**PROJECT DATA SHEET**

1. **COUNTRY/ENTITY**: Tunisia
2. **BUREAU/OFFICE**: Near East
3. **PROJECT ASSISTANCE COMPLETION DATE (PACD)**: MM DD YY (03 03 85)
4. **ESTIMATED DATE OF OBLIGATION** (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 83 B. Quarter C. Final FY 85
5. **COSTS ($000 OR EQUIVALENT $1 = )**: A. FUNDING SOURCE B. FX C. L/C D. Total E. FX F. L/C G. Total
   - AID Appropriated Total
     - (Grant) (1,750)
     - (Loan) (1,750)
   - Other U.S. Resources Non Appropriated 4,000
   - Host Country
   - Other Donor(s)
   - TOTALS 5,750

6. **SCHEDULE OF AID FUNDING ($000)**
   - **APPROPRIATION**
     - **PRIMARY PURPOSE CODE**
       - 1) ESF 930 863
       - 2) (5)
       - 3) (7)
       - 4) (9)
   - **C. PRIMARY TECHNICAL CODE**
     - 1) Grant 2) Loan
     - 1) Grant 2) Loan HG
     - 1) Grant 2) Loan

7. **PROJECT PURPOSE** (maximum 480 characters)
   - Project Purpose is to assist the GOT's efforts for the repair and reconstruction of flood damaged and destroyed homes of low income families.

8. **SCHEDULED EVALUATIONS**
   - Interim MM YY (03 84) (09 85) (12 85)
   - Final MM YY (1 85)

9. **SOURCE/_ORIGIN OF GOODS AND SERVICES**
   - C. PRIMARY TECHNICAL CODE
     - 1) Grant 2) Loan HG
     - 1) Grant 2) Loan
     - 1) Grant 2) Loan

10. **PROJECT PURPOSE** (maximum 480 characters)
    - Project Purpose is to assist the GOT's efforts for the repair and reconstruction of flood damaged and destroyed homes of low income families.

11. **AMENDMENTS/NATURE OF CHANGE PROPOSED** (This is page 1 of a ___ page PP Amendment)
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Best Available Document
DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Arrondissement - Equivalent of district within municipality
Delegation - Sub-regional administrative unit of the national government headed by a délégué who reports to the regional governor. A delegation can contain more than one communal government and conversely in large communal governments there may be more than one delegation. (Most closely equivalent to counties in the U.S.).
Endur Houses - Houses constructed of brick, cement or stone or other "durable" materials
Gourbi - Traditional house constructed of adobe or other non-durable materials
Gouvernorat - Administrative unit of government equivalent to a province or state
Oued - Perrenial water course or river bed which is frequently dry

Abbreviations

AFH - Agence Foncière de l'Habitat
ARRU - Agence de la Rénovation et de la Réhabilitation Urbaine
CNEL - Caisse Nationale d'Epargne-Logement (National Savings and Loan Bank)
CPSCL - Caisse des Prêts et de Soutien des Collectivités Locales
DRRU - Direction de la Rénovation et de la Réhabilitation Urbaine (Urban Renewal and Upgrading)
FNAH - Fonds National de l'Amélioration de l'Habitat (National Fund for Shelter Improvement)
FOPROLOS - Fonds de Promotion de Logements pour les Salariés
MOH - Ministry of Housing, GOT
RHUDO/Tunis - Office of Housing and Urban Programs - Regional Office for the Near East
SNIT - Société Nationale Immobilière de Tunisie
STB - Société Tunisienne de Banque

Currency

Tunisian Dinar - The exchange rate of the Tunisian Dinar TD is floating.

The rate used in the Project Paper is:

U.S. Dollar 1.00 = TD .600

Tunisian Dinar 1.000 = U.S. Dollar 1.67

(Rate of Nov. 1982)

Measurement Units

1 Square Meter = 10.76 square feet
1 Kilometer = 0.62 miles
1 Hectare = 2.47 acres
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1. **Background**

The severe flooding of late October - December, 1982 caused serious losses in all sectors in various parts of Tunisia, particularly in housing. The Ministry of Housing surveys showed approximately 14,000 homes damaged and over 5,000 completely destroyed in the 11 governorates that were affected. Their estimates for repair and reconstruction are over $34.2 million (TD 20.5 million) or about 1/3 of the costs of losses in all sectors.

The GOT has so far channeled what resources it could for repairs through the Fonds National d'Amélioration de l'Habitat (FNAH) and has allocated 1467 units in its 1981, 1982 and 1983 rural housing programs for flood victims through the Société Nationale Immobilière de Tunisie (SNIT).

2. **Proposed Assistance**

To assist the GOT in meeting the housing needs of the flood victims, AID will provide ESF grants and Housing Guaranty loans for both rehabilitation of damaged houses and reconstruction of houses destroyed in the floods, as follows:

a) **Loans for repairs**

A grant of $759,000 from Economic Support Funds (ESF) to the GOT will be channeled through FNAH, a home improvement lending agency under the umbrella of the MOH. These funds will be used to provide at least 1,500 loans of up to TD 300 (TD 500) each for repairs of houses as listed in surveys of flood damage completed by MOH and local officials.
The terms and procedures for AID financed flood repair loans will principally follow those of the regular programs of FNAH with some adjustments to reflect the emergency situation.

As under the existing FNAH program, loans may not exceed the applicant's annual income up to TD 1500 ($2500) and will carry terms of 5 years with interest rate of 0 to 6% depending on income. Since AID financing will be limited to TD 300 per loan, FNAH will use its own resources to provide families with the funds necessary for loans over TD 300 up to a maximum of TD 1500.

The FNAH's financial agent handling disbursements collection and financial reporting, will be the Société Tunisienne de Banque (STB).

The MOH will prepare an allocation plan by gouvernorat. This plan will require AID approval prior to the first disbursement.

It is anticipated that AID financing will be fully disbursed within 6 months. Moflows from the Grant financed loans will be used by FNAH to provide five year loans to Municipalities at 6% interest for the maintenance and rehabilitation of community infrastructure. Those projects will be approved by AID annually until a cumulative total of the total grant amount has been financed. The FNAH will ensure that one fifth of the grant amount will be made available annually over a period of five years for such projects.

b) Grants and Loans for Reconstruction

AID will provide a grant of $1,000,000 from ESF funds and guarantee of a $4,000,000 Housing Loan to the Government of Tunisia. These funds will be channeled through the Caisse Nationale d'Epargne Logement (CENEL) to finance grants and loans to flood victims to help them rebuild their homes. Benefiting families will receive up to TD 3,009 each. The grant portion will be limited to TD 600 ($1,000), or 20% of the total assistance, whichever is less. The balance, 80% or up to TD 2,400 ($4,000), will be provided as a loan amortized over 15 years at 7 percent interest. Agreements with beneficiaries will state the grant and loan components, the interest rate and the monthly payments.
due. The agreements will also stipulate that the grant component must be repaid if the unit is sold within three years of the date of that agreement with the beneficiary.

Eligibility will be based on surveys completed by MOH and local officials. In addition, annual household income may not exceed TD 1500 ($2500).

In most cases, beneficiaries will rebuild their homes themselves pursuant to MOH guidelines for self-help housing. Where possible, beneficiaries will rebuild on their own sites. Where they do not have or cannot acquire authorized sites on which to rebuild, new sites will be prepared either by local authorities the Société Nationale Immobilière Tunisienne (SNIT), or the Agence Foncière d'Habitation (AFH). In governorates or localities where a program of autoconstruction or self-help housing is not feasible to implement, core housing will be built by the SNIT. Where sites or core houses are to be provided, site selection, preliminary plans, cost estimates, implementing agencies, and schedules are to be approved by AID. Costs of land and development of new sites will be passed on to the beneficiaries and financed under the program.

MOH will prepare an allocation plan by governorate prior to first disbursement. That plan will include estimated disbursement schedules and the number of sites, if any, that will have to be provided by locality. It is anticipated that the AID financing will be fully disbursed within 18 months.

c) Implementation

The Grantee and Borrower will be the Government of Tunisia. The Ministry of Housing will be responsible for program management, will coordinate the work, and will provide certifications for all disbursements.
d) **Project Committee**

**RHUDO**
David Leibson, Assistant Director for the Near East
Sonia Hamman, Housing and Urban Programs Officer
Annie Ringuedé, Housing and Urban Programs Adviser

**USAID/Tunisia**
Gerald R. Wein, Deputy Director
Frank J. Kerber, Program Officer
Ernest S. Hardy, Controller

**Drafted by:** Members of the Committee
A. Background on the Flood:

Eleven of the 21 governorates in Tunisia were hit by unusually heavy rains in late October and early November, 1982. The most severely affected governorate, Sfax, had 11.8" of rainfall, 181 percent of normal annual rainfall, in 32 hours. The rains heavily damaged everything in the path of many perennial water courses (oueds). Losses were heavy in all sectors, but particularly so in housing. Many people whose homes were washed away also lost all of their possessions. Both "en dur" houses, i.e. those constructed of brick, cement or stone, as well as "gourbis", those constructed of adobe or non-durable materials, were lost. Many other collapsed or were badly damaged either because of saturation of the structure or because of failure of the saturated subsoils supporting them. (Annex A provides detailed assessments by Governorat.)

Overall, about 5,100 homes were destroyed, out of which 3,900 were gourbis. These houses were located for the most part in the Zaghouan, Bizerte, Kasserine and Monastir Governorates. About 1,200 "en dur" houses were also destroyed, mostly in the Sfax Governorate. Nearly 14,000 houses were damaged to various degrees but not destroyed. The city and suburbs of Sfax again suffered the bulk of this loss.

The GCT estimates the total cost of repair and replacement of housing at TD 20.5 million ($34.2 million); TD 16.4 million ($27.4 million) to replace houses destroyed; and TD 4.1 million ($6.8 million) to repair damaged houses.

B. Government of Tunisia Strategy:

During and immediately following the flooding, thousands of families sought refuge in any available shelter. Many were crowded into one-room
houses of nearby friends and relatives or into mosques, schools or other
cilities. The GOT responded by providing family-sized tents. Since
many of the refugees lost all of their clothing, food and other personal
effects, the GOT also provided food, blankets, some clothing and other
supplies.

Numerous mission on-site visits (including those of Embassy, USAID,
OPDA and U.S. Army personnel) confirm GOT reports that housing damage
has been extensive and that the living conditions of victim families re-
main very difficult. Most displaced families quickly left the emergency
shelters to double-up with relatives and neighbors. However, several
thousand people still had only tents as refuge from the cold and wet
in the Fall and Winter of 1982-83
conditions of the winter months. The MOH completed a house-to-house
survey to verify its estimate of damages and to identify families eligible
for assistance. The survey results, presented in Annex A, show the num-
ber of damaged and destroyed houses by governorate as well as the cost
estimates for housing repair and reconstruction and for infrastructure
repair.

The GOT has made through FHAH an estimated total of TD 220,000
($366,000) in small grants to an estimated 2300 families for the most
urgently needed repairs, primarily in Sfax. The GOT has allocated an ad-
ditional 1467 of the rural housing grants and loans to flood victims
from the MOH regular 1981, 1982 and 1983 program. Despite such efforts,
the number of families who have not received assistance is estimated at
approximately 3600 families whose homes were destroyed and 11,700
whose homes were damaged.

C. AID Strategy:

USAID assistance provided immediately after the initial flooding in-
cluded $25,000 in cash for food and other emergency supplies and
145,000 MT of food from P.L. 1850 Title II stocks already in country. OFDA subsequently provided equipment and technical advisors for sewage cleaning, water purification and removal of excess water. OFDA is also providing culverts and prefabricated bridges for emergency road repair. The total value of the U.S. disaster relief program to date amounts to about $1 million.

The proposed ESF assisted housing repair program is designed to make houses safe for habitation and to prevent further loss of life and property. Funds will be made available as quickly as possible to families most affected by the floods. They will be channeled through existing institutions that have the capability of ensuring that funds are allocated and administered effectively.

Rehabilitation of damaged but repairable houses is a more efficient utilization of resources than replacement, but where houses cannot be repaired, replacement will be necessary. The MOH proposes to provide victims with loans and grants to rebuild their homes themselves where possible, and on serviced sites where alternative locations are required. In localities where a self-help construction program on the victims' own site or an alternative site is not feasible, core housing units may be provided by the SMIT. The proposed financing for reconstruction will provide a mix of ESF grant funding with HG loan financing from the HG-004 Project, authorized for Tunisia in 1979.

As HG-004 resources were limited to projects in interior towns of Tunisia, AID/NE and PRE/HUD have concurred on an amendment to the HG-004 Project to allow utilization of funds in the coastal cities where most of the flooding occurred. Otherwise, the HG-004's objective of supporting a shift in the Government of Tunisia's housing policies to programs affordable by low income households remains unchanged.
The proposed assistance package will have a major impact on the GOT's ability to provide effective and appropriate assistance in this disaster situation. The strategy combines the various types of AID resources available, using each in a way which reflects the purposes for which it was established. Equally important, this package supports AID's long-term housing development strategy in Tunisia. Integral parts of that strategy are to encourage the maintenance and improvement of existing housing stock to minimize the need for construction of new housing, and to meet needs for new housing through expandable core units affordable by the poor.

