenses	700	500	1,200	700	500	1,200	700	500	1,200	700	500	1,200	2,800	2,000	4,800
- vehicle expenses	200	800	1,000	200	800	1,000	200	800	1,000	200	800	1,000	800	3,200	4,000
- Personnel Costs:															
Project Director	3,400		3,400	3,400		3,400	3,400		3,400	3,400		3,400	13,600		13,600
Admin. Asst.	1,700		1,700	1,700		1,700	1,700		1,700	1,700		1,700	6,800		6,800
Accountant	1,500		1,500	1,500		1,500	1,500		1,500	1,500		1,500	6,000		6,000
Secretary	1,500		1,500	1,500		1,500	1,500		1,500	1,500		1,500	6,000		6,000
Support Staff (2)	1,000		1,000	1,000		1,000	1,000		1,000	1,000		1,000	4,000		4,000
Sub-Total C	10,000	1,300	11,300	10,000	1,300	11,300	10,000	1,300	11,300	10,000	1,300	11,300	40,000	5,200	45,200
TOTAL BASE COST	<u>14,200</u>	<u>40,500</u>	<u>54,700</u>	<u>12,600</u>	<u>26,100</u>	<u>38,700</u>	<u>12,600</u>	<u>26,100</u>	<u>38,700</u>	<u>12,600</u>	<u>26,100</u>	<u>38,700</u>	<u>52,000</u>	<u>118,800</u>	<u>170,800</u>
Physical Contingencies	800	1,900	2,700	600	1,300	1,900	600	1,300	1,900	600	1,300	1,900	2,600	5,800	8,400
Price Contingencies	1,463	4,134	5,597	2,475	5,138	7,613	3,663	7,604	11,267	4,851	10,070	14,921	12,452	26,946	39,398
TOTAL COST	<u>16,463</u>	<u>46,534</u>	<u>62,997</u>	<u>15,675</u>	<u>32,538</u>	<u>48,213</u>	<u>16,863</u>	<u>35,004</u>	<u>51,867</u>	<u>18,051</u>	<u>37,470</u>	<u>55,521</u>	<u>67,052</u>	<u>151,546</u>	<u>218,598</u>

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DJIBOUTIURBAN DEVELOPMENT PROJECTDisbursement Schedule
(US\$ million)

<u>Bank Fiscal Year</u> <u>Semester Ending</u>	<u>Disbursement</u>	<u>Cumulative</u> <u>Disbursements</u>	<u>% of</u> <u>Total</u>
<u>FY85</u>			
December 31, 1984	0.80	0.80	16
June 30, 1985	0.20	1.00	20
<u>FY86</u>			
December 31, 1985	0.30	1.30	26
June 30, 1986	0.35	1.65	33
<u>FY87</u>			
December 31, 1986	0.40	2.05	41
June 30, 1987	0.45	2.50	50
<u>FY88</u>			
December 31, 1987	0.45	2.95	59
June 30, 1988	0.45	3.40	68
<u>FY89</u>			
December 31, 1988	0.45	3.85	77
June 30, 1989	0.45	4.30	86
<u>FY90</u>			
December 31, 1989	0.35	4.65	93
June 30, 1990	0.30	4.95	99
<u>FY91</u>			
December 31, 1990	0.05	5.00	100

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DJIBOUTIURBAN DEVELOPMENT PROJECTEconomic Rates of Return, by Component and Total

	<u>Old Wards</u>	<u>Balbala</u>	<u>Salines Ovest</u>	<u>Total</u>
Base Cost	34	38	18	26
Cost + 10%	30	34	16	24
Benefits -10%	30	34	16	23
Costs + 10%)	26	30	14	21
Benefits -10%)				

Cost and Benefit Streams1. Costs, Old Wards, Balbala and Salines Ovest

- (a) Costs used are January 1984, net of taxes.
- (b) Annual operation and maintenance are 5% of investment costs for Old Wards and Balbala, 2% of investment cost for Salines Ovest.
- (c) Physical contingencies included in the costs amount to 15% of infrastructure costs.
- (d) The shadow foreign exchange rate is the market exchange rate.
- (e) Technical assistance to related implementing agencies (Land office, CDD, SID)

2. Benefits, Old Wards

- (a) Incremental rents* on similar housing in the Old Wards used to estimate incremental benefits.
- (b) 8485 households in Wards 1, 2, 4, and 7, DF 1,500 per month.
- (c) 4529 households in Wards 3, 5, and 6, DF 3,000 per month.
- (d) Assumed time path of benefits:
 - 1986 - Wards 1, 2, 4, and 7
 - 1987 - Wards 1, 2, 3, 4, 7
 - 1988 - Wards 1, 2, 3, 4, 5, and 7
 - 1989 onward - Wards 1, 2, 3, 4, 5, 6, and 7

*Sources of rents: Surveys by Consultants during Project Preparation updated to January 1984.

- (e) While the project will benefit all the town center, the project has been conservatively estimated to benefit only the population of the Old Wards.
- (f) Although the surveys on rents have yielded the best available estimates of rental values, the results may be subject to sampling problems and should therefore be interpreted with caution.

3. Benefits, Balbala

- (a) Benefits were measured in the same manner as for the Old Wards. Incremental rents on similar housing in Balbala used to estimate incremental benefits.
- (b) 4,900 households, DF 3,000 per month.
- (c) Assumed time path of benefits:
 - 1986: 33% of benefits
 - 1987: 67% of benefits
 - 1988 onward: 100% of benefits

4. Benefits, Salines Ouest

- (a) Benefits were measured in the same manner as for the Old Wards. Incremental rents on similar housing in Cités and Stade used to estimate incremental benefits 176 households, DF 30,000 per month.
- (b) Assumed time path of benefits to 176 households:
 - 1986: 25% of benefits
 - 1987: 50% of benefits
 - 1988: 75% of benefits
 - 1989: 80% of benefits
- (c) Incremental value of 71 ha. of additional land at Salines Ouest as a result of access to services (calculated on the basis of the difference between incremental investment in infrastructure and construction costs and incremental rental value).

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DJIBOUTI
URBAN DEVELOPMENT PROJECT
Cost and Benefit Streams
(DF'000)

	<u>Old Wards</u>	<u>Balbala</u>	<u>Salines Ouest</u>	<u>Total Costs</u>
Project Costs				
1984	17,552	8,305	42,046	67,903
1985	273,750	72,172	194,478	540,400
1986	271,089	252,374	140,464	663,927
1987	128,222	95,198	102,301	325,721
1988	147,095	33,697	392,982	573,774
1989	36,971	17,308	242,377	296,656
1990	36,971	17,308	361,637	415,916
1991	36,971	17,308	37,344	91,623
1992	36,971	17,308	27,053	81,332
1993	36,971	17,308	27,053	81,332
1994	36,971	17,308	27,053	81,332
1995	36,971	17,308	27,053	81,332
1996	36,971	17,308	27,053	81,332
1997	36,971	17,308	27,053	81,332
1998	36,971	17,308	27,053	81,332
1999	36,971	17,308	27,053	81,332
2000	36,971	17,308	27,053	81,332
2001	36,971	17,308	27,053	81,332
2002	36,971	17,308	27,053	81,332
2003	36,971	17,308	27,053	81,332