D. Goals and Purpose of the Project

The goal is to help provide adequate shelter to families whose homes were damaged or destroyed in the floods. The purpose of this project is to help the GOT to respond to the housing needs of flood victims while at the same time supporting the HG-00 goal of shifting the GOT's investment strategy toward housing programs affordable by low-income households. The Ministry of Housing and the affected governorates have made flood relief a high priority and the Mission believes that they will continue to do so through the coming year.

E. Inputs and Outputs for Housing Repairs

To assist the GOT in its emergency repair program, the Mission proposes an ESP grant of $750,000 be made to the GOT. It will be administered by FHAH (Fond National d'Amélioration de l'habitat) under the supervision of the MOH. The grant would be utilized to provide approximately 1,500 loans of up to TD 300 ($500) each to the most needy families for repair of their homes. The AID input to the FHAH for this Project has already been matched by TD 220,000 ($366,000) provided by FHAH for emergency grants. The allocation of funds was based on damage assessments made by the Regional Directors of Housing of the MOH. FHAH will also supplement the AID input where loan amounts over TD 300 are approved. (See section III B for description and analysis of FHAH.)

*National Fund for Shelter Improvement*
The terms and procedures for flood disaster loans will principally follow those of the regular programs of the FHA with some adjustments to reflect the emergency situation. These adjustments are as follows:

- Submission of plans will not be necessary where the loan amount is TD 300 ($500) or less.

- Non-salaried households will be eligible; a declaration of income accepted by local officials will be taken in lieu of official salary statements. (Income limitations remain unchanged, however.)

- Past payment of the rental value tax and FHA surcharge will not be required as long as applicants living in urban areas agree to begin such payment.

- Mortgage requirements for loans under TD 300 ($500) will be waived. Instead a co-signature loan contract will be substituted.

- Requirements for completion of work before the final disbursement is made will be waived. Advances of up to 50 percent of the loan or approximately TD 150 ($250) will be permitted. Because loans are small and because of the more urgent nature of work with the flood victims, the balance of loans will be disbursed before work is entirely completed.

These exceptions should help those who are the most needy and who would not ordinarily qualify for the loans receive sorely needed assistance in rebuilding their homes. Eligibility for the special loan program will be based on the surveys of damage completed by the WOH and local officials.

WOH technicians estimate that an average of TD 300 ($500) is necessary to make damaged homes minimally safe and livable. This will be the maximum amount of AID funds provided for any household. Where repairs require loans in excess of TD 300, FHA will, as noted above, use its own resources to provide the necessary supplemental amounts.
AID disbursements will be based on certifications by FNAH and the MOH of the number and amounts of loans disbursed by locality including funding provided by the GOT. AID will require that FNAH keep detailed files for audit and evaluation purposes.

The FNAH also assists municipalities finance community infrastructure projects, for example, the installation of secondary storm water drainage and sewerage systems. Funding is provided either through grants or 5 year loans at 6 percent interest. Repayments on FNAH loans granted under this project will be used to provide additional resources to FNAH for municipal infrastructure projects. These funds will finance loans to municipalities at a 6 percent interest rate. AID will review the municipal infrastructure projects identified to receive funding of at least one fifth of the amount of the grant annually over a period of five years.

F. Inputs and Outputs for Housing Reconstruction:

To assist the GOT in responding to the need for replacement housing, the Mission plans a $5 million program. One million dollars of ESF monies will be used to provide a 20% grant towards total costs for each of the replacement housing built under this program. In addition, the program will utilize approximately four million dollars from the $25 million HG-004 program to provide financing for the other 80 percent of the program. These approximately funds will be used to finance the reconstruction of 1,000 housing units costing approximately $3,000 (5,000) per unit.

Houses financed under this program will wherever feasible be built by the beneficiaries themselves (see Annex 2 for note on auto construction) on their own site. Where / do not have or cannot acquire authorized sites on which to rebuild, new sites will be
prepared either by local authorities, le Société Nationale Immobilière Tunisienne (SNIT), or the Agence Fonciere d'Habitation (AFH). Costs of land and development of new sites will be passed on to the beneficiaries and financed under the program.

When relocation is necessary, the MOH will make its best efforts to maintain the families' existing social and economic relationships by selecting suitable sites as close as possible to the original homes. However, if the nearest appropriate sites are some distance from their previous homes, the MOH feels the designated beneficiaries will still choose to relocate to take advantage of the opportunity to build a house out of durable materials and to secure legitimate land title.

Houses that beneficiaries will build will typically be an expandable core of about 25-square meters with living, kitchen and bathroom areas and basic services. While autoconstruction will be encouraged in localities where it is not feasible to apply this system, core housing may be built by SNIT. The cost to beneficiaries for these units will include land development and construction costs.

The program will operate through the CHEL (Caisse Nationale d'Epargne Logement), which will have responsibility for processing and making loans as well as collecting payments. The program is expected to take approximately eighteen months to complete.

Regarding beneficiaries, lists of families whose houses were destroyed have been prepared by the regional housing director for the MOH and by Regional Emergency Committees. The MOH has indicated that a majority of the houses destroyed were gourbis or squatter-type units that are generally built in an uncontrolled manner using non-durable material. This program's target group thus largely consists of families who were very poor even before the houses they suffered in the flood disaster.
Potential beneficiaries will submit applications to the CHEL which will review them for completeness and eligibility before transmitting them to the appropriate emergency housing commission. The commissions, composed of a representative each from the Gouvernorat or Delegation, the Commune or Arrondissement, and the MOH, will determine which of the homeless families will receive replacement units. Families will have to demonstrate adequate income to repay the loan. However, incomes of beneficiaries should not exceed TD 1500 ($2500), the estimated annual urban median household income.

Prior to the first disbursement for the reconstruction program, the MOH will submit for AID approval a detailed allocation plan by gouvernorat, including locations where new sites are to be provided. Grants and loans will be made available in both urban and rural areas hit by the floods.

In order to assure that the 20 percent grant serves its intended purpose, resale controls will be required. Repayment of the entire grant amount to CHEL will be required if the sale takes place within 3 years of obtaining the loan and grant. CHEL will reinvest any such grant repayments in loans to low income families.
PART III  PROJECT ANALYSES

A. Social Soundness Analysis:

1. General Characteristics of Flood Victims

Despite the lack of socio-economic data regarding the flood victims, site visits to the devastated areas, conversations with flood relief officials, and conversations with the victims themselves provided fairly reliable estimates of the victims' socio-economic status. It was the poor whose houses were washed away or suffered the most damage. The houses were frequently illegally constructed and poorly located in or near flood plains. In some cases, however, houses were destroyed or damaged by the creation of new flood plains as flood waters sought new outlets. In the medinas, the houses which suffered the most damage were the oldest, non-maintained houses inhabited by the urban poor. In addition to loss of home, many people lost all their possessions and in the rural and semi-rural areas, their crops and livestock. Although some well-constructed villas also suffered extensive damage from the sheer volume of water (233mm) that fell in such a short period of time (12 hours), by and large it was the structurally inadequate gourbis, i.e. the homes of the urban and rural poor, that suffered the most damage.

Approximately 30,000 persons were made homeless if one takes an average number of 6 persons per household for the 5,000 destroyed dwellings. They are also without the means to rebuild homes that would withstand another flood. Many more - nearly 16,000 households - are living in reduced and unsafe quarters or homes which were partially destroyed or damaged. They will have to live under these conditions until they are
financially able to remedy their situation.

2. Current Housing Conditions of Victims

The GOT initially provided tents to those whose homes had become uninhabitable or who could not double up with relatives or friends. The tents come in different sizes and shapes, depending on what the donor country provided. Some tents can only shelter two persons, others can accommodate up to five or six. Some are high enough that one can stand up inside; others are meant only for lying down, possibly sitting up. Many tents do not have floors and offer very little protection from the elements.

The GOT also initially designated public facilities (schools, mosques, community centers, hospitals, warehouses, etc.) as emergency shelters for the flood victims. These shelters have now reverted to their "regular" use.

By now, the great majority of homeless families have been able to double up with relatives or friends. Although these families are more fortunate than those still living in tents, the situation for them and their hosts is burdensome and unsatisfactory. Indeed many host families themselves do not have sufficiently large quarters to accommodate other entire families for long periods of time. In fact some homes of the host families also suffered damages from the rains.

Many families feel the stress of depending on the hospitality of their hosts. Living in difficult and crowded conditions may foster family quarrels and create other types of social unrest. The pressure will be even greater if the flood victims cannot soon begin the reconstruction of their own shelters.
3. Social Impact of the Project

Both the repair and reconstruction programs will provide important assistance to help overcome very difficult social situations caused by the floods. The repair program will enable families to fix up their houses quickly while making them safe and waterproof at a relatively low cost. The reconstruction program will enable people to move to legal and safe sites as well as provide low cost structurally safe housing. In the case of many of those flood victims with lowest incomes who had been living in the squatter settlements, the replacement housing will provide an opportunity for legal land tenure and better housing within their means.

B. Administrative Analysis:

1. Ministry of Housing (MOH)

Housing production in Tunisia has been characterized by increasing public sector intervention since the mid-seventies. Underscoring the importance of the public sector's role, the institutional base has been strengthened recently by the creation in 1980 of a separate Ministry of Housing (MOH). The major organizations concerned with land and housing development and improvement are under the tutelage of the MOH: Agence Foncière d'Habitation (AFH), Société Nationale Immobilière de Tunisie (SNIT), Agence de la Rénovation et de la Réhabilitation Urbaine (ARRU), and Fonds National d'Amélioration de l'Habitat (FNAH).

2. Fonds National d'Amélioration de l'Habitat (FNAH)

FNAH has been selected the vehicle through which loans for emergency repairs of flood damaged homes will be administered. Established in 1956, FNAH is currently the only Tunisian institution which specializes in home improvement loans to lower income families. Therefore it
already has existing operating procedures and trained personnel to process this type of loan. The need for quick action to disburse loans makes the utilization of FNAH a sound choice.

The only source of funding for FNAH is a 4% surcharge on the real estate rental value tax (taxe locative) which is collected annually by the municipalities on all registered houses. Clandestine and social housing are not assessed. The municipalities deposit the funds in the Tunisian Treasury, and FNAH has access to its funds as needed. The annual operating budget is currently about TD 2 - 2.5 million ($3.3 - 4.2 million). This budget has not increased with need and is not expected to grow rapidly due to the difficulties municipalities have in administering and collecting the taxe locative and the FNAH surcharge. The large number of unregistered homes located within municipal boundaries also lower municipal revenues. The Tunisian Government is currently looking for ways to improve municipal governments' ability to collect taxes. For example, as an incentive to improve tax collection, FNAH has a policy of providing more credits to municipalities which have greater success in collecting taxes. These efforts should in the long run enable FNAH to increase its budget. At present, FNAH does not have statutory authority to borrow for its own account.

The general parameters for the use of FNAH credits are determined jointly by the Ministry of Housing (MOH), and the Ministry of Finance (MOF). FNAH provides two financing programs: a home improvement loan program for individuals (1,500 to 2,500 loans per year) and a capital assistance loan program for projects sponsored by municipal governments for the maintenance and rehabilitation of community infrastructure. Currently, 40% of the FNAH resources
are used for home improvement loans and 60% for municipal government projects.

The procedures for processing FNAH home improvement loans are somewhat complex. Essentially the homeowner who wishes to borrow submits his application to the head of the local arrondissement who will verify on-site the work to be done. In order to qualify for FNAH financing the applicant must satisfy the following requirements: (A) show evidence of an annual income of less than €1,500; (B) show proof that the municipal tax locative and FNAH surcharge have been paid; and (C) provide a design and a cost estimate for the work to be done. The amount of the loan and its terms are determined by the cost of the work to be done and the salary level of the applicant. Loans cannot exceed the cost of the work to be done. They also cannot amount to more than one third the value of the house, or be more than the applicant's annual income. Loan amounts and terms are summarized below.

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Years to Repay</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD 0 - 720 (€ 0 - 1200)</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>TD 721 - 1000 (€1200 - 1600)</td>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td>TD 1001 - 1500 (€1600 - 2500)</td>
<td>5</td>
<td>6%</td>
</tr>
</tbody>
</table>

The applicant's dossier is then submitted to a commission at the Governor's level which meets three times a year to award grants and loans. Loan approvals are prioritized according to the type of work to be done, with the most essential improvement work taking precedent. For example, installation of basic services such as water or a sewer hookup takes priority over the expansion of a kitchen.
The loan award notification is then sent through FNAH to the Société Tunisienne de Banque (STB) which disburses the loan and is responsible for collection and recordkeeping. The award notification is also sent to the head of the local arrondissement who notifies the applicant.

Loans are disbursed in tranches and the borrower is expected to begin the initial work with his own funds as a show of commitment before the first disbursement is made. STB will not make the final loan disbursement until completion of the work is verified. STB is paid a service fee of 1% of the loan granted. STB also holds title to the property as collateral as long as the loan is outstanding. The special procedures and waivers for flood victims (see page 9) should help simplify the loan application process.