				<u>Total Benefits</u>
Project Benefits				
1984	--	--	--	--
1985	--	--	--	--
1986	187,026	58,800	21,196	267,022
1987	210,084	117,600	37,036	364,720
1988	231,792	176,400	52,876	461,068
1989	268,548	176,400	68,716	513,664
1990	268,548	176,400	179,995	624,943
1991	268,548	176,400	263,155	708,103
1992	268,548	176,400	346,315	791,263
1993	268,548	176,400	429,475	874,423
1994	268,548	176,400	429,475	874,423
1995	268,548	176,400	429,475	874,423
1996	268,548	176,400	429,475	874,423
1997	268,548	176,400	429,475	874,423
1998	268,548	176,400	429,475	874,423
1999	268,548	176,400	429,475	874,423
2000	268,548	176,400	429,475	874,423
2001	268,548	176,400	429,475	874,423
2002	268,548	176,400	429,475	874,423
2003	268,548	176,400	429,475	874,423

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

Distribution of Household Income:
Old Wards, Balbala, and Existing Housing Estates

(DF per month)

<u>Percentile</u>	<u>Old Wards</u>	<u>Balbala</u>	<u>Existing Housing ^{1/} Estates</u>
1	7,000	1,000	15,000
10	25,000	2,500	50,000
20	37,000	8,000	69,000
30	47,500	11,500	84,000
40	58,500	14,500	103,000
50	70,000	19,000	123,000
60	85,000	24,000	145,000
70	100,000	31,000	170,000
80	126,000	43,000	205,000
90	170,000	60,000	270,000
100	400,000	150,000	550,000

^{1/} Incomes of households at Einguela, Stade and Progrès Housing Estates used as representative of incomes of Salines Ouest beneficiaries.

Source: Surveys by consultants during Project Preparation updated to January 1984.

Salines Ouest

Affordability

Taking into account the following costs and conditions:

Repayment period 12 years
Interest rate 8%
Down payment 20%
Percentage income allocated by households:
30% for a plot with construction (2 rooms)
25% for a plot with construction (1 room)
15% for plot only

	Plot Sizes					
	A (72m ²)	B (96m ²)		C (120m ²)		D (160m ²)
	A ₁	B ₁	B ₂	-	C ₂	-
<u>Construction</u>						
Land cost	129,100	172,200	172,160	215,200	215,200	286,940
Infrastructure	518,400	724,800	724,800	951,000	951,000	1,394,400
House construction	1,048,300	1,174,100	1,805,200	-	1,953,200	-
Land and Construction Cost	<u>1,695,800</u>	<u>2,071,100</u>	<u>2,702,160</u>	<u>1,166,200</u>	<u>3,119,400</u>	<u>1,681,340</u>
<u>Loan placement and Management fee (10%)</u>	169,580	207,110	270,216	116,620	311,940	168,140
Sales price	<u>1,865,380</u>	<u>2,278,210</u>	<u>2,972,380</u>	<u>1,282,820</u>	<u>3,431,340</u>	<u>1,849,480</u>
<u>Monthly payment</u>	16,047	19,598	25,569	11,035	29,517	15,910
Monthly income at which affordable (in DF)	<u>64,188</u>	<u>78,392</u>	<u>85,230</u>	<u>73,567</u>	<u>98,390</u>	<u>106,067</u>
Percentile at which affordable	18%	25%	30%	25%	35%	41%

Nota: Calculation based on costs and income, January 1984

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

DRAFT

Provision for Simplified Land Acquisition and Building Permits in
the Old Wards and Balbala

City of Djibouti

TITLE I - GENERAL

Article I. 1 -- Purposes of the Specifications

1. The purpose of these specifications is to set forth the regulations to govern private construction in Old Wards Nos. 1 to 7 and Balbala under the Djibouti Urban Development Project (DUDP).
2. They further stipulate the procedures by which plots can be acquired by private parties.

Article I. 2 -- Delimitation of Old Wards (1 to 7).

3. The Old Wards are bounded:
 - to the north by Avenue de Brazzaville;
 - to the east by Boulevard de Gaulle;
 - to the south by the "type E" road;
 - to the west by Boulevard Cheick Osman which runs into the Arta Road.

Together, they cover 97 ha., including roads, major infrastructure and open areas.

Article I. 3 -- Delimitation of Balbala

4. The Balbala agglomeration is bounded:
 - to the north/northeast by Doralé Road;
 - to the east and south by Arta Road;
 - to the west by a straight line running from the South Module water cisterns to the Doralé Road at Gaan-Maan (Centre National Module).

The area covers a total of 300 ha.

Article I. 4 -- Master Drawings

5. The master drawings attached to these specifications show:
 - the layout of roads and rights-of-way;
 - plot configuration and the drainage networks;
 - the final purpose of the various areas—housing or infrastructure;
 - green and recreation areas;
 - the "Pilot Operation" section for the construction of housing built of local materials.

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Article I. 5 -- Standard Housing and Construction Drawings

6. Construction in these areas must conform to accepted building practices and standards in the Republic of Djibouti.

7. Those receiving DUDP plots within the project area may apply for building permits; the simplified procedure for such permits is explained in the attachments to these specifications. The following requirements must, however, be rigorously observed:

- (a) Construction style with surrounding walls and an interior courtyard;
- (b) The requirement that construction not cover more than 70% of total plot areas.

8. Those receiving plots outside the project areas shall follow the existing procedure for obtaining building permits as set forth in Order No. 73-1580/SG/CG of October 30, 1973.

TITLE II - ROADS AND COMMON AREAS

Article II. 1 -- Common Areas

9. The Government will be responsible for putting in roads and developing common areas (recreation, parking, landscaped and similar).

Article II. 2 -- Ownership and Obligations

10. Infrastructure in the Old Wards and Balbala will be the property of the Government. Its construction and maintenance will remain the responsibility of the Government.

11. Plot owners shall be entitled to use these facilities provided they do not damage or dirty them.

TITLE III - PROCEDURES FOR ACQUIRING OWNERSHIP AND CONSTRUCTION

Article III. 1 -- Approval of Plans

12. With a view to speeding up ownership by the inhabitants of the areas in question, the procedure of amicable transfer of title has been selected because of its simplicity. This is effected after the following entities have approved all documents (drawings, specifications and regulations of the areas or districts involved):

- Urban Development Consultative Committee
- DUDP Monitoring Committee as regards its jurisdiction
- Land Tenure Commission
- Council of Ministers
- National Assembly

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- lastly, promulgation of the Law by the President of the Republic.

Article III. 2 -- Procedures for Obtaining Ownership

13. In addition to the exemption from the Law under the Project, the transfer of state-owned land is subject to Ruling No. 487, 6L of May 24, 1968, amended by Ruling No. 39/8 L of May 27, 1974.

Article III. 2a -- Case of Occupied Plots: Balbala and Old Wards

14. Candidates for plots must submit to the Public Property Service undisputed proof of ownership of existing buildings certified by the District.

Article III. 2b -- Case of New Plots: Balbala

15. Candidates for vacant plots must:
- be Djibouti nationals,
 - have monthly incomes below DF100,000
 - not own any other dwelling.

Article III. 2c

16. In all cases, following approval by the Land Tenure Commission, candidates shall acquire from the Public Property Service the pertinent information on spot height (côte altimétrique) and boundary lines. Candidates shall pay all fees relating to the Public Property Service and obtain registration of their plots. The sale becomes effective on the date of payment.

17. The Public Property Service shall mark off the plot after having communicated the slope and height on infill (côte du remblai) and then provide monitoring.

Article III -- Sale Price of land/m²

Sale of Land Old Wards and Balbala

<u>Ward</u>	<u>Site</u>	<u>Price of Land Per m²</u>	<u>Recovery of Infra- structure Costs Per m²</u>	<u>Total Sale Price of Land Per M²</u>
1	Place Harbi and surroundings	DF 2,500	DF 400	DF 2,900
	Old Slaughterhouse	2,500	400	2,900
	Avenue Cheick Houmed	1,500	400	1,900
	Remainder of the Ward	1,200	400	1,600
2	Boulevard De Gaulle	2,500	400	2,900
	Avenue Cheick Houmed	1,500	400	1,900
	Remainder of the Ward	1,200	400	1,600
3	Boulevard De Gaulle	2,500	1,700	4,200
	Avenue Cheick Houmed	1,500	1,700	3,200
	Avenue 26	1,500	1,700	3,200
	Remainder of the Ward	1,000	1,700	2,700
4	Avenue Cheick Houmed	1,500	400	1,900
	Rue des Issas	1,500	400	1,900
	Avenue 26	1,500	400	1,900
	Arta Route	1,500	400	1,900
	Remainder of the Ward	1,000	400	1,400
5	Boulevard De Gaulle	2,500	1,700	4,200
	Avenue 26	1,500	1,700	3,200
	Avenue Nasser	1,500	1,700	3,200
	Remainder of the Ward	1,000	1,700	2,700
6	Rue des Issas	1,500	1,700	3,200
	Avenue Nasser	1,500	1,700	3,200
	Remainder of the Ward	1,000	1,700	2,700
7	Avenue Nasser	1,500	400	1,900
	Boulevard Guelleh Batal	1,500	400	1,900
	Remainder of the Ward	1,000	400	1,400
7 bis		1,000	400	1,400
Ambouli	Circular route	1,500	400	1,900
	Remainder of the Ward	1,000	400	1,400
Balbala	Arta Route	1,000	500	1,500
	Doraleh route, including the crest line of the plateau	1,000	500	1,500
	Remainder of the Ward	300	500	800

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Article III. 3a -- DUDP Cost Recovery

18. DUDP intends to recover its costs primarily through the sale of the plots.

19. Owners of wooden houses shall have a period of three years to purchase the plots. Failing submission of the documents within one year after the promulgation of these specifications, all owners of existing buildings shall pay an annual property fee set at the flat rate of ten times the price per m² of land.

20. If the land is not paid for in the three years following the promulgation of these specifications, owners of existing buildings shall lose all rights regarding both transfer and construction, and shall not be entitled to any compensation whatsoever from the Government. However the owner of the existing structure may recover, at his own cost, any portion of this structure on the property after notification to the existing tenant of at least three months, provided this is done within the same three-year period allowed to owner to purchase the property.

21. In the latter case, any renters occupying the plot shall have the right of pre-emption to acquire such plots for their benefit, which must be done within one year.

Article III. 3b -- Transfer

22. No title deed obtained in accordance with the procedure set forth above may be transferred or assigned by way of gift unless a building has been constructed.

23. All of the property transactions cited above shall be subject to ordinance No. 79-002/PR of January 11, 1979.

**MINISTRY OF PUBLIC WORKS
URBAN DEVELOPMENT AND HOUSING**

REPUBLIC OF DJIBOUTI

ORDER NO. 83-1202/PR/TP

**Governing Construction and the Upgrading
of Wooden Dwellings into Houses Built of
Permanent Materials**

HAVING REGARD TO constitutional laws Nos. 77-001 and 77-002 of June 27, 1977;

HAVING REGARD TO Ordinance No. 79-002 of June 30, 1977;

HAVING REGARD TO Decree No. 82-041/PR of June 5, 1982 appointing the members of the Government;

HAVING REGARD TO the Decree of July 29, 1924 fixing and organizing private property in the Territory and the implementing order of December 8, 1926;

HAVING REGARD TO Order No. 1299 of December 23, 1940, as amended by Order No. 275 of March 4, 1949 subjecting all private and public works to prior authorization;

HAVING REGARD TO Order No. 77 of August 11, 1951 regarding building permits;

HAVING REGARD TO Order No. 631 of June 12, 1952 declaring the urban development plan for the city of Djibouti and the operations entailed thereby to be in the public interest.

HAVING REGARD TO Order No. 73-1580 SG/CG October 21, 1973 establishing the procedure for the examination of documents and issuance of building permits;

HAVING REGARD TO the opinion of the Monitoring Committee for the Djibouti Urban Development Project of July 3, 1983;

FOLLOWING presentation by the Ministry of Public Works, Urban Planning and Housing

The Council of Ministers having been heard at its meeting on July 16, 1983,

THE PRESIDENT OF THE REPUBLIC NOW HEREBY ORDERS AS FOLLOWS:

Article I: A special building permit procedure is hereby established for the construction and upgrading of wooden homes existing on the date on

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which this order is promulgated for Districts 1, 2, 3, 4, 5, 6 and 7 and Balbala,

Article II: The building permit shall cover construction of or upgrading to permanent materials, limited to a one-floor structure only.

Article III: The building permit shall be issued by the Commissioner of the Republic, Chief of the District of Djibouti, after an opinion is issued by the Head of the Public Property Service and the Ministry of Public Works, Urban Planning and Housing.

Article IV: Applications for building permits shall be submitted in duplicate, filed with the Urban Development and Housing Department (Direction de l'Urbanisme et logement (DUL)) and include a printed form indicating:

- the name and address of the applicant (owner or agent),
- the location of the land and its surface area,
- the nature and purpose of the proposed building.

The application must also include:

- A deed certifying the amicable transfer of the land,
- A sketch showing the location and name of roads serving the lot;
- A sketch showing the layout of the premises;
- A description and rough cost estimate for the works.

Article V: After the application is received, the authorities shall verify the documents and within one month issue or refuse the building permit; beyond that period and if the application is not expressly rejected, the permit is deemed to have been granted.

Article VI: Verification of the elevation of the finished surface of the building land shall be the responsibility of the Public Property service; MPWUH shall be responsible for monitoring the civil works.

Article VII: Violations of this Order shall be punished by a fine of DF36,000 to 300,000.

Moreover, the Commissioner of the Republic, Chief of the District of Djibouti, shall order the automatic demolition of buildings constructed without permits or those violating the approved boundary drawing, in which case the occupants and owners shall not be entitled to any compensation whatsoever.

The land tenure status and all unauthorized permanent structures shown on the approved boundary drawing shall be regularized within six months following the publication of this order.