The second program of FNAH provides funding for municipalities to finance "opérations d'ensemble". Eligible projects are those that provide basic services such as installation of water drainage and sewerage systems. Both loans and grants are made. In the event of non-payment an assessment may be made by the Caisse des Prêts et de Soutien des Collectivités Locales (CPSCL) against that municipality's share in common funds provided annually by the central government.

3. Caisse Nationale d'Epargne Logement (CNEL)

CNEL has been selected as the financial administrator for the reconstruction portion of the Project. AID has had long-standing experience with CNEL in other housing projects through KG-003.

Established in 1974, CNEL is an autonomous semi-public organization under the Ministry of Finance. It has a board of directors made up of representatives from a number of ministries and the Central Bank. CNEL's primary role is to channel domestic savings into housing production.
This is accomplished through a contract savings system. Under this system an individual who wishes to obtain a mortgage loan for the purchase of a home, signs a savings contract in which he agrees to save up to a fixed amount each month. Savings earn 6% interest per year, 2% of which is a GOT subsidy. At the end of the contract period, usually 4 or 5 years, the saver can obtain a respectively 10 or 15 year mortgage loan at the subsidized rate of 4.5%. The loan allowance is two times the amount saved in the contract savings account and the contract savings serves as the downpayment. Over time it was discovered that these savings contracts and loans were more suited to middle income families. CNEF found that the loan allowed did not generate sufficient funds to purchase a home on smaller savings contracts because of the rising construction costs. Because of this finding, core housing was introduced in the HG-Ou3 program and financed through CHL to provide low income savers with an affordable option.

A second measure was sought to meet the housing needs of lower income salaried individuals through the creation of a fund, ROPROLOCS. This fund is financed by a 2% charge on salaries paid by employers and is managed by CHL. Salaried people earning between one and two times the minimum wage can obtain a loan of up to TD 2,680 ($4,680) with a 15% downpayment, plus a TD 270 ($45) state subsidy. The loan is repayable over 15 years at 3% interest. Homes must be constructed on the person's own land and be no larger than 50 square meters. Salaried persons earning between 2 and 3 times the minimum wage can obtain credit of TD 528 ($882) to complete a savings contract. They must have already saved with CNEF for two or more years. These individuals can obtain CNEF loans with a maturity of 10 or 15 years at 4.5% for construction or purchase of a house up to 90 square meters in size. Alternatively the loans can be used for additions to an existing house.

*** This fund lends the money at only 4.5% and has administrative costs, the GOT budget provides (subsidizes) the interest earned.

** Ronds de Promotion du Logement pour les Salaris.
While it appears that these programs function well, they do not meet the needs of many of the target populations in the flood affected areas. Not all of the flood victims are CNEL savers or salaried and thus able to qualify for these loan programs.

4. Société Nationale Immobilière Tunisienne (SNIT)

Established in 1957, SNIT's primary role is to be the principal builder/developer for GUT housing programs. SNIT annually produces about 17,000 new housing units. SNIT is also in charge of implementing the rural housing program. Following the selection of beneficiaries by the governorates, SNIT negotiates loans with beneficiaries, selects contractors, supervises construction and recovers loan payments. In addition, SNIT builds housing to relocate families for the GOVERNMENT'S slum elimination (dégourbification) programs and builds homes of different types for the savers in the CNEL and FOROLOS programs.

SNIT is responsible for the entire development process, from acquisition of land (serviced land when acquired from AFI) and feasibility studies to development of housing prototypes and supervision of work. SNIT has three main operating regional offices outside Tunis, one of which is headquartered in Sfax, the major flood affected area.

SNIT has strong organizational, financial and implementation resources. Because of its effective organization and its use of standardized plans, SNIT's unit costs have increased less than the general construction inflation rate. Quality, meanwhile has not been sacrificed. Nevertheless, except for AID Housing Guaranty and one World Bank financed project, SNIT has not produced units at low enough costs to meet the needs of most.
urban low-income families. This is primarily because it usually only produces completely finished units of a fairly large size on relatively larger plots of land.

In the context of the flood relief program, however, SHIT clearly has the organizational and technical capacity to carry through activities it may be called upon to perform. Such activities could include the building of core units and/or the preparation of new sites in localities where initiating an autoconstruction Program on the beneficiaries own site is not feasible.

5. *Agence Foncière de l'Habitat (AFH)*

Established in 1973, AFH operates under the Ministry of Housing with the primary function to acquire land and prepare serviced lots for sale in areas planned for housing construction. AFH is responsible for site selection, necessary technical studies and services construction supervision. AFH operates as a non-profit organization, which is largely self-financed. The GOT initially capitalized AFH at TD 2 million; subsequently AFH borrowed TD 5 million from the GOT and received a TD 187,000 subsidy in 1978. For individuals, payment for serviced sites is made in advance and for construction developers substantial down payments of over 50% are required before work begins. These advance funds provide AFH with working capital.

AFH may be called upon to provide serviced lots for families whose homes were destroyed by the flood, when those families cannot be safely housed on the same sites where their houses once existed. In such cases AFH will prepare sites and contract with the national utility companies to provide services. The family doing self-help will be able to build simultaneously with the development of infrastructure once basic plots have been staked out, roads graded and water has been brought to the site. As CMELE will be the lender it will hold title.
C. Financial and Economic Analyses:

1. Financing of GOT Housing Programs and the Sixth Five Year Plan

According to World Bank estimates a total of 314,000 units were built in the 1975-1980 period. The public sector controlled 41 percent of the investment and produced 26 percent of the new housing. Of the total investment of TD 796 million ($1.3 billion) for housing financing, public sector loans amounted to 9 percent and direct subsidies were an additional 5 percent. Tables I and II taken from the World Bank's housing sector study differ from the GOT estimates of housing production and investment due to the inclusion of informal sector activities in the Bank's calculations.

The distribution of housing construction and investment in the 1975-1980 period indicates that 85.6 percent of the total investment and 61.5 percent of the units constructed were in urban areas. SMIT's production amounted to 30 percent and 17 percent of the total rural and urban dwelling construction respectively. It undertook the construction of over half the legally produced units of both public and private sectors.

The private sector's contribution (formal and informal) is estimated by the Bank to have been on the order of 74 percent of total housing construction and 59 percent of investment. However, most of this estimate is attributed to the private informal sector.

The housing objective presented in the Sixth Five Year Plan (1982-86) is to produce 160,000 housing units with an investment value of TD 1 billion ($1.7 billion). This objective will be achieved by building 150,000 new units (30,000 per year) in addition to 10,000 new replacement units (2000 per year) which will be part of Tunisia's "degourification."
### Table I

INVESTMENTS IN HOUSING BY TYPE OF PRODUCERS
(Mid 1975 - Mid 1980)

<table>
<thead>
<tr>
<th>Producers</th>
<th>Type of Housing</th>
<th>Number of Units</th>
<th>Average Unit Cost TD/Unit</th>
<th>Total Investment (in millions of 1980 TD)</th>
<th>Relative Per cent Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Units</td>
</tr>
<tr>
<td>1. SNIT</td>
<td>a) Rural</td>
<td>42,120</td>
<td>1.500</td>
<td>63,18</td>
<td>13.4</td>
</tr>
<tr>
<td></td>
<td>b) Suburban</td>
<td>14,310</td>
<td>4.200</td>
<td>60,10</td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td>c) Middle income</td>
<td>15.860</td>
<td>7.000</td>
<td>111,02</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>d) Luxury</td>
<td>2.440</td>
<td>16.000</td>
<td>39,04</td>
<td>0.8</td>
</tr>
<tr>
<td>2. CNRPS</td>
<td>Rental</td>
<td>1.070</td>
<td>13.000</td>
<td>13,91</td>
<td>0.3</td>
</tr>
<tr>
<td>3. SPROLS</td>
<td>Rental</td>
<td>950</td>
<td>8,000</td>
<td>7,60</td>
<td>0.3</td>
</tr>
<tr>
<td>4. Licensed Others Developers</td>
<td></td>
<td>3,700</td>
<td>9.000</td>
<td>33,30</td>
<td>1,2</td>
</tr>
<tr>
<td>5. Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>Urban a/</td>
<td>38,330</td>
<td>6,910</td>
<td>264,97</td>
<td>12,2</td>
</tr>
<tr>
<td></td>
<td>Rural b/</td>
<td>42,120</td>
<td>1,500</td>
<td>63,18</td>
<td>13.4</td>
</tr>
<tr>
<td>Total Public Sector</td>
<td></td>
<td>80,450</td>
<td>4,080</td>
<td>328,15</td>
<td>25.6</td>
</tr>
<tr>
<td>6. Formal</td>
<td>Urban</td>
<td>58,265</td>
<td>4,600</td>
<td>268,02</td>
<td>18,6</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>6,135</td>
<td>700</td>
<td>4,29</td>
<td>1,9</td>
</tr>
<tr>
<td>7. Informal</td>
<td>Urban</td>
<td>96,425</td>
<td>1,500</td>
<td>144,64</td>
<td>30,7</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>72,740</td>
<td>700</td>
<td>50,92</td>
<td>23.2</td>
</tr>
<tr>
<td>Total Private Sector</td>
<td></td>
<td>233,565</td>
<td>2,003</td>
<td>467,87</td>
<td>74,4</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td>314,015</td>
<td>2,530</td>
<td>796,02</td>
<td>100.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Urban</td>
<td></td>
<td>193,020</td>
<td>3,510</td>
<td>677,63</td>
<td>61.5</td>
</tr>
<tr>
<td>Total Rural</td>
<td></td>
<td>120,995</td>
<td>980</td>
<td>118,39</td>
<td>38.5</td>
</tr>
</tbody>
</table>

a/ Total of lines 1 (b), (c) (d); 2,3, 4.
b/ Total of lines 1 (a)

Source: World Bank estimates

TABLE II
FINANCING OF HOUSING 1975 - 1980 (TD Millions as of 1980)

<table>
<thead>
<tr>
<th>Category of Producer</th>
<th>State Subsidies</th>
<th>State Bonuses</th>
<th>FOPROLOS Loans</th>
<th>CNEL Loans</th>
<th>Social Security Funds</th>
<th>Private Bank Loans</th>
<th>Foreign Loans</th>
<th>Total</th>
<th>No. of housing units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector - Owner Occupancy Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Rural SNIT</td>
<td>33,48</td>
<td>23,38</td>
<td>-</td>
<td>5,01</td>
<td>17,37</td>
<td>5,00 a/</td>
<td>17,39</td>
<td>58,30</td>
<td>13,890</td>
</tr>
<tr>
<td>- Degourification</td>
<td>0,50</td>
<td>0,30</td>
<td>-</td>
<td>0,60</td>
<td>-</td>
<td>0,40</td>
<td>1,80</td>
<td>4,20</td>
<td></td>
</tr>
<tr>
<td>- Suburban low income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- SNIT</td>
<td>8,79</td>
<td>3,61</td>
<td>1,13</td>
<td>5,01</td>
<td>17,37</td>
<td>5,00 a/</td>
<td>17,39</td>
<td>58,30</td>
<td>13,890</td>
</tr>
<tr>
<td>- Middle income SNIT</td>
<td>27,24</td>
<td>-</td>
<td>2,17</td>
<td>0,97</td>
<td>47,34</td>
<td>-</td>
<td>33,30</td>
<td>111,02</td>
<td>15,860</td>
</tr>
<tr>
<td>- Luxury SNIT</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,74</td>
<td>-</td>
<td>9,00 b/</td>
<td>20,30</td>
<td>39,04</td>
<td>2,440</td>
</tr>
<tr>
<td>Total</td>
<td>70,01</td>
<td>27,29</td>
<td>3,30</td>
<td>5,98</td>
<td>75,05c/</td>
<td>14,00</td>
<td>77,71</td>
<td>273,34</td>
<td>74,730</td>
</tr>
<tr>
<td>Public Sector - Rental Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CNRPS &amp; SPROLS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,51</td>
<td>-</td>
<td>21,51</td>
<td></td>
<td>2,220</td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Licensed developers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,60</td>
<td>-</td>
<td>6,90</td>
<td>19,80</td>
<td>33,30</td>
<td>3,700</td>
</tr>
<tr>
<td>- Others</td>
<td>-</td>
<td>11,40 d/</td>
<td>-</td>
<td>3,20</td>
<td>21,10</td>
<td>13,00</td>
<td>419,17</td>
<td>467,87</td>
<td>233,565</td>
</tr>
<tr>
<td>Total</td>
<td>70,01</td>
<td>38,69</td>
<td>3,30</td>
<td>5,98</td>
<td>84,85</td>
<td>42,61</td>
<td>13,00</td>
<td>516,68</td>
<td>796,02</td>
</tr>
<tr>
<td>% distribution</td>
<td>8,8</td>
<td>4,9</td>
<td>0,4</td>
<td>0,8</td>
<td>10,7</td>
<td>5,4</td>
<td>1,6</td>
<td>2,6</td>
<td>64,9</td>
</tr>
</tbody>
</table>

a/ USAID loan
b/ Abu Dhabi Loan
c/ Includes TD 7.5 million of unallocated investment
d/ Estimated

program. Public sector investment has grown from 47 percent of total housing investment under the Fifth Five Year Plan to 66.5 percent in the Sixth Five Year Plan. The proportion of units to be produced by the public sector during the VIth Plan period are anticipated to be 55 percent as opposed to 35 percent under the VIth Plan. SNIT is the principal conduit for the Government investment and is expected to finance TD 488.5 million ($815.8 million) 48.9% of the proposed shelter production in the Sixth Five Year Plan.