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Article VIII: The following categories of agents are specially empowered to report violations to this Order:

1. The Commissioner of the Republic, deputies, arrondissement chiefs, Head of the District's Technical Services Division and his sworn agents;
2. Members of the criminal investigation police force (Police judiciaire);
3. Other sworn policemen;
4. Commissioners, inspectors and investigators of the National Policy;
5. National Security force assigned to the urban corps;
6. MPWUH and its sworn agents;
7. Chief of the Public Property Service and his sworn agents;
8. Chief of the Office of Sanitation and his sworn agents;
9. Chief of the INPC and his sworn agents.

Article IX: This Order shall be registered, published and enforced wherever necessary.

Done in Djibouti, October 15, 1983

HASSAN GOULED APTIDON
President

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

Water Rates Study

Terms of Reference

1. The main objective of this water rates study is to lay the groundwork for the introduction of new potable water rates, the structure and level of which are to reflect the real cost of service, while also taking into account the financial capacity of the various income groups. The new rates should also encourage long-term conservation of water.
2. The first phase of the study shall review in detail the current rate structure and its changes over the last ten years as compared with changes in the cost of living. It shall cover the cost per m³ of water as well as the charges for lease of meters, maintenance of connections and meters, cost of private connections and similar services.
3. The Consultant, while giving the book value of total fixed assets, shall revalue them as of the date of the study, mentioning all investments to be made over the next ten years.
4. The Consultant shall project water consumption by user category and monthly volume: less than 10 m³, from 10 to 20 m³, from 20 to 50 m³ and more than 50 m³.
5. Operating costs shall be projected year by year, based on expected consumption and planned investments. The share of unbilled water should steadily decrease from its current level to 20% by the end of the 10-year period.
6. The long-term marginal cost per m³ of water is to be computed on the cost of planned expansions and projected operating costs. A 10% discount rate shall be applied to water costs and volumes.
7. Using existing studies, the Consultant shall draw up a table of income groups.
8. The Consultant shall then propose a rate policy designed to accomplish the following objectives:
 - (a) the lowest income groups should have access to potable water at a cost not exceeding 2% of the household budget;
 - (b) as many households as possible should be able to have private connections, to be achieved by reducing the charge for installation to the actual cost and spreading payment over four years at low interest;

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- (c) projected operating costs, debt service and capital investment should be fully covered.
9. Recommendations shall be made on the rate structure and the levels to apply by consumption category.
10. Alternatives are to be proposed under which revenue would cover only 20%, 40%, 60% and 80% of capital cost respectively.
11. Each alternative should be examined for accessibility and for its foreseeable impact on overall consumption.
12. An indexing formula should be proposed whereby rates can be adjusted each year to reflect price changes.
13. For each alternative, the rate of return on the revalued fixed assets is to be calculated by dividing net operating revenue, including provision for depreciation of fixed assets but before payment of debt-service obligations, by the average of revalued net fixed assets for the preceding and current years.
14. The time allowed for the study is six months, split into two phases. An interim report is to be submitted after three months. Following its approval, the final report can be prepared. Both reports are to be sent in duplicate to the World Bank.
15. The Water Authority (Service des Eaux) will provide the following to assist the Consultant:
- (a) a full-time engineer to work in conjunction with him on the studies and eventually take on the responsibility for regular updating of the study data;
 - (b) a furnished office and secretarial support;
 - (c) a vehicle;
 - (d) access to all available data, existing reports, statistics and annual accounts.

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DJIBOUTI

URBAN DEVELOPMENT PROJECT

<u>Documents in Project File</u>	<u>Document Number</u>
African Development Fund: Terms of Reference for Pre-investment and Implementation, Water Supply Project in Five Urban Centers of Djibouti, October 1979.	109.272 A
Bureau International du Travail: Le Secteur Non-Structuré à Djibouti, 1982.	109.272 B
Dembitzer, B., Financial Analysis Urban Development Project, 1983.	109.272 C
Konye, Arpad, International Labor Office, Report on Mission to Paris and Avignon regarding the Production of Earth Bricks, June 1982.	109.272 D
Konye, Arpad, Report on Pre-Appraisal Mission, May 1983.	109.272 E
Nahmias, I., L'Organisation du Projet et le Renforcement des Institutions, December 1983.	109.272 F
SEDES/Groupe Huit: Report on First Phase Feasibility Study, June 1982 (French).	109.272 G
SEDES/Groupe Huit: Draft Final Report, Feasibility Study, January 1983 (French).	109.272 H
SEDES/Groupe Huit: Final Report, Feasibility Study, 1983 (French).	109.272 I
SEDES/Groupe Huit: Executive Summary, Final Report Feasibility Study, 1983 (English).	109.272 J
SEDES/Groupe Huit: Technical Plans, Feasibility Study, 1983.	109.272 K
SEDES/Groupe Huit: Proposal for Feasibility Study, September 1981.	109.272 L
SEDES, Esquisse de Schéma Directeur de la Ville de Djibouti, July 1980.	109.272 M
SEDES, Esquisse de Schéma Directeur de la Ville de Djibouti, Complément, February 1981.	109.272 N
SEDES, La Solvabilité des Ménages djiboutiens ou du droit de s'établir en ville, November 1981.	109.272 O

USAID, Appraisal of Housing Component Société Immobilière de Djibouti Djibouti urban Development Project, by Claude Bovet and Daniel Chilson, January 1984.

109.272 P

World Health Organization: Sectoral Study, Water and Sanitation, December 1981.

109.272 Q

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Annex F: SOCIAL SOUNDNESS ANALYSIS

Summary :

The IBRD financed a series of feasibility studies for the Project which included social soundness analysis. These studies are available, in French, from the Bank. The IBRD has judged the Project to be sound from a socio-cultural viewpoint. The impact of the project is expected to be positive. A brief summary of findings of the IBRD studies follows. For more information, please refer to the IBRD Staff Appraisal Report and to French language documents listed in Annex 12 of that report.

1. Background : History of Djiboutian Urbanism

Nearly 60% of the population of the Republic of Djibouti lives in Djibouti city, where all national services are concentrated, 95% of vehicles are located, 90% of services are produced, even two-thirds of "permanent farmers" reside. Djibouti is very much a city-state. It has been so since the beginning of the colonial era. France became involved in Djibouti port in the late 19th century, but did not really occupy the interior of the country until 1925. It was not until the 1950's that the border with Ethiopia was accurately mapped.

Djibouti was a strategic outpost for France. French law was imposed, French citizenship was a prerequisite to active participation in the state (including land ownership, public education, government employment, etc.). However, only certain groups were allowed access to citizenship. The majority was not enfranchised until independence in 1977.

During the colonial era, the State owned all land (except for Tadjourah, a village established before the colonial era). Land was only sold to those citizens deemed capable of improving it in acceptable ways. The three plateaus, which stand above the flood level, were divided into over 1,000 plots. Another 1,000 plots were sold on reclaimed land. Financial difficulties prevented reclamation of additional areas. Other housing, about 20,000 units, was allowed on unimproved land, but legal tenure was not granted.

A 1925 law, passed as a temporary measure, but never repealed, gave residents of the Old Wards only temporary residence rights, and the authority to build only units that could be easily dismantled. The French Government wished to make this central area available to trade, moving the village away. It was never able to do so, but the law remained in effect.

This policy had very negative results. First, housing conditions of the average Djiboutian city-dweller remained poor, as the inability to construct permanent dwellings legally discouraged investment by residents. Secondly, a clandestine rental market developed, as original residents attempted to make a profit on their land (subletting was specifically banned by law). The housing construction industry developed in a very skewed manner. Construction companies servicing the very rich and the Government existed, but no normal domestic construction industry developed. Construction skills remained at the artisanal level for the most part. The insecurity of tenure also inhibited the development of city services. The poor sanitation, water and electricity services in much of the city were the result both of financial problems, and of the hesitation of administrators to develop permanent systems in areas which were, in principle, scheduled for redevelopment.

During the 1960's the French decided to relieve the overcrowding in the Old Wards by building new apartment communities in another part of town. Unfortunately the cites became middle class enclaves. The middle class residents of the Old Wards were replaced by the very poor, new immigrants from the interior, exacerbating conditions in the old town.

Military concerns, especially the need to protect the port, often outweighed social welfare and administrative logic during the colonial era. Fearing the infiltration of spies for Italy before and during World War II, the town was heavily patrolled, identity cards demanded of residents. Those without French identity cards were forced out of the city, to settle in the squatter area of Balbala, or to cross the border into Somalia. The French razed Balbala periodically, in an attempt to eliminate this unsightly settlement, but to no avail. Balbala became a sprawling shanty area, with houses constructed of wood panels, packing crates, whatever materials were cheap, abundant, and easily dismantled (eventually construction of compound walls, kitchens and bathrooms in permanent materials was allowed, encouraging clandestine construction of permanent living quarters as well).

If housing conditions of the very poor were wretched, housing construction posed a problem even for those with land ownership and construction rights. French laws on housing standards are very strict, making the cost of construction high for even the simplest legal dwelling, and the amount of bureaucratic red tape discouraging to all but the influential or the very patient.

The result, at independence in 1977, was a city with a downtown area (Plateau) developed by the French, and wealthy Djiboutians with French citizenship, which met all the standards of French construction codes and demands for amenities of the rich and expatriates, surrounded by rundown old neighborhoods, ringed by squatter areas.

Independence brought political enfranchisement to all Djiboutians, but did not immediately improve the land tenure situation. Establishment by the Djiboutian Government of the right to permanent tenure for residents of the Old Wards and the squatter areas is a major precondition of the Housing and Urban Development Project.

2. The Project

Project components, and targetted beneficiaries, are described as follows:

a) Rehabilitation of the Old Wards

Beneficiaries: 65,000 residents, average income 70,000 DF/month (\$400). Primary beneficiaries will be 4,529 families in Wards 3, 5 and 6, where activities will be focused.

Purpose: Increase well-being of residents, by improving sanitary conditions. The project aims specifically at lessening flood damage, reducing water stagnation, hence reducing water-borne disease incidence. Additionally, access to some lots will be improved. Permanent construction will be encouraged through access to tenure.

Activities: Construction of drainage system. Dike construction. Improvement of potable water system. Installation of fire hydrants. Garbage collection.

b) Infrastructure Improvement in Balbala

Beneficiaries: 28,000 residents, median income 19,000 DF/month (\$110).

Purpose: Improvement of living conditions through establishment of essential city services and infrastructure. The benefits of the component will be augmented through the access to tenure element of the program.

Activities: Street improvement. Installation of street lights on major arteries. Garbage collection. Construction of a small marketplace. Installation of water supply system will be financed by another project.

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c) Salines Ouest Housing Program

Beneficiaries: Low and moderate income residents of Salines Ouest. 176 families will be eligible to buy parcels/units in first phase.

Purpose: Provision of new housing through land reclamation, basic infrastructure development. 176 serviced plots will be developed for sale, on 106 of which core housing units will be built. The component will be strengthened by the housing credit element of the project. The component is a joint venture with SID (Societe Immobiliere de Djibouti).

Activities: Drainage/landfill of site. Road construction/improvement. Potable water system installation. Storm drain/waste water pumping. Street lighting. Garbage collection. Development of 176 parcels (72-160 m²), 106 with core housing (4 models, minimum 1 room, sanitary block and kitchen area).

d) Institutional Support

Beneficiaries: Direct - Lands Registry Office, District of Djibouti, Societe Immobiliere de Djibouti (SID), Caisse de Developpement de Djibouti (CDD). Indirect - Djibouti city residents.

Purpose: To strengthen urban services provided by GROD and parastatal agencies.

Activities: Training, technical assistance, equipment/materials, operating expense funding for three years.

e) Housing Credit

Beneficiaries: Residents of target areas qualifying for new housing or home improvement loans. 750 loans will be funded through the project.

Purpose: To expand housing credit opportunities in target neighborhoods.

Activities: Provision of funds to CDD for housing credit for target groups.

3. Social Impact

The Project is aimed at the poorer residents of Djibouti city. Not all income groups will benefit from all elements of the project, however, provision has been made to improve living conditions of the very poor as a first priority.

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Residents of Balbala squatter settlement, the poorest residents of the urban area by and large, will benefit from infrastructure improvements in their neighborhood. The installation of public water fountains, street lights, and improvements to local roads will be of direct benefit to the majority of Balbala residents.

Residents of the Old Wards will benefit from improved sanitation systems and public services in their district. The construction of dikes and drainage systems will dramatically improve living conditions in the Old Wards, which are built below sea level and subject to seasonal flooding and waste water stagnation.

Some 175 families in Salines Ouest district will be able to buy housing parcels/units through a sites and services program with SID. Through the efforts of a separate project, Energy Initiatives, these families may have the opportunity to benefit from energy saving construction techniques and materials developed by ISERST/VITA in Djibouti.

Approximately 750 families will benefit from new home and home improvement loans available through the CDD at reasonable interest rates.

Those residents of the Old Wards and Balbala who now have temporary title to the housing parcel they inhabit will benefit from the proposed new GROD regulations which will make it possible for them to secure permanent title to their home. New plots in Balbala will be available for sale to low income Djiboutian nationals who do not own a dwelling. Details are available in the IBRD Staff Appraisal Report, Annex 10.

New housing construction codes, allowing conversion of existing shanties into "permanent" single story dwellings, will enable home owners to improve housing units legally in a manner which is affordable to the majority of residents.

With the exclusion of small, pilot programs, this is the first housing and urban development program in Djibouti which will benefit more than the middle class. The project, as conceived, accords fully with the GROD Loi de Programme objective of "struggle against poverty in the urban milieu". The project is considered socially feasible and is expected to have a positive impact on living conditions of the average Djiboutian urbanite.

* Source: Projet de Developpement Urbain. Banque Mondiale, Groupe Huit. Sedes, 1983.

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INITIAL ENVIRONMENTAL EXAMINATION

DJIBOUTI HOUSING AND URBAN DEVELOPMENT PROJECT 603-0020

1. HISTORY

The Republic of Djibouti gained independence in June, 1977 after 115 years of French colonial control. Djibouti is a small country of 22000 km² with over half its population, estimated at about 330,000 people in 1982, living in Djibouti City, the capital. The hinterland of the port is similar to the adjoining desert areas of Ethiopia and Somalia - inhospitable, arid, hot and sparsely inhabited by a poor pastoral population.