The GOT will contribute TD 89 million (148 million) in the form of loans and subsidies to produce 40,000 rural houses and 10,000 gourbi replacement units. The MOH has indicated in conversations with AID that the Sixth Five Year Plan output, if fully achieved, would however still leave an unmet demand for new unit production of approximately 10,000 units per year during the life of the plan.

2. Financing of GOT Flood Relief

The assessed cost of housing repairs and replacement due solely to the October floods was estimated at over TD 12 million ($20 million). Continued rains during November and early December and torrential rains and winds in September 1982 in Kebili and Tozeur brought the overall needed investment response by the GOT to over TD 20.5 million ($24.2 million). Because of the timing and the emergency nature of this investment requirement, the GOT will not be able to budget the expenditures into the Sixth Five Year Plan. Even partially financing the disaster response will cause potentially serious delay in the timely implementation of the Sixth Five Year Plan. The Sixth Five Year Plan objectives are directed towards the GOT meeting low and lower middle income housing needs. It is likely, therefore, that these groups will bear most of the delays incurred by budget re-allocations necessary for the flood disaster pro-
gram. The minimum financial requirements for the 1938 GOT response to the 1982 floods are equal to the annual GOT direct investment in the Rural Housing Program (about TD 13 million ($21.7 million) per year); in fact, the TD 20.5 million ($34.2 million) GOT estimate of the total shelter damage is greater than the annual investment in the Sixth Five Year Plan for both the Rural Housing and Dégourification Program (TD 17.8 million or $29.7 million). In order to minimize the setback to its Five Year Development Plan, the GOT has been seeking financial resources needed for the flood damage response from bilateral and international sources. However, because housing is not the only sector that has been touched, amounts of funds allocated to housing are likely to remain insufficient.

3. The AID Response

The project support of the repair program is consistent with AID's ongoing policy objective of reinforcing GOT efforts to upgrade and rehabilitate rather than knock down and rebuild. The fact that the GOT is opting for reconstruction for only those families whose houses were washed away or are beyond repair is an indication of the GOT recognition of the value of the existing housing inventory and the financial implications of considering a total rehousing program.


a) Housing Repairs (see Table III)

It is estimated by the MOH that homes which were damaged will require an average of TD 600 ($1000) to repair (ranging from about TD 200 to 1,500 or $320 to $2,400 per unit). The average cost of minimal repairs is TD 300 ($500). The MOH estimates that TD 5.4 million (about $9 million) is required for total repairs and TD 4.2 million ($7 million) for minimal repairs.

The AID grant of $750,000 provided to FNAI will finance only about 10 percent of the estimated total resources needed for minimal repair of flood
### Table XIII
**Proposed Aid Financing Plan**

#### Repair Program

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>TD</th>
<th>DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US ESF Grant</td>
<td>450,000</td>
<td>750,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of loans</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>Average size of loan</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Term of loan</td>
<td>5 yrs</td>
<td></td>
</tr>
<tr>
<td>Interest rate</td>
<td>0-6%</td>
<td></td>
</tr>
</tbody>
</table>

#### Reconstruction Program

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>TD</th>
<th>DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US ESF Grant</td>
<td>600,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>US HG Loan</td>
<td>2,400,000</td>
<td>4,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ESF Grant (20% of reconstruction per family costs)</td>
<td>600 (maximum)</td>
<td>1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HG Loan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated No. of loans</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Maximum Size of loan</td>
<td>2,400</td>
<td>4,000</td>
</tr>
<tr>
<td>Term of loan</td>
<td>15 years</td>
<td></td>
</tr>
<tr>
<td>Interest rate</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>
damaged homes. As noted, the GOT has also requested assistance from other bilateral and international donors. Some of the assistance already provided by the GOT was financed from grants from Gulf States, and others.

AID will reimburse up to TD 300 ($500) per loan for the FNAH's flood related housing repair loans. Funds will be disbursed to the FNAH special account at the STB.

Repayments by beneficiaries will be made to the STB. FNAH will reinvest these funds in loans for community facilities and infrastructure projects sponsored by municipalities at 6% interest rate repayable over 5 years.

b) Housing Reconstruction

It is estimated that a maximum of TD 3,000 ($5,000) per unit will be required to finance replacement housing. The estimate is based on costs of about TD 2,400 ($4,000) for a 25m² house and where necessary, land costs of about TD 100 ($170) for 80-100 m² lots with lot service costs of about TD 500 ($830) (water, sewer, electricity, roads). For houses built by autoconstruction beneficiaries might be able to build units larger than 25 m². Rural housing done by autoconstruction currently costs about 70-80 TD/m². These estimates are consistent with similar expandable core housing units financed under the AID HG-003 program, not a self-help program.

Of the total money needed for reconstruction, $1 million of ESF funds are to be used to provide grants of up to a maximum of TD 600 ($1000) for approximately 1,000 families whose homes were destroyed. The maximum ESF grant of TD 600 ($1000) per unit represents the equivalent of a 20% downpayment on replacement housing. In addition, approximately $4 million of HG-004 loan funds will be used to provide at least 1000 loans of up to TD 2,400 ($4000) per unit to help families construct a core house.
These two sources of funds will be sufficient to provide approximately 1,000 replacement units. Other funding from bilateral and international donors is needed and being sought by the GOT to help rehouse the total number of families whose houses were destroyed.

5. Subsidies

Because beneficiaries will borrow at a 7% rate over 15 years, or below the expected interest rate on the HG loan, a GOT interest rate subsidy is implied. While having beneficiaries pay a rate closer to current HG loan rates would result in lower subsidies, it should be borne in mind that the 7% rate already represents a significant movement toward an economic rate, compared to previous Tunisia HG loans and the 6% rate proposed for HG-004 when it was approved in 1979. Furthermore, the use of HG-004 funds here is to benefit flood victims who have lost their homes. There is sentiment in Tunisia that, in fact, these people are entitled to the assistance without the need to repay or to pay interest.

By CNEL's agreeing to make and administer loans to non-contract savers, including non-salaried workers, CNEL will be expanding its service to beneficiaries previously excluded. Assuming satisfactory experience, CNEL could be expected to be more receptive to developing more flexible loan and savings programs as planned in the HG-004 program.

What is in fact a free market interest rate for a home mortgage loan is difficult to determine since Tunisia has a managed economy where interest rates are set or influenced by the Government. For example, both CNEL savings and mortgage rates are subsidised (6.5% and 4.5% respectively). A mortgage or commercial loan from a Tunisian commercial bank is currently about 10.5%. However, the Government also provides incentives for some commercial
loans which lowers the rate to 6-8%. These commercial rates do not seem
so low when compared to the cost of foreign borrowing to the Tunisian
Government. Tunisia's foreign debt currently averages about 7% with 20
year maturity. Tunisia recently borrowed $125 million on the Eurodollar
market at a very favorable rate of LIBOR+1/2% for eight years (LIBOR
3 month rate 9 1/2% on 1/20/83).

In the context of a managed economy, requiring an interest rate equal
to or in excess of the inflation rate (officially 13.8% in 1982) would not
be acceptable to the Tunisian government, in particular for the lower income
beneficiaries of housing loans. Moreover, while there is merit in having
subsidy-free economic management reflecting market forces, Tunisia has
shown consistent development progress despite subsidies. Real GDP increased an
estimated 1.5% in 1982 and the GDP is projected to increase by 3-5% in
both 1983 and 1984. Foreign debt service levels are low and have increased
only modestly in the last few years.

With regard to the FNAH program the interest rates are clearly below
market rates. However, given the nature of the emergency and that beneficiaries
are flood victims, the support of a program with such low interest rates
is acceptable on humanitarian grounds.

D. Affordability Analysis:

Comprehensive figures on income levels for households that lost their
homes are not available. A random sample of the households whose homes
were either destroyed or damaged in one area of the Sfax Gouvernorat
shows very low income levels (see Table IV). Government officials suggest
that incomes are probably understated because the people thought that by
reporting low incomes, more assistance to rebuild would be forthcoming.
### TABLE IV

**HOUSEHOLD INCOME FOR HOUSEHOLDS AFFECTED BY FLOODS**

**A. SPAY GOVERNORAT**

<table>
<thead>
<tr>
<th>Amount Income</th>
<th>Monthly Income</th>
<th>Number of Households</th>
<th>Percent</th>
<th>Cum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below TD300 ($500)</td>
<td>up to TD 25</td>
<td>3,339</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Between TD300 and TD500 ($500-835)</td>
<td>TD 25 - 42</td>
<td>1,483</td>
<td>17</td>
<td>56</td>
</tr>
<tr>
<td>Between TD500 and TD750 ($835-1252)</td>
<td>TD 42 - 62.5</td>
<td>1,926</td>
<td>23</td>
<td>79</td>
</tr>
<tr>
<td>Between TD750 and TD1000 ($1252-1600)</td>
<td>TD 62.5-83</td>
<td>949</td>
<td>12</td>
<td>91</td>
</tr>
<tr>
<td>Above TD1000 ($1600)</td>
<td>TD 83+</td>
<td>766</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of Household</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 4 persons</td>
<td></td>
<td>1,692</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Between 4 and 6 persons</td>
<td></td>
<td>3,385</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>More than 6 persons</td>
<td></td>
<td>3,386</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>

*Data from the Ministry of Housing, Housing Construction Division.*

**B. Tozeur Governorat**

<table>
<thead>
<tr>
<th>Delegation</th>
<th>Percentage of households with Income inferior to SMIG (85 TD)</th>
<th>Percentage of households with income between 1 and 2 times the SMIG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tozeur</td>
<td>97</td>
<td>3</td>
</tr>
<tr>
<td>Nefta</td>
<td>91.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Degache</td>
<td>97</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Available 1980 household expenditure figures for the Sfax Gouvernorat tend
to confirm this hypothesis. For example, total expenditures for the lowest
decile were TD 39 per month per household. These 1980 figures suggest
that lowest revenue decile in 1980 had a higher income than the lowest
30 percent of flood victims reported incomes in Sfax in 1982.

In 1980 in Sfax, only 8.6% of the population is reported to be at
less than the World Bank poverty threshold level. (Based on a household
size of 6 persons per household, poverty level would be TD 30 per month
in rural areas and TD 60 per month in urban areas.) Over 55 percent of
the flood victims in 1982 reported incomes lower than the 1980 poverty
threshold. This is further evidence of significant underreporting of
incomes.

National urban income statistics for Tunisia in 1981 and estimated
for 1982 confirm that higher income levels are reasonable. Monthly
incomes are shown below:

<table>
<thead>
<tr>
<th></th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median</td>
<td>TD 112 ($187)</td>
<td>TD 125 ($209)</td>
</tr>
<tr>
<td>40th percentile</td>
<td>TD 98 ($164)</td>
<td>TD 109 ($182)</td>
</tr>
<tr>
<td>30th percentile</td>
<td>TD 80 ($134)</td>
<td>TD 89 ($149)</td>
</tr>
<tr>
<td>20th percentile</td>
<td>TD 68 ($114)</td>
<td>TD 76 ($127)</td>
</tr>
<tr>
<td>10th percentile</td>
<td>TD 48 ($ 80)</td>
<td>TD 54 ($ 90)</td>
</tr>
</tbody>
</table>

1. **Affordability - Repair**

Assuming that the Tunisian household can devote 15 percent of income
to improve housing, a household earning TD 30 ($50) per month, the rural
poverty level or TD 60 ($100), the urban poverty level, could afford
TD 4.5 ($7.50) or TD 9 ($15) per month respectively to service a repair
loan. The proposed average loan of TD 300 ($500) at 3 percent interest over five years would require a TD 5.4 ($9) monthly payment. Similarly, payments would be TD 5 at 0 interest and TD 5.8 percent. As payments in this range constitute only slightly over 15 percent of the income of the lowest income rural families and less than 5 percent of the urban median income they should be affordable to virtually all needy flood victims.

2. Affordability - Reconstruction

In reviewing various options for replacement housing, including prefabricated housing, the proposed program (largely autoconstruction, and core housing in some instances) clearly provides the least expensive and the most affordable housing program that the GOT could adopt under these circumstances.

Table V shows that monthly payments on loans for reconstruction can be expected to range from about TD 13.5 ($22.50) to TD 21.6 ($36). These would be affordable at the 10th to 30th percentiles respectively of the national urban income distribution, or urban median. In fact, the maximum loan proposed for reconstruction is TD 2,400 ($4,000) is affordable at the 30th percentile. While even a small loan would not be affordable at the rural poverty level, the maximum loan would only require monthly payments at less than 25% of the minimum urban wage*. A loan of TD 1,500 would require monthly payments of less than 23% of the urban poverty level (TD 60/month).

E. Environmental Analysis:

As disaster assistance, the proposed program is exempt from environmental analysis under the provisions of 22 CFS 216.2 (E) (I) and (II). Where families will be rebuilding and repairing on the same site, there would, in any case, not be any relevant environmental impact. Where

*The minimum urban industrial wage, M16, is currently TD 85 (approx. $150)
### Table V

**AFFORDABILITY OF THE RECONSTRUCTION PROGRAM FOR FLOOD VICTIMS**

<table>
<thead>
<tr>
<th>Amount of Loan (Illustrative)</th>
<th>Terms of Loan</th>
<th>Monthly Payment</th>
<th>Monthly Income Required (*)</th>
<th>National urban income percentile reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>1500 ($2500) 20% downpayment</td>
<td>15 years 7% TD</td>
<td>13.5 ($22.50)</td>
<td>TD 54</td>
<td>10</td>
</tr>
<tr>
<td>850 TD house self-built on beneficiary's lot</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum loan TD 4000 ($4000) 20% downpayment</td>
<td>15 years 7% TD</td>
<td>21.6 ($36)</td>
<td>TD 86.4 ($114)</td>
<td>25-30</td>
</tr>
<tr>
<td>Maximum loan 600 for a serviced house</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) Assuming monthly payment = 25% of monthly income.
the location of the original house is unsafe, alternate sites will be provided.

F. Implementation Plan:

1. Responsibilities of the Principle Institutions

The Ministry of Housing would have the principal role of program management and coordination. MOH would be responsible for project development, supervision of FNAH, SNIT and AFH when necessary, coordination with CTSL and local officials, all Project submissions to AID and certifications to AID for both Grant and HG disbursements. The MOH was created in 1980 after the authorization of HG-004 and is not included in the original implementation plan for the Project, but since its creation it has taken a positive and effective role in management of GOI programs in the sector.

The GOI will be the borrower, grantee and guarantor of the Host Country Guaranty Agreement that backs up AID's Guaranty Agreement with U.S. financial institutions providing the Housing Guaranty loan resources. CTSL would be responsible for financial management of $2 million HG resources and $1 million grant for the reconstruction program.

The $750,000 ESF grant would also be disbursed by AID to the Tunisian Treasury. The funds will be transferred from the Treasury to the FNAH account which is administered by the Société Tunisiennne de Banque (STB).
2. Site Selection Process and Criteria/Selection of Beneficiaries

Beneficiaries will be selected from the lists established during the survey conducted by the local authorities before March 31st, 1983 and shall not earn more than 1500 TD/year. FAH and CHEL will keep detailed records for each household selected to receive a home repair loan, (income, location, cost of damages per unit, amount and terms of the loan, etc). These records will be used, at the discretion of AID, for audit and evaluation purposes.

Where sites or core houses are to be provided, MOH will for each subproject submit site selection, preliminary plans for each subproject cost estimates, administrative plans and schedules to RHABO for approval.

3. Procurement Contracting

The project will for the most part rely on individual self-help by beneficiaries in contracting for repairs or construction of their housing units.

1. Program Implementation Plan

Prior to first disbursement the MOH will provide to AID a master program implementation plan. The program will be implemented in accordance with the provisions of this Plan and it will cover the following information:

(1) Current cost estimates and cash flow schedules for the Program.
(2) A Program Evaluation and Tracking System.
(3) A description of the established procedures for beneficiary selection, possible contractor selection and cost recovery.
(4) Technical and financial plans for the projects.
(5) A description of management arrangements for the program.
(6) A description of restrictions applicable to the resale of housing.
(7) A loan allocation plan by locality within each governorat.
5. Program Schedule

An illustrative program schedule is defined below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Repair Program</th>
<th>Reconstruction Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Negotiation and signing of Limited Scope Grant Agreement 664-0329B</td>
<td></td>
</tr>
<tr>
<td>August 1983</td>
<td>- Submission of allocation plan</td>
<td>- Program Delivery Plan</td>
</tr>
<tr>
<td></td>
<td>- AID approval allocation plan</td>
<td></td>
</tr>
<tr>
<td>Sept. 1983</td>
<td>- First grant disbursement $250,000</td>
<td>- Allocation plan (names of beneficiaries and terms of loans by locality within each governorate)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- AID approval of allocation plan</td>
</tr>
<tr>
<td>Nov. 1983</td>
<td>- Second disbursement (250,000)</td>
<td>- Updated program delivery plan</td>
</tr>
<tr>
<td></td>
<td>- Repairs completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Final disbursement ($250,000)</td>
<td>- Work begins on reconstruction (housing and infrastructure)</td>
</tr>
<tr>
<td>Feb. 1984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 1984</td>
<td>- Evaluation</td>
<td>- Second disbursement ($1.2 M HG; $300,000 Grant)</td>
</tr>
<tr>
<td>July 1984</td>
<td></td>
<td>- Completion of Housing Units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Midterm Evaluation</td>
</tr>
<tr>
<td>April 1985</td>
<td>- Completion of Infrastructure</td>
<td>- Completion of Infrastructure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Final Disbursement ($1.2 M HG; $300,000 Grant)</td>
</tr>
<tr>
<td>July 1985</td>
<td>- Evaluation of infrastructure projects financed with refund of repair grant.</td>
<td>- Final Evaluation</td>
</tr>
</tbody>
</table>
G. Monitoring and Evaluation Plan:

RHUDD/Tunis and USAID will closely monitor implementation of project activities. It is essential that efforts be made to keep up with the anticipated delivery schedules and the target goals in order to bring the desired relief response in a minimum amount of time.

a) Repair program

An evaluation of the program will be undertaken by AID and MOH approximately six months after signing of the Grant Agreement. An evaluation of the projects financed with the rolfows will be undertaken approximately 2 years after the signature of the Grant Agreement.

b) Reconstruction program

In accordance with AID guidelines a mid-term evaluation of project progress for the reconstruction program will be undertaken by AID. Loan disbursement repayment rates, achievement of construction goals for both houses and infrastructure for the given time period will be assessed.

In addition, a final evaluation will be undertaken by USAID, RHUDD and the MOH at the end of two years that will examine:

a) number and socio-economic status of households who benefitted from the repair and reconstruction programs;

b) number of units repaired, their qualities and their location;

C) number, location, type and quality of units constructed;
ANNEX A

ASSESSMENT OF FLOOD DAMAGE
1. **BACKGROUND ON FLOOD**

   Overall, eleven of the 21 gouvernorats (provinces) in Tunisia were hit by unusually heavy rains resulting in flooding October 28-31 and November 11-12, 1982. The most severely affected gouvernorat of Sfax had 11.8" of rainfall or 181 percent of the normal annual rainfall in 32 hours. The rains heavily damaged everything in the path of several oueds or perennial water courses. Oued Meliane in the second most damaged gouvernorat of Zaghouan reached a peak flow of 3,200 m³/second or more than double the flow during the severe 1969 floods. The number of known or missing and presumed dead as a result of flooding is 107.

   The force of the floods caused serious property losses in all sectors. In terms of public infrastructure, road and bridges washed out in dozens of areas; potable water systems in Sfax and other urban areas were damaged, and thousands of cisterns and wells were silted and polluted; and the sewerage system in Sfax was badly blocked with sand and debris in turn causing a breakdown of four pumping stations. In the agricultural sector, 30,000 olive and fruit trees were destroyed; considerable numbers of small and large stock were killed; 30,000 chickens were lost from one poultry center alone in Sfax; large numbers of greenhouses and plant covers were destroyed; hundreds of tons of seed and food were lost and thousands of hectares of land were damaged. COT surveys show that approximately 14,000 homes were damaged and another 5,000 destroyed completely. The floods also at the same time washed away all or most of the owners' personal possessions.

2. **DAMAGE ESTIMATES - ALL SECTORS**

   Because the floods covered such an extensive area and caused damage in so many sectors, compilation of overall damage assessment data has been extremely difficult. The most comprehensive and reliable figures the damage
published to date were for Sfax which was the gouvernorat suffering the greatest damage:

GOT Estimates of Flood Damage in Sfax

(Millions of U.S. $)

<table>
<thead>
<tr>
<th>Category</th>
<th>Damage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>7</td>
</tr>
<tr>
<td>Industry</td>
<td>7</td>
</tr>
<tr>
<td>Commerce</td>
<td>4.9</td>
</tr>
<tr>
<td>Roads</td>
<td>1.9</td>
</tr>
<tr>
<td>Railways</td>
<td>1.0</td>
</tr>
<tr>
<td>Telephone</td>
<td>.6</td>
</tr>
<tr>
<td>Housing</td>
<td>10.4</td>
</tr>
<tr>
<td>Sanitation</td>
<td>.4</td>
</tr>
<tr>
<td>Schools</td>
<td>1.5</td>
</tr>
<tr>
<td>Recreation areas</td>
<td>.2</td>
</tr>
<tr>
<td>Municipalities</td>
<td>9.4</td>
</tr>
<tr>
<td>Other</td>
<td>.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>44.9</strong></td>
</tr>
</tbody>
</table>

GOT estimates of flood damage in areas other than Sfax were as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Damage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>17.1</td>
</tr>
<tr>
<td>Housing</td>
<td>23.7</td>
</tr>
<tr>
<td>Roads and Infrastructure</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>51.0</strong></td>
</tr>
</tbody>
</table>

Nationally, total damage was thus close to $100 million. The GOT has determined that it will additionally need to spend approximately $30 million for canals and other infrastructure investments to prevent a recurrence of this kind of disaster.
3. Damage Estimates - Housing

The regional offices of the Ministry of Housing in coordination with local officials conducted surveys of gouvernorats affected by the floods. Their findings by gouvernorat and delegation are shown on the map and Tables A1 - A12. There were two categories of affected houses: those that collapsed or that were washed away or destroyed and those that were damaged but repairable. The survey included an assessment of percentage of each dwelling damaged. Houses were also classified by type of original construction - those of adobe or semi-permanent construction (gourbis) and those of stone, brick or other permanent construction (en dur). These classifications served as a basis for projections of repair and replacement costs summarized in Table A1. Study findings showed significant damage in eleven gouvernorats including Kebili and Tozeur, which were not included in the original estimates. It should be noted that it may be difficult in these two areas to distinguish between flood damages and damages from violent winds earlier in the year.

Results showed 3,867 gourbis destroyed with the largest concentration in Bir M'Cherua Delegation, of the Zaghouan Gouvernorat; Joumine Delegation, Bizerte; El Ouyoune Delegation, Kasserine; and the Jemmal, Zeramdine, and Moknine Delegations of the Monastir Gouvernorat. Each of these delegations had 200 or more houses destroyed.
Likewise the survey showed 1,226 houses of "en dur" construction destroyed with by far the largest proportion in the Sfax Gouvernorat, particularly the Northern suburbs of the city (294) and in the Jebeniana Delegation (433).

A total of 13,977 houses were damaged with the Sfax Gouvernorat again suffering the most. The damage was mainly in the city of Sfax and its suburbs (6,456). A large number of damaged houses were also identified in the Tozeur Gouvernorat, particularly the Degache Delegation (1,304).

Using the costs estimated for the construction of expandable core units and related infrastructure by delegation (see Annex B, Technical Analysis for discussion of cost estimates), the projected cost of replacing the 3,867 destroyed gourbis is TD 10.8 million ($18.0 million). The cost of replacing the 1,226 destroyed houses of "en dur" construction is TD 5.6 million ($9.3 million). A total of TD 16.4 million (27.4 million), then, is estimated for construction of 5,093 houses.

Similarly, using the survey's assessments of the percentage of damage to repairable houses by Delegation, repair of 13,877 houses is estimated at a total cost of TD 4.1 million ($6.9 million).

Of the total TD 20.5 million ($34.2 million), the largest share by far, TD 6.3 million ($10.5 million) pertains to Sfax. The remainder is fairly evenly distributed at TD 1.0 - 2.7 million ($1.7-4.5 million) per gouvernorat except for Kebili and Jendouba which have fewer needs.
From 2000 to 3000

Legend

Housing Damage Caused by 1982 Floods.