The IBRD/USAID(HUD) project aims at improving housing, water supply, waste disposal and public health systems through the improvement of the infrastructure in the Old Districts and Refugee housing areas in the City of Djibouti and new infrastructure distribution in Salines West. The Old District 3,5,6 (Anciens Quarters) and the Refugee housing areas (Balbala) comprise some 80 percent of the Djibouti city population. (District 3 was settled prior to 1914; districts 5 and 6 prior to 1940).

The HUD project consists of five components: infrastructure and sanitation improvements in the Old Wards, upgrading of the Balbala squatter settlement, sites and services development in Salines West district, institution support and housing credit.

The HUD project is cofinanced by IBRD and AID. It will be implemented by GROD and monitored by IBRD. AID is not financing a discrete portion of the project but is participating in the whole project. AID evaluation will be at mid term and post term.

2. EXISTING PHYSICAL CONDITIONS

A. Housing

1. Old Districts

The majority of housing is semi permanent type built of stabilized earth blocks or permanent blocks plastered. Roofs are mainly tin. Others are plywood, or corrugated metal/plywood around a timber frame. Houses are in flat terrain subject to flooding.

2. Balbala

The majority of existing housing is temporary shelter type of plywood, cardboard, corrugated and/or sheet metal built in haphazard manner and improved continuously. These houses are generally grouped in blocks of between 10 and 20 houses. A number of blocks separated by improved roads

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comprise a district. Ventilation is generally not good within the compound and dust from the roads tend to accumulate rapidly in and around the houses. Almost all of the houses are built with little attention to climatic and functional conditions. Ceiling fans are used for ventilation and heat relief. Cooking is by kerosene stoves.

3. Salines West

This is located west of the harbour and will be used for sites and services. It is similar to the Old Quarters in topography and existing infrastructure.

B. Road Access and Drainage

1. Old Quarters

This area is completely flat without any natural or artificial slope and is criss crossed by narrow dirt roads without drainage. Some land is below the sea high water level and some is subject to flooding from the Ambouli River.

2. Balbala

This area is fairly hilly and encompasses a network of small water courses (oueds). Roads are dirt construction.

C. WATER SUPPLY

Old Quarters

Plots in the area are fairly well served with City potable water either through standpipes or by individual house connections. The water supply system and water supply points are generally unreliable.

2. Balbala

The Balbala area is almost completely without piped potable water.

D. Sewerage

1. Old Quarters

Sewage disposal is by common septic tank which are subject to overflow and flooding.

2. Balbala

Sewage disposal is by individual elevated pit latrines.

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E. SOLID WASTE

1. Old Quarters

Waste disposal is collected but the number of containers is inadequate.

2. Balbala

Refuse collection is practically non-existent and waste is disposed of on site, unhygienically.

F. Electricity

1. Old Quarters

Street lighting and electrical house connections exist.

2. Balbala

Power supply and street lighting do not exist on site.

G. General Health Conditions

There is generally little indigenous malaria or schistosomiasis, but due to existing physical conditions, health problems are diarrhoea, malnutrition, tuberculosis, respiratory infections, ear and eye infections, hepatitis.

3. URBAN DEVELOPMENT PLANNING AND DESIGN

A. Housing

New housing will be placed on small plots with initial construction of core housing (sanitary block, kitchen, 1 room) and final completion by owners. Building materials will promote the use of local material, basaltic stone, clay and lime in the form of stabilized earth blocks, fired clay and pressed clay bricks. Polystyrene insulation panels are also made locally. Housing will be one storey high for simplified construction and to reduce earthquake risks. Layout should permit natural ventilation by eastern winds but be protected from the summer sand carrying western winds. Room heights should allow for fan installation. Roofs should be of light weight material not storing heat and with ventilated space between the roof and ceiling. Allowance should be made for outdoor laundering, outdoor food preparation and indoor cooking on kerosene burners. Existing house improvements will utilize upgraded materials and standards as are physically possible.

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B. Roads and Drainage

1. Old Quarters

A dike along the Ambouli River should be constructed so as to prevent river flooding. A study should be made of alternate drainage systems, comprising ditch/pipes, dikes, retention basin, tidal flap cover to prevent sea water entering while allowing drainage to exit at low tide, partial earth filling of site, elevated roads with ditches, elevated houses. Roads will be 7 meters wide laterite or gravel roads and on major through roads double bitumen surfaced. Only new housing would be at higher elevations.

2. Balbala

Proposed roads will be as above 7 meter wide laterite pavement or double surfaced major through roads, both with side ditches. Stream crossings will be multiple pipe, box culverts or small span bridges.

C. Water

1. Old Quarters

The existing system should be checked out for leaks, points of contamination and the system strengthened by additional lines and standpipes. Design should be based on 100 litres per person per day for house connections, 25 litres per person per day for standpipe systems. New housing would have individual connections.

2. Balbala

The African Development Bank will finance the water distribution system in Balbala with design based on house connections 100 litres per day and standpipes 15 litres per day. The criteria for standpipes is low but is acceptable due to the transition upto 100 litres per day for house connections.

D. Sewerage

1. Old Quarters

The existing septic tanks would be utilized or in minor cases rehabilitated. The new housing (Salines West) would have new waterborne sewerage and septic tank systems.

2. Balbala

Pit latrines would be improved or rehabilitated as necessary.

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E. Solid Waste

1. Old Quarters

It is proposed to increase the number of containers in the wards, which are emptied every 2 days and also reduce the walking distance to 150 meters.

2. Balbala

Refuse containers will be introduced to Balbala for collection every 2 days and walking distance set at maximum 150 meters.

F. Electricity

1. Old Quarters

Electrical supply is abundant and no change is proposed.

2. Balbala

The project proposes provision of public lighting along paved and unpaved roads only due to the existing lack of capacity in the Arta high tension line.

G. GENERAL HEALTH

A community health action program should be made in conjunction with infrastructure improvements in order to educate the residents on the importance of water storage and use, latrine maintenance, garbage disposal and personal health maintenance.

4. PROJECT POTENTIAL IMPACTS

A. General

The urban development at the Old Quarters and Balbala will have a positive impact on the environment due to all of the proposed improvements. The only negative effects will be from construction and will be of a temporary nature. Disease vectors will decrease substantially.

B. Housing

New housing will be improved through the layout and wind orientation, energy and locally made materials, functional design. Existing housing will be improved through rehabilitation.

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C. Roads and Drainage

In the Old Quarters diking will prevent river flooding and sea water infiltration which presently affects existing houses and septic tanks. The road and drainage system by being elevated together with the adjoining house will prevent the spread of disease in Salines West.

In Balbala, the road and drainage system will give free flow of traffic and surface water.

D. Sewerage

Sewerage will be improved in the Old Quarters due to flood prevention. In Balbala rehabilitation of pit latrines will be done as necessary.

E. Solid Waste

Containers for solid waste collection will reduce potential health hazards.

F. Electricity

Balbala street lighting will reduce security problems.

G. General Health

All of the above reduce health hazards. Health education will minimize potential health problems in relation to the infrastructure and user.