More than 3000 houses affected

From 2000 to 3000

From 1000 to 2000

Under 1000
## Table A-1

**TUNISIA 1982 Floods—Final Table of Number of Houses Destroyed and Damaged and Estimated Costs for Reconstruction and Repairs by Gouvernorat**

<table>
<thead>
<tr>
<th>Gouvernorat</th>
<th>Houses Destroyed</th>
<th>Total Cost</th>
<th>Equip. and Infrast. Cost</th>
<th>Houses Repaired</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tunis</td>
<td>417</td>
<td>8,042,500</td>
<td>200,500</td>
<td>36</td>
<td>144,000</td>
</tr>
<tr>
<td>Zaghouan</td>
<td>621</td>
<td>13,366,300</td>
<td>270,000</td>
<td>235</td>
<td>70,000</td>
</tr>
<tr>
<td>El Kef</td>
<td>557</td>
<td>7,393,500</td>
<td>370,000</td>
<td>111</td>
<td>33,000</td>
</tr>
<tr>
<td>Jendougui</td>
<td>56</td>
<td>420,000</td>
<td>26,000</td>
<td>45</td>
<td>1,101,000</td>
</tr>
<tr>
<td>Kasserine</td>
<td>720</td>
<td>17,725,000</td>
<td>345,000</td>
<td>231</td>
<td>60,000</td>
</tr>
<tr>
<td>Tozeur</td>
<td>200</td>
<td>400,000</td>
<td>80,000</td>
<td>205</td>
<td>52,000</td>
</tr>
<tr>
<td>Medenine</td>
<td>77</td>
<td>(3,000)</td>
<td>231,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shax</td>
<td>901</td>
<td>2,703,000</td>
<td>1,306,000</td>
<td>7,502</td>
<td>6,277,000</td>
</tr>
<tr>
<td>Medenine</td>
<td>117</td>
<td>(3,000)</td>
<td>605,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monastir</td>
<td>823</td>
<td>1,810,600</td>
<td>362,000</td>
<td>1,198</td>
<td>3,594,000</td>
</tr>
<tr>
<td>Souss</td>
<td>503</td>
<td>1,106,600</td>
<td>221,000</td>
<td>464</td>
<td>1,399,000</td>
</tr>
</tbody>
</table>

**TOTAL**

1,807

8,983,500 1,795,500 1,226

3,820,000 1,757,000 13,977

14,129,500 20,485,500

(1) 20% of total cost.
(2) 1,000 D per housing unit for infrastructure network and 15% of total costs for community facilities.
### Table A-2

**Housing Destroyed and Damaged**

**Gouvernorat of Tunis**

<table>
<thead>
<tr>
<th>DELEGATIONS</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
<th>NUMBER</th>
<th>PERCENT OF DAMAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEDINA</td>
<td>14</td>
<td></td>
<td>23</td>
<td>60%</td>
</tr>
<tr>
<td>EL OMRANE</td>
<td>-</td>
<td></td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>EL MENZAH</td>
<td>7</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BAB SOUIKA</td>
<td>10</td>
<td></td>
<td>60</td>
<td>60%</td>
</tr>
<tr>
<td>BAB BHRAR</td>
<td>-</td>
<td></td>
<td>30</td>
<td>30%</td>
</tr>
<tr>
<td>SELJOMI</td>
<td>-</td>
<td></td>
<td>125</td>
<td>50%</td>
</tr>
<tr>
<td>SIDI BECHIR</td>
<td>-</td>
<td></td>
<td>111</td>
<td>60%</td>
</tr>
<tr>
<td>MORNAC</td>
<td>96</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JEEEL JELFAUD</td>
<td>90</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HAMAM LIF</td>
<td>11</td>
<td></td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>EL GUARDIA</td>
<td>5</td>
<td></td>
<td>5</td>
<td>30%</td>
</tr>
<tr>
<td>BEN AROUS</td>
<td>-</td>
<td></td>
<td>17</td>
<td>40%</td>
</tr>
<tr>
<td>LA MARSA</td>
<td>-</td>
<td></td>
<td>106</td>
<td>40%</td>
</tr>
<tr>
<td>LE BARDU</td>
<td>-</td>
<td></td>
<td>24</td>
<td>30%</td>
</tr>
<tr>
<td>LA COLETTE</td>
<td>-</td>
<td></td>
<td>31</td>
<td>30%</td>
</tr>
<tr>
<td>LA KAMWAYA</td>
<td>170</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SILLI TABLAT</td>
<td>50</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>453</strong></td>
<td><strong>550</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## TABLE A-3

### Housing destroyed and damaged

<table>
<thead>
<tr>
<th>DELEGATION</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>Mohamadia</td>
<td></td>
<td>198</td>
</tr>
<tr>
<td>Bih M'Cheggu</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Tébourba</td>
<td>53</td>
<td>28</td>
</tr>
<tr>
<td>Mohamagilia</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Fares</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>Zghia</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>621</strong></td>
<td><strong>235</strong></td>
</tr>
</tbody>
</table>
## TABLE A-4

**Housing Destroyed and Damaged**

**GOUVERNORAT OF BIZERTE**

<table>
<thead>
<tr>
<th>DELEGATIONS</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>BIZERTE NORD</td>
<td>1</td>
<td>58</td>
</tr>
<tr>
<td>BIZERTE SUD</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>JOMINE</td>
<td>221</td>
<td></td>
</tr>
<tr>
<td>JELTA</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>SEJANE</td>
<td>109</td>
<td>31</td>
</tr>
<tr>
<td>UTIQUE</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>RAS JEBEL</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>MENZEL BOURGUIBA</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>MENZEL JEMIL</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>557</td>
<td>111</td>
</tr>
<tr>
<td>LOCALITIES</td>
<td>HOUSES DESTROYED</td>
<td>HOUSING UNITS DAMAGED</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>JENDOUBA</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>CHARKIMAOU</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>BOU SALEH</td>
<td>21</td>
<td>45</td>
</tr>
<tr>
<td>AIN DRAHAM</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>TABARKA</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>56</strong></td>
<td><strong>45</strong></td>
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</tbody>
</table>
## TABLE A-6

### Housing Destroyed and Damaged

**GOVERNORAT OF KASSERINE**

<table>
<thead>
<tr>
<th>LOCALITIES</th>
<th>GOURBIS DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
<th>% OF DAMAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>KASSERINE NORD</td>
<td>15</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>KASSERINE SUD</td>
<td>13</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>EL GUYOUNE</td>
<td>280</td>
<td>80</td>
<td>40%</td>
</tr>
<tr>
<td>SBITLA</td>
<td>55</td>
<td>19</td>
<td>50%</td>
</tr>
<tr>
<td>FERIANA</td>
<td>-</td>
<td>22</td>
<td>30%</td>
</tr>
<tr>
<td>HAYDRA</td>
<td>74</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SIBIBA</td>
<td>-</td>
<td>26</td>
<td>50%</td>
</tr>
<tr>
<td>THALA</td>
<td>60</td>
<td>60</td>
<td>40%</td>
</tr>
<tr>
<td>FOUCHANA</td>
<td>178</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MEJEL BEL ABDES</td>
<td>15</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>690</strong></td>
<td><strong>241</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Housing Destroyed and Damaged

**GOVERNORAT OF TOZEUR**

<table>
<thead>
<tr>
<th>LOCALITIES</th>
<th>HOUSING DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOZEUR</td>
<td>33</td>
<td>471</td>
</tr>
<tr>
<td>HSPTA</td>
<td>24</td>
<td>175</td>
</tr>
<tr>
<td>DIGACHE</td>
<td>137</td>
<td>1,304</td>
</tr>
<tr>
<td>HAZOUA</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>TAMEGGA</td>
<td>6</td>
<td>120</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>2,085</strong></td>
</tr>
</tbody>
</table>

% of damage:
- TOZEUR: 40%
- HSPTA: 30%
- DIGACHE: 50%
- HAZOUA: 30%
- TAMEGGA: 30%
### Table A-8

**Housing Destroyed and Damaged**

**Gouvernorat of Kebili**

<table>
<thead>
<tr>
<th>Localities</th>
<th>Houses Destroyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kebili</td>
<td>22</td>
</tr>
<tr>
<td>Souk Lahad</td>
<td>25</td>
</tr>
<tr>
<td>Douz</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>
TABLE A-9

Housing Destroyed and Damaged

GOVERNORAT OF SFAX

<table>
<thead>
<tr>
<th>LOCALITIES</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>SFAX Ville</td>
<td>79</td>
<td>1,482</td>
</tr>
<tr>
<td>SFAX Nord</td>
<td>294</td>
<td>3,463</td>
</tr>
<tr>
<td>SFAX Sud</td>
<td>90</td>
<td>1,511</td>
</tr>
<tr>
<td>JEBENIANA</td>
<td>433</td>
<td>997</td>
</tr>
<tr>
<td>MAHRES</td>
<td>5</td>
<td>109</td>
</tr>
<tr>
<td>TOTAL</td>
<td>901</td>
<td>7,562</td>
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</table>
TABLE A-10

Housing Destroyed and Damaged
GOUVERNORAT OF MAHDIA

<table>
<thead>
<tr>
<th>LOCALITIES</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>MAHDIA</td>
<td>71</td>
<td>443</td>
</tr>
<tr>
<td>KSOLK ISSAF</td>
<td>70</td>
<td>216</td>
</tr>
<tr>
<td>LA</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>SIDI AFOUANI</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td>EL JEFRI</td>
<td>32</td>
<td>352</td>
</tr>
<tr>
<td>BOLMAKDES</td>
<td>-</td>
<td>318</td>
</tr>
<tr>
<td>CHOBANE</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>174</strong></td>
<td><strong>1,486</strong></td>
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</tbody>
</table>
TABLE A-11

Housing Destroyed and Damaged
GOUVERNORAT OF MONASTIR

<table>
<thead>
<tr>
<th>LOCALITIES</th>
<th>HOUSES DESTROYED</th>
<th>HOUSING UNITS DAMAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>MONASTIR</td>
<td>9</td>
<td>106</td>
</tr>
<tr>
<td>GOURANINE</td>
<td>75</td>
<td>64</td>
</tr>
<tr>
<td>JEMAAAL</td>
<td>210</td>
<td>170</td>
</tr>
<tr>
<td>ZERANDINE</td>
<td>202</td>
<td>247</td>
</tr>
<tr>
<td>MOKNINE</td>
<td>361</td>
<td>218</td>
</tr>
<tr>
<td>Ksar Hellal</td>
<td>4</td>
<td>36</td>
</tr>
<tr>
<td>BEKALTA</td>
<td>-</td>
<td>30</td>
</tr>
<tr>
<td>SAYADA-LAMTA-BOUHJAR</td>
<td>-</td>
<td>86</td>
</tr>
<tr>
<td>KSIBET MEDJIUNI</td>
<td>-</td>
<td>221</td>
</tr>
<tr>
<td>TEBOLBA</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL =</td>
<td>861</td>
<td>TOTAL = 1198</td>
</tr>
<tr>
<td>LOCALITIES</td>
<td>HOUSES DESTROYED</td>
<td>HOUSING UNITS DAMAGED</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td></td>
<td>NUMBER</td>
<td>% OF DAMAGE</td>
</tr>
<tr>
<td>SOUSSE-NORD</td>
<td>26</td>
<td>60%</td>
</tr>
<tr>
<td>SOUSSE-SUD</td>
<td>92</td>
<td>50%</td>
</tr>
<tr>
<td>M'SAKEN</td>
<td>104</td>
<td>40%</td>
</tr>
<tr>
<td>AKOUDA</td>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>HAMMAK SOUSSE</td>
<td>-</td>
<td>50%</td>
</tr>
<tr>
<td>KALAA KEBIRA</td>
<td>39</td>
<td>30%</td>
</tr>
<tr>
<td>SIDU KUALI</td>
<td>25</td>
<td>40%</td>
</tr>
<tr>
<td>ENFIRRA</td>
<td>87</td>
<td>20%</td>
</tr>
<tr>
<td>BOUPICA</td>
<td>128</td>
<td>20%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>503</td>
<td></td>
</tr>
</tbody>
</table>
1. TECHNICAL EVALUATION OF DAMAGE

Three small towns in the Sfax Gouvernorat were visited by RHUDO to assess the kind of damage suffered and the potential for project development: Sakiet Ezzait, where 789 houses were damaged and 81 demolished; Sakiet Eddair, where 1712 houses were damaged and 53 demolished; and l'Ain where 573 were damaged and 90 demolished. These three towns were among the hardest hit within the Sfax area. As a result of these site visits it was possible to estimate the repairs needed.

Damage to houses was primarily of two types: collapse or literal wash-away by the force of the torrent or moving water; or structural failure due to partial wash-out or collapse of support for foundations and slabs. Replacement housing will be required not only for houses suffering the first type of damage but also for those suffering the second type. With the latter, saturation of the structure or of the sub-surface soils could make either the dwelling or the location itself unsafe for habitation even with extensive rehabilitation.

Examples of both types of damage were found in the newly constructed modern masonry houses with reinforced concrete slab roofs as well as in the traditional houses built forty or fifty years ago. Traditional houses (gourbis) are built of earth block walls. They are roofed with wooden poles which support planking over which a layer of earth is laid for insulation. Such traditional structures are protected from the occasional rain by a thin layer of lime plaster and regular applications of a lime "white wash". The traditional house is particularly susceptible to damage by saturation of the foundation. In fact, though, both types of housing seem to have suffered from subsurface soil wash-outs due to saturation as well as from the direct force of the rushing water.
Traditional houses damaged by saturation frequently suffered partially collapsed roofs and/or supporting walls. Repair in such cases would be relatively simple, but a professional judgement is needed to determine whether the extent of damage justifies repair with traditional material. The obviously more costly alternative is to demolish the house and rebuild it with stone and cement.

In most cases, rebuilding in traditional methods would be a reasonable approach although care is needed to see that proper sites are selected and foundations used. Foundations should consist of stone with cement mortar to a depth of at least 15 inches (40 cm) and should continue for several stone courses above grade before beginning the earth wall.

Many traditional structures also suffered buckling or sinking of floor slabs. Buckling or sinking occurred in houses where standing water inside the house saturated the soil beneath the slab leading to compression of the soil and uneven settlement. Several alternatives can be used to repair floor slabs. In the worst cases the slab may have to be removed and a new one poured over a level bed of sand. Others can be spot patched. Fortunately, removal of the floor slab in a traditionally constructed house is a fairly simple matter as it is usually independent of the wall structure.

With respect to houses built of stone and reinforced concrete, the most frequently observed damage consisted of major structural cracks in walls due to the settling of foundations following the wash-out or the uneven compression of saturated sub-surface soils. In many cases, floor slabs buckled for the same reasons. Until the soils dry out and settlement stops, these houses must be considered unsafe as further movement could topple
some of the walls. Most of them can be repaired after a period of drying out, if the movement was not so great as to crack the reinforced concrete roof slabs. Damaged floors will have to be leveled by breaking up the slab and repouring it. To repair the walls, plaster will have to be removed around the wall cracks and replaced after filling the cracks with mortar similar to that used in the original wall construction. To minimize the problems of recurring cracks, the base of each house should be protected from future water penetration to the degree possible by improving the drainage system. While drainage should always be away from the foundation, a major flood such as the one in Sfax will always cause some damage due to the fact that water in that quantity does not become absorbed into the type of soils found throughout the region.

2. SITES ANALYSIS

A brief visit was made to one of the three sites proposed for development of replacement houses in the Sfax area by a HUDO staff member and a private consultant. Based on this visit and discussions with the regional representative of the Ministry of Housing, it appears that all three sites are suitable for the type of housing proposed. The site at Sakiet Ezzait is approximately 10 hectares in area. It is adjacent to the existing built-up area of light industries and within one kilometer of the bus route into the center of Sfax. The site has good drainage with a gentle slope. It is presently planted with olive trees as is virtually all of the land for many miles around Sfax. Services are available and community facilities are within a reasonable distance. The area will eventually be developed as a mixed income housing area offering a full range of community and commercial facilities.
3. **DESIGN OF CORE UNIT**

The core units where necessary, will be designed to reflect the social and cultural characteristics of the beneficiaries and the type of new construction and materials used in the particular region where the program will be implemented. Several options will be made available depending on the amount of the loan the households will subscribe to and whether the units are to be rebuild on original sites or build on new sites.

4. **AVAILABILITY OF MATERIALS**

Based upon discussion with MOH officials and several site visits, there appears to be no shortage of building materials on the local market. The MOH has agreed to place priority on making materials available in the flood damage areas should shortages occur.

With respect to local procurement under the Project, it is intended that the grant portion will finance only Tunisian source and origin items, while the guaranty portion will finance items of Tunisian as well as C code source and origin.

Based upon past experience with Tunisian housing construction of the type provided through this project the value of construction materials that will be of non-Tunisian source and origin, would be very low probably less than 10%.
LOGEMENT EVOLUTIF

1° phase

2° phase

FAÇADE PRINCIPALE

S. TERRAIN, 78.50 m²

1° phase  25.50 m²
2° phase  39.00 m²
3° phase  54.00 m²
REPUBLIQUE TUNISIENNE
MINISTÈRE DE L'HABITAT
DIRECTION DE LA CONSTRUCTION DE L'HABITAT

OTE EXPLICATIVE SUR L'AUTOCONSTRUCTION

DEFINITION :

L'autoconstruction est un procédé qui permet au citoyen d'édifier lui même son logement avec ses propres moyens. Pour ce faire il peut construire son logement en se faisant aider par les membres de sa famille et éventuellement par des ouvriers. Dans le cas où il n'est pas en mesure de le faire il peut se faire aider par un ou deux maçons qualifiés.

OBJECTIF :

On vise par ce procédé trois objectifs principaux :

1/ Alléger l'auto-financement qui constitue dans certains cas un handicap par une participation sous forme de journées de travail.

2/ Comprimer au maximum le prix de revient de la construction en éliminant les charges inhérentes à l'entreprise.

3/ Responsabiliser le citoyen au niveau du choix du type de logement à construire dans le but d'adapter mieux le type de logement à son mode de vie et à sa région.

CHAMP D'APPLICATION:

Le Ministère de l'Habitat a adopté le procédé de l'auto-construction à partir de l'année 1982 pour les logements ruraux. Son extension aux logements suburbains construits actuellement par la S.N.I.T. est envisagé ou qu'il répond mieux aux aspirations des citoyens.

MODE DE REALISATION

Le citoyen ayant obtenu l'accord des autorités régionales pour construire son logement suivant ce procédé, peut bénéficier de l'aide de l'Etat prévue : prêt et subvention.
Pour les logements ruraux la réalisation se fait une fois l'accord du prêt et de la subvention est accordé par les autorités et le constat de l'emplacement est fait par les services régionaux du Ministère de l'Habitat. Le citoyen peut dans ce cas y engager les travaux de la façon suivante :

<table>
<thead>
<tr>
<th>Nature des travaux</th>
<th>Aide accordée</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/ Réalisation des fondations</td>
<td>Subvention</td>
</tr>
<tr>
<td>2/ Construction des murs porteurs</td>
<td>1/3 du prêt</td>
</tr>
<tr>
<td>3/ Coulage de la dalle</td>
<td>1/3 du prêt</td>
</tr>
<tr>
<td>4/ Enduit des murs et du plancher haut et cimentage du sol</td>
<td>1/3 du prêt</td>
</tr>
</tbody>
</table>
ANNEX C

LOGICAL FRAMEWORK
### Purpose

1. **GOT meets housing needs of flood victims in a timely fashion and in a manner consistent with housing programs affordable by low income families.**

2. **GOT's investment strategy shifts toward housing programs affordable by low income families (Goal of HG-004)**

### Goal

Adequate shelter provided to families whose homes were damaged or destroyed by floods in 5 Tunisian Governorats by December 1984

### Indicators

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GOT meets housing needs of flood victims in a timely fashion and in a manner consistent with housing programs affordable by low income families.</td>
<td>1. 90% of those whose houses were damaged or destroyed in 1982 floods in the 7 governorates live in repaired or reconstructed homes by December 1984.</td>
<td>2. MOH records</td>
<td>1. GOT receives financing from other donor agencies or makes available funds from other sectors or programs for flood victims not assisted by AID</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- FHAH records</td>
<td>2. Other more pressing emergencies do not arise diverting funds from housing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- CHEL/SHT records</td>
<td>3. Other housing programs developed for remaining 6 governorates.</td>
</tr>
<tr>
<td>2. GOT's investment strategy shifts toward housing programs affordable by low income families (Goal of HG-004)</td>
<td>2. 90% of houses meet HG-004 standards of affordability and structural adequacy</td>
<td>2. SHTT records</td>
<td></td>
</tr>
</tbody>
</table>

### Outputs

1. **Approximately 1500 houses of flood victims in 5 governorates repaired with adequate standards of structural safety by 8/84**

2. **Approximately 1000 structurally adequate houses in 79 governorates reconstructed by 6/84 on at least 2 appropriate sites presented to and approved by AID for community projects by 9/85.**

### Means of Verification

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Repair</td>
<td>1. FHAH records</td>
</tr>
<tr>
<td></td>
<td>1. site visits to be affected areas</td>
</tr>
<tr>
<td></td>
<td>2. CHEL and SHTT records</td>
</tr>
<tr>
<td></td>
<td>2. site visits</td>
</tr>
<tr>
<td></td>
<td>3. MOH records</td>
</tr>
<tr>
<td></td>
<td>3. Municipality records</td>
</tr>
<tr>
<td>2. Reconstruction</td>
<td>1. FHAH records</td>
</tr>
<tr>
<td></td>
<td>1. site visits</td>
</tr>
<tr>
<td></td>
<td>2. CHEL, SHTT records</td>
</tr>
<tr>
<td></td>
<td>2. site visits</td>
</tr>
<tr>
<td></td>
<td>3. MOH records</td>
</tr>
</tbody>
</table>

### Assumptions

1. GOT receives financing from other donor agencies or makes available funds from other sectors or programs for flood victims not assisted by AID
2. Other more pressing emergencies do not arise diverting funds from housing.
3. Other housing programs developed for remaining 6 governorates.

### Output to Purpose Assumptions

1. **GOT legalizes land titles for former "squatters"**

2. **1500 additional homes repaired in 5 governorates with FHAH/GOT loans**
2.3 Houses do not cost more than $3000 per unit

3. Reflow community projects approved by AID

3.1 Community projects proposed for AID approval to be funded by reflow: nominations amount to $750,000 over a period of 6 years starting after first disbursement to beneficiaries.

1. Repairs

1.1 Present, review and approve allocation plan and beneficiaries, sites and homes to be repaired

1.2 Review and approve eligibility criteria and waivers

1.3 Establish amount and terms of loans

1.4 Review disbursement schedules and procedures

1.5 FNHA makes approximately 1500 loans to intended beneficiaries by 12/83

1.6 Review availability of materials and need for TA

1.7 FNHA makes second tranche of 1500 loans

1.8 Review to see if 90% of loans being repaid according to schedule

1.9 Construction begins in 90% of allocated loan according to plan

1.10-90% of borrowers come back for final disbursement (after 75% construction completed)

1. Repairs

1.1. ESF grant of $750,000

1.2 Reconstruction

2.1 Site Surveys

2. Final site selection and beneficiaries for approximately 1000 homes to be reconstructed

2.3 Establish amounts and terms of loans and cost recovery mechanism

2.4 Review availability of materials

2.5 Finalize construction contract with SHIT

2.6 Construction begins

2.7 Technical review of construction of homes and infrastructure

2.8 Check repayments of loans/rate of recovery

2.9 Complete homes

2.10 Complete infrastructure

2. Reconstruction

2.1 ESF grant of $1,000,000

2.2 Housing Guarantee funds of $4,000,000

3. Reflows

3.1 Establish terms and conditions for initial municipal projects generated from reflows

3.2 Review initial projects submitted

3.1 Amount dependent on interest and repayment rates

Input to Output Assumptions:

1. FNHA liberalizes loan criteria for flood victims

2. Materials available at prices affordable by low income families, (prices do not rise)

3. Construction costs do not increase more than in previous 5 years

4. FIH able to meet construction targets in terms of time and costs as in past 5 years.
ANNEX D

LETTER OF REQUEST
FROM THE
GOVERNMENT OF TUNISIA
Monsieur le Directeur de la Mission Spéciale Américaine de Coopération Économique et Technique en Tunisie.

149, Avenue de la Liberté - TUNIS -

OBJET : Coopération Tuniso-Américaine


Monsieur le Directeur,

J'ai l'honneur de porter à votre connaissance qu'à la suite de l'octroi, à la Tunisie, d'une subvention de cinq millions de $US, pour l'année 1982-1983, dans le cadre du Fonds de Soutien Économique "E.S.F.", le Gouvernement tunisien propose l'affectation des fonds "E.S.F." comme suit :

- Financement partiel des bourses de nos étudiants poursuivant leurs études aux États-Unis d'Amérique, dans le cadre du programme national de transfert de technologie arrêté par les Autorités tunisiennes. La dotation à prélever sur les fonds E.S.F. serait de 2 millions de $US.

- Contribution, à concurrence de 1,750 million de $US, au projet d'aide à la reconstruction des logements touchés par les dernières inondations.

- Financement, pour 1,250 million de $US, des opérations promotionnelles des petites et moyennes entreprises en Tunisie, en association avec le secteur privé américain, ainsi que tout projet de transfert de technologie identifié en cours d'année.
Cette programmation des fonds "E.S.F." répond aux exigences prioritaires établies par le Gouvernement tunisien dans le cadre du VI Plan de Développement Économique et Social 1982-1983.

Aussi vous saurais je gré de bien vouloir informer, de ce qui précède, les Autorités américaines compétentes et des démarches que vous voudriez bien entreprendre auprès de l'Administration américaine en vue d'approuver la programmation proposée des cinq millions de $ US, et la signature dans les meilleurs délais possibles de l'accord de don "E.S.F."

Je vous prie d'agréer, Monsieur le Directeur, l'expression de ma considération distinguée.

SECRETaire d'Etat auprès du MinisteR des affaires éTranGeRes charge de la coopération internationale
ANNEX F

PROJECT AUTHORIZATION
PROJECT AUTHORIZATION

Name of Country: Tunisia
Name of Project: Emergency Housing Repair and Reconstruction
Number of Project: 664-0329/664-HG004A-1

1. Pursuant to sections 531 and 537 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Housing Repair and Reconstruction Project for Tunisia (the "Cooperating Country") involving planned obligations of not to exceed 1,750,000 dollars in grant funds over a one 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 project is one year from the date of initial obligation for the housing repair sub-project and two years and two months from the date of initial obligation for the housing reconstruction subproject.