5. CONCLUSION

The conclusion is that the urban development project will have a positive impact on the environment.

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MEMORANDUM OF UNDERSTANDING

WHEREAS, the United States Agency for International Development ("AID") and the International Development Association ("IDA") (together the "Parties") both desire to provide funds to the Government of the Republic of Djibouti ("GROD") to assist it in carrying out the Djibouti Urban Development Project, which is more fully described in the Staff Appraisal Report, Djibouti Urban Development Project of the World Bank dated _____ (the "Project");

WHEREAS, AID and IDA recognize that IDA will bear the primary management and supervision responsibility for the Project in accordance with its standard procedures and as set forth in the Staff Appraisal Report; and

WHEREAS, AID is subject to certain United States laws and regulations and is responsible for prudent management of United States Government funds;

THEREFORE, the Parties agree as follows:

M/S

Separate Agreements

1. AID and IDA will each enter into a separate loan or grant agreement with GROD for the Project.

Procurement

2. All procurement under the Project will be conducted by GROD in accordance with standard IDA procedures, and IDA will review all procurements, and will issue, or decline to issue, letters of no objection to procurement actions, in accordance with such procedures. U.S. firms will be eligible for all procurements under the Project, in accordance with standard IDA procedures.
3. IDA acknowledges that GROD has agreed with AID that GROD will include the substance of the following clauses in all contracts under the Project which might be eligible for AID financing and will apply the procedures set forth in (b) below:
 - (a) "The contractor shall maintain books and records relating to the contract during the contract term and for three (3) years after final payment. These books and records shall be subject to inspection and audit by GROD (or its authorized agents) during this time".
 - (b) procurement solicitations will state that the procurement is open to all IDA member countries, Taiwan and

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Switzerland, and procurement procedures will be so applied.

(c) any procurement solicitation or contract which specifies the choice of Djibouti law will state that the contract will be "construed in accordance with" or "interpreted in accordance with" the laws of Djibouti, rather than that the "contractor will comply with" the laws of Djibouti.

(d) "The contractor will provide worker's compensation insurance for any U.S. citizen or permanent resident or for any person hired in the United States, providing benefits required by 42 US Code 1651." (This clause applies only to contracts for furnishing services.)

Restricted Costs

4. GROD has agreed with AID that AID will not finance the costs listed below, unless AID otherwise agrees in writing ("Restricted Costs"). However, to the extent that a voucher submitted by GROD for joint financing by IDA and AID covers such a cost, it may be attributed to IDA's disbursement where the cost is otherwise eligible for IDA financing.

a. AID will only disburse for goods and services from countries in AID Geographic Code 935, as listed in Attachment A.

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b. AID will not finance any identifiable taxes, tariffs, duties and other levies imposed under laws in effect in the territory of Djibouti, in connection with (1) any contractor, any personnel of such contractor financed by AID, and any property or transaction relating to such contracts, and (2) any commodity procurement transaction financed by AID.

c. AID will not finance (i) the production, processing or marketing of sugar, palm oil, cotton or citrus, in whole or in part, for export; (ii) the manufacture, importation, distribution or application of pesticides; (iii) luxury goods; (iv) gambling equipment; (v) police, other law enforcement or military activities, materials for explosives, (unrelated to construction), or surveillance equipment; (vi) abortion equipment and services; or (vii) weather modification equipment.

d. AID will not finance the cost of air transportation of persons or property.

e. AID will not finance any Housing Credit subloan in excess of \$5,000 for each subloan.

5. AID does not plan to fully review solicitations, contracts and vouchers, and plans to rely on IDA reviews and letters of no objection in making disbursements. However, IDA will not review for the clauses or Restricted Costs identified in paragraphs 3 and 4 above. AID anticipates that it may review

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solicitations and contracts for the inclusion of the clauses and procedures set forth in paragraph 3 hereof, and review solicitations, contracts and vouchers for Restricted Costs, as defined in paragraph 4 hereof.

Disbursement

6. IDA and AID will each establish an advance account with GROD. IDA and AID will each disburse directly to GROD, on a reimbursement basis, unless IDA and AID agree otherwise.

7. IDA and AID will proportionally disburse against line items as set forth in Attachment B, and where feasible against each contract. If a particular line item or contract is ineligible for AID financing, or if such proportional disbursement for line items or contracts is not feasible, the designated representatives will adjust the disbursements accordingly.

8. To enable AID to disburse, GROD will submit to AID and to IDA duplicate copies of (a) its request for disbursement, and (b) all the documents that IDA normally requires (except the "Application for Payment") for a disbursement of its own funds. (GROD will also submit to AID GROD's certification that the source, origin and nationality of the transaction is from Code 935 countries, and that the transaction complies with the other requirements of the AID grant agreement.) IDA will review these documents and inform AID, at its address set forth

below, that IDA has reviewed the documents and would have no objection to disbursing its own funds against them. It is understood that IDA's willingness to disburse its own funds includes the usual judgment of IDA that IDA's standard procurement procedures were complied with.

Supervision

9. IDA will bear the primary responsibility for supervising and monitoring the Project, and AID may participate in the monitoring and supervision. The Parties will consult from time to time concerning progress of the Project and in any event will consult upon written request of the other party. IDA will take AID views into account in making supervision decisions, and will use the same degree of care regarding transactions involving AID funds as it uses for transactions involving its own funds. AID and IDA will not make major changes in the Project's objectives or purpose, or in the allocation of funds among line items, without prior consultation with the other Party.

Information

10. IDA will furnish to AID reports, documents and other information developed during the course of supervision of the Project, including such documents and information as AID may reasonably request. Without limitation, this documentation and

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information shall include:

- a copy of the reports of each of IDA's supervision missions;
- a copy of each annual independent audit of GROD's Project Management Unit;
- a copy of any final evaluation of the Project;
- if IDA has knowledge of any matter which it believes might adversely affect achievement of Project purposes it will promptly notify AID in writing of the matter.

11. IDA will maintain and examine books and records relating to the Project in accordance with its usual financial regulations and procedures. Should a published report by IDA's external auditors comment on the Project, the report and IDA's published comments thereon shall be provided to AID.

Miscellaneous

12. AID will not be identified as a potential financing agency for this Project in any procurement solicitation, or advertisement therefor, unless AID specifically agrees in writing to be so identified. However, AID may be identified in general notices published in the Development Forum.

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13. Each Party may suspend disbursement, cancel undisbursed amounts, accelerate, or terminate its loan or grant agreement with GROD in accordance with the procedures set forth in that agreement, provided that it notifies the other Party in writing prior to notifying GROD of the termination, suspension, acceleration, or cancellation.

14. The designated representative and address for notices of each of the Parties are as follows:

IDA: Designated Representative: Mr. Jozsef Buky, Chief
Eastern African Projects
Department
Water and Urban Division
International Development
Association

Address: 1818 H Street, NW,
Washington, D.C. 20433

AID: Designated Representative: Director, Office of Project
Development, Bureau for Africa

Address: Agency for International Development
Washington, D.C. 20523

or such other representative or address as each such representative may designate in writing.