2. The project consists of assisting the Government of Tunisia with the provision of loans to Tunisians for the repair or reconstruction of homes damaged or destroyed in recent floods. There are two separate programs which will be separately obligated:

   A. Under the housing repair program approximately 750,000 dollars will be made available for loans for the repair of houses damaged by the floods.

   B. Under the housing reconstruction program approximately 1,000,000 dollars will be combined with approximately 4,000,000 dollars from the Housing Guaranty program to be made available for loans and grants for the construction of houses destroyed by the floods.

3. The project agreements which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority shall be subject to the following essential terms and covenants and major conditions as A.I.D. may deem appropriate:

   A. Source and Origin of Commodities, Nationality of Services

      Commodities financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping the suppliers of commodities or services shall have the Cooperating Country or the United States 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 the United States.

   B. Conditions with respect to Project Agreements

      Relationship to A.I.D. Guaranty Authorization 664-HG-004

      The Grant funding of $1,000,000 under the Reconstruction Program is to be combined with $4,000,000 from the Housing Guaranty Project 664-HG-004,
authorized on October 1, 1979. The Project Agreement authorized herein shall make reference to the Program and Guaranty Agreements authorized therein, and except for the first disbursement, disbursements of the Grant under the Reconstruction Program shall be made in pari passu with disbursements from the Housing Guaranty Loan.

C. Conditions Precedent

1. The housing repair program shall have conditions precedent in form and substance as follows:

   Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which 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 statement of the criteria, terms and conditions and limitations applicable to the housing repair loans; and

   (b) A description of the procedures and institutional arrangements for the processing, and administration of the housing repair loans.

2. The housing reconstruction program shall have conditions precedent in form and substance as follows:

   Prior to the first disbursement under the grant, or to the issuance by A.I.D. of documentation pursuant to which 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) Evidence that the Borrower has contracted for at least 4,000,000 dollars in a guarantied loan as set forth in this agreement and has allocated such guarantied loan funds to the Housing Reconstruction subprogram pursuant to an agreement with the grantee acceptable to A.I.D.; and

   (b) A list of sites and descriptions of specific projects to be financed under the housing reconstruction program, a description of the eligibility criteria for assistance under that program and a description of the terms and conditions applicable to such assistance.

James R. Phippard
Director, USAID/Tunisia

Clearances:
USAID/Tunisia/CONT:ESHardy Date 7/28 RHUDO/NE:HLibson Date 7/28
USAID/Tunisia/PROG:FJKerber Date 7/28 RHUDO/NE:LEibson Date 7/28
USAID/Tunisia/D/DIR:GRWein Date 7/28 CC/NE: RABAT 02914 Date 7/28 (Cable)
I. Reconstruction

A. Conditions Precedent to First Disbursement

1. Prior to first disbursement under the Grant, the GOT will provide:
   a) a statement of the names of the person holding or acting in the office of the GOT and of any additional representatives;
   b) evidence that the GOT has contracted for at least $4,000,000 in a guarantied loan;
   c) a description of the eligibility criteria for beneficiary assistance and terms and conditions applicable for providing such assistance.

2. The conditions precedent governing a first disbursement under the Guarantied Loans are:
   a) legal opinion attesting to the validity and enforceability of the Housing Program Agreement, the Loan Agreement, the Transfer and Paying Agent Agreement, and the Guaranty;
   b) all documents required by the terms of the Loan Agreement to satisfy conditions precedent contained in the Loan Agreement;
   c) a signed Request and Certificate for Disbursement including any schedules indicating the application of the funds requested;
   d) an updated Master Program Implementation Plan.

B. Conditions Precedent to additional Guarantied Loan disbursements

Prior to A.I.D's authorization of additional disbursements under Guarantied Loans for the Program, the GOT will provide A.I.D., with:

1. All documents required by the terms of the Loan Agreement to satisfy conditions precedent contained;
2. A request and certificate for disbursement including schedules indicating the application of the funds requested;


C. Conditions precedent to final disbursement

Prior to A.I.D.'s guaranty of the final disbursement under Guaranty of the Program the GOT will provide to A.I.D. with:

1. All documents required by the terms of the Loan Agreement to satisfy conditions precedent contained therein;

2. A request and certificate for disbursement including schedules indicating the application of funds requested;

3. A certification that the program has been completed in accordance with the Program Agreement and all other documents approved by A.I.D. under the Program Agreement.

D. Terminal Dates for Conditions Precedent

If the conditions have not been met within 90 days from the date of the Program Agreement, or such later date as A.I.D. and the GOT may agree to in writing, A.I.D. at its option, may terminate the Program Agreement by written notice.

E. Special Covenants

1. Master Program Implementation Plan - Promptly after the execution of the Program Agreement the Ministry of Housing (MOH) with the assistance of A.I.D., shall prepare a Master Program Implementation Plan, which shall indicate:

   a) Current cost estimates and cash flow schedules for the Program.

   b) Program Evaluation and Tracking System (PETS) charts of the Program.
c) A description of the established procedures of the GOT for beneficiary selection, possible contractor selection and cost recovery.
d) Technical and financial plans for the projects.
e) A description of management arrangements for the Program.
f) A description of restrictions applicable to the resale of housing.
g) A loan allocation plan by locality within each gouvernorat.
h) Such other data as may be mutually agreed upon by the parties to this Agreement.

The Ministry of Housing (MOH) agrees to implement the Program in accordance with the Master Program Implementation Plan, and to promptly inform A.I.D. should there be substantial change in procedures, criteria or other data which would affect the accuracy of the Plan during Program implementation.

2. Standards, Affordability and Eligibility of Beneficiaries

a) The benefits of the Program will flow directly to households earning less than the median income, i.e. 125 TD/month.
b) The GOT will assure that the benefits of the program flow to the intended beneficiaries and that such benefits are affordable to them.
c) The median income figure may be revised from time to time by AID and the GOT through written mutual agreement.
II Repair

A. Conditions Precedent to Disbursement

Prior to the first disbursement the GOT will, except as the parties may otherwise agree in writing, furnish to AID.

1. A statement of the name of the person holding or acting in the office of the GOT and of any additional representatives.

2. An allocation plan by gouvernorat for the housing repair loans to be provided under this Grant; and

3. A statement of the criteria, terms and conditions, and limitations applicable to the Housing Repair loans; and

4. A description of the procedures and institutional arrangements for the processing, monitoring and administration of the Housing Repair Loans.

B. Terminal Dates For Conditions Precedent

If all of the conditions have not been met with 90 days form the date of the Grant Project Agreement, or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this agreement by written notice to the Grantee.
ANNEX G

PID APPROVAL CABLE
ACTION: AID-4
INFO: AMB DCM
ECON CHRON/B

DEPARTMENT OF STATE
TELEGRAM

P 2504482 JAN 83
FM SECSTATE WASDOC
TO AMBASSAD TUNIS PRIORITY 3375
BT
UNCLASS STATE 026830
AIDAC

E.O. 12356: N/A
TAGS: 
SUBJECT: ESF GRANT FOR FLOOD DISASTER RELIEF

REF: (A) TUNIS S244; (B) STATE 368210

1. SUMMARY. NEAC MET ON JANUARY 13, 1983 TO REVIEW THE
PFP SUBMITTED REF. A FOR A PROPOSED GRANT FOR FLOOD
DISASTER RELIEF AND ITS USE IN COMBINATION WITH HG-004.
NEAC APPROVED PFP, WITH FOLLOWING DECISIONS ON ISSUES
RAISED AND GUIDELINES FOR PREPARATION OF PP AND PROJECT
IMPLEMENTATION. NEAC COMMENDS MISSION AND RHUDD ON PFD
QUALITY.

2. FUNDING. THE NEAC RECOGNIZED THE URGENT POLITICAL
AND HUMANITARIAN REQUIREMENTS TO BEGIN THESE PROGRAMS-
ASAF AND THE CONSEQUENT NEED FOR FUNDING WITHIN THE NEXT
FEW WEEKS. ACCORDINGLY AID WILL SEEK IMMEDIATELY AN
APPORTIONMENT AND ALLOTMENT OF $2 MILLION DOLS IN ESF
FUNDS FOR TUNISIA. REGRET THAT DFDA IS UNABLE TO PROVIDE
FUNDING FOR 750,000 DOLS EMERGENCY HOUSING REPAIR PORTION
OF PFPGRAM.

3. TIMING OF OBLIGATION. SINCE APPROVAL OF PP HAS BEEN
DELEGATED TO MISSION, NEAC LEAVES TO MISSION'S DECISION
THE DEGREE OF DETAIL REQUIRED IN PP PRIOR TO OBLIGATION
IN THIS EMERGENCY SITUATION. NEAC NOTED URGENT NEED FOR
FUNDS AND RECOMMENDS THAT MISSION, WITHIN BOUNDS OF SOUND
MANAGEMENT, EXPEDITIJE/ABBREVIATE PP PREPARATION AND
APPROVAL. IN INTEREST OF GETTING LOAN FUNDS TO ELIGIBLE
BCFFOWERS ASAP PARTICULARLY ON HOME REPAIR PROGRAM,
MISSION MAY WISH TO REIMBURSE FNAH FOR SELECTED LOANS
ALREADY MADE, RATHER THAN HAVE FNAH DELAY-ITS LOANS UNTIL
IT HAS FORMALLY RECEIVED AID GRANT. FNAH SHOULD
APPROPRIATE, HOWEVER, THAT AID FUNDING IS NOT GUARANTEED
UNTIL ACTUAL OBLIGATION OF FUNDS IS ACCOMPLISHED.

4. NEAC AND USAID CONCURL IN THE MISSION'S AND RHUDD'S
EFFORTS IN MOVEMENT TOWARD POSITIVE INTEREST RATES, AND
ALSO AGREE THAT SPECIAL CIRCUMSTANCES OF THE FLOOD REPAIR
AND RECONSTRUCTION PROGRAM JUSTIFY SUBSIDIZED RATES AS A
ONE-SHOT EXEMPTION FROM AGENCY POLICY ON RATIONALIZATION
IF INTEREST... HOWEVER, IN NEGOTIATING WITH GOT ON USE OF
FLOWS FROM THE HOUSING REPAIR AND RECONSTRUCTION
PROGRAMS, AS WELL AS ON THE REMAINDER-OF HG UC4, USaid
SHOULD SEEK TO MOVE THE GOT TOWARD INTEREST RATES WHICH
RECEIVE REFLECT THE OPPORTUNITY COSTS OF CAPITAL, WITH THE
SPECIFIC RATE TO BE DETERMINED BY MISSION AND HGUC IN
CONJUNCTION WITH GOT.

6. NEAC NOTED SUBSIDIZED DOWN-PAYMENT ON EMERGENCY
HOUSING CONSTRUCTION: THE MISSION REPRESENTATIVE
INDICATED THAT THE SUBSIDY/GRANT OF 20 PERCENT FOR THE
DOWNPAYMENT ON THE HOUSING CONSTRUCTION LOANS MIGHT
APPROXIMATELY BE REDUCED TO 15 PERCENT - NEAC REFO THAT
THIS WOULD BE DESIRABLE AND ENCOURAGED THE MISSION IN
THAT DIRECTION. THE NEAC ALSO QUESTIONED WHETHER THE
SUBSIDY MIGHT BE IN THE FORM OF AN INTEREST-FREE LOAN
RATHER THAN A GRANT. IN REPLY IT WAS POINTED OUT THAT
THIS WOULD RAISE THE MINIMUM INCOME HOUSING-EXPENDITURE
LEVEL ABOVE 25 PERCENT AND WOULD THEREBY BROADEN ON
LOWER INCOME FAMILIES WHICH HAD SUFFERED THE GREATEST
LOSSES ASSUMING LOAN MATURITY REMAINED AT FIFTEEN YEARS.
NEAC CONCURRED WITH MISSION OBSERVATION THAT DIRECT-
UP-FRONT ONE TIME SUBSIDIES WHEN NECESSARY WERE
PREFERABLE TO ENGAGING IN INDIRECT SUBSIDIES, WHICH ARE
FREQUENTLY BURDENS ON GOT-PUBLIC FINANCES.

6. REVISION OF HG - NEAC AGREED TO THE REVISION OF THE
HG AUTHORIZATION TO INCLUDE LOANS IN THE REGIONS
SUFFERING FROM THE 1982-FLOODS.

7. HOUSING CONSTRUCTION ALTERNATIVE: THE MISSION
REPRESENTATIVE INDICATED THAT THE MISSION WISHED TO
CONSIDER AN ALTERNATIVE TO THE CORE HOUSING PROPOSED IN
REF (A), NAMELY (A) BORROWERS MIGHT MOVE INTO HOUSING
BEFORE PUBLIC SERVICES WERE ALL COMPLETED OR (B) FAMILIES
THAT CANNOT AFFORD TO MEET PAYMENTS ON A CORE HOUSE MIGHT
BE GIVEN A LOT WITH PUBLIC SERVICES AVAILABLE, E.G.
WATER, ELECTRICITY, ETC. SUCH FAMILIES COULD THEN BUILD
THEIR OWN HOUSES DRAWING ON LOAN FUNDS