International Development Association

By: _____

Title: _____

Date: _____

United States Agency for International Development

By: _____

Title: _____

Date: _____

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Annex I - Conditions Precedent and Covenants

A. Conditions Precedent

1. Conditions Precedent to First Disbursement

Prior to the first disbursement under the Grant, or to the issuance by AID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID.:

a. A statement of the name of the person holding or acting in the office of the Grantee specified in section 8.3, and of any additional representatives together with a specimen signature of each person specified in such statement;

b. Written ratification from the International Development Association ("IDA") that its credit to the Grantee for the Project is fully effective, except for notification from AID. as to the effectiveness of this grant agreement; and

c. A signed Memorandum of Understanding between IDA and AID for substantial monitoring and supervision of the Project by IDA.

2. Condition Precedent for Technical Assistance, Commodities, Construction

Prior to disbursement under the Grant for technical assistance, commodities or construction, or to the issuance by AID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID, a signed contract for the applicable technical assistance, commodities, or construction.

B. Covenants

The Grantee shall covenant that, except as AID may otherwise agree in writing:

1. Project Evaluation. (standard covenant)

2. IDA Credit Agreement Covenant Terms and Conditions.

It will adhere to all the covenants, agreements, and other forms and conditions as set forth in the IDA Credit Agreement, and all documents incorporated by reference therein. The covenants, agreements, and other terms and conditions of the IDA Credit

ATTACHMENT A

AID CODE 935 COUNTRIES

Code 935 is defined as including any area or country in the Free World, including the cooperating country.

"Free World": Any area or country except the following:

Albania
Bulgaria
Cambodia (Kampuchea)
Cuba
Czechoslovakia
German Democratic Republic
Hungary
Laos
Mongolia
North Korea
People's Republic of China
Poland
Romania
USSR
Vietnam

(AID Regulation I, as amended March 10, 1983)

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Attachment B: Targeted Division for IDA and AID Financing

This attachment sets forth, pursuant to paragraph 7 of the IDA-AID Memorandum of Understanding, targets for proportional division of five items for IDA and AID financing.

Line Item	Total Amount, all Sources of Financing (\$US million)	Total Amount, Combined IDA and AID Financing* (\$US million)	IDA Percentage of IDA-AID Financing	AID Percen- tage of IDA- AID Financing
<u>Category 1:</u>				
<u>Equipment, Vehicles & Supplies</u>				
			<u>48%</u> <u>(\$US)</u>	<u>52%</u> <u>(\$US)</u>
1. Vehicles	0.5		48%	52%
2. Maintenance Equipment	0.2		48%	52%
3. Office Equip.	0.1		48%	52%
<u>Category 2:</u>				
<u>Civil Works</u>				
			<u>48%</u> <u>(\$US)</u>	<u>52%</u> <u>(\$US)</u>
4. Off-site infrastructure	2.6		48%	52%
5. On-site infrastructure	3.9		48%	52%
6. Market, drain cleaning, garage land filling	0.9		48%	52%
7. House construction	0.8		48%	52%
<u>Category 3:</u>				
<u>Consulting Services</u>				
			<u>48%</u> <u>(\$US)</u>	<u>52%</u> <u>(\$US)</u>
9. Design & Supervision	0.5		48%	52%
10. Technical assistance, training, and studies	1.7		48%	52%
11. Project Unit Support	1.0		48%	52%

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<u>Category 4:</u>		48%	52%
<u>Housing Credit</u>		<u>(\$US)</u>	<u>(\$US)</u>
12. Construction Credit	1.75	100%	---
a - subloans above \$5000 each		48%	52%
b - subloans below \$5000 each		48%	52%
<u>Category 5:</u>		48%	52%
<u>Miscellaneous</u>		<u>(\$US)</u>	<u>(\$US)</u>
13. Incremental Operating Expenses	0.7	48%	52%
14. PPF refinancing	<u>0.5</u>	<u>100%</u>	<u>---</u>
Total	\$15.15	48%	52%

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Agreement shall be in addition to, and not in substitution for, or modification of, any other provision of this grant agreement or document issued pursuant to this grant agreement.

3. Maintenance of Accounts, Books and Records.

With respect to funds provided under this grant, and accounts into which such funds are deposited, it will maintain all the books and records, and shall perform all audits and prepare all reports, that are required by the IDA Credit Agreement for IDA funds. This requirement is in addition to, and not in substitution for, or modification of, any other provisions of this grant agreement or document issued pursuant to this grant agreement.

4. Submission of Books, Records, Accounts.

It will promptly submit to AID copies of all accounts, books, records, and other documents that it maintains, is required to maintain, submits to IDA, or is required to submit to IDA, pursuant to the IDA Credit Agreement or any document incorporated by reference therein. Without limitations, this includes a copy of any letter of no objection issued by IDA or refusal to issue such a letter, for solicitation and contracts under the project.

5. Modification.

It will not agree with IDA to any major modifications in the project or in the allocation of funds among project components, without prior AID concurrence.

6. Marine Insurance.

It will not discriminate against marine insurance companies authorized to do business in the United States in connection with transactions financed by AID.

7. Procurement Procedures.

For any contract that might be eligible for AID financing, (a) it will include the solicitation and the contract the substance of the clauses set forth in Annex I to the grant agreement, and (b) it will follow the procurement procedures set forth in Annex I to the grant agreement.

8. Housing Credit Subloans.

It will not request A.I.D. to disburse for housing credit subloans which exceed \$5000 per subloan.

DUBOITI
URBAN DEVELOPMENT PROJECT
Physical/Financial Implementation Schedule

(IN '000)

	1984			1985			1986			1987			TOTAL		
	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
Site															
Site and Drainage				15,200	18,500	33,700	15,160	18,530	33,690				30,360	37,030	67,390
Site															
Site							34,950	42,700	77,650				34,950	42,700	77,650
Solid Waste							—	4,020	4,020				—	4,020	4,020
Street Lighting							12,660	23,500	36,160	12,670	23,500	36,170	25,330	47,000	72,330
Market							3,550	4,300	7,850	3,550	4,300	7,850	7,100	8,600	15,700
Total On-Site							51,160	74,520	125,680	16,220	27,800	44,020	67,380	102,320	169,700
Professional Services:															
Architectural Design & Engineering	2,110	5,000	7,110										2,110	5,000	7,110
Revision				540	810	1,350	2,550	3,830	6,380	700	1,060	1,760	3,790	5,700	9,490
Total Professional Services	2,110	5,000	7,110	540	810	1,350	2,550	3,830	6,380	700	1,060	1,760	5,900	10,700	16,600
BASE COST	2,110	5,000	7,110	15,740	19,310	35,050	68,870	96,880	165,750	16,920	28,860	45,780	103,640	150,050	253,690
Physical Contingencies	320	750	1,070	2,360	2,900	5,260	10,330	14,530	24,860	2,540	4,330	6,870	15,550	22,510	38,060
Price Contingencies	37	88	125	1,765	2,165	3,930	14,850	20,889	35,739	6,500	9,210	14,610	23,152	32,352	55,504
TOTAL COST	2,467	5,838	8,305	19,865	24,375	44,240	94,050	132,299	226,349	25,960	42,400	67,260	142,342	204,912	347,254

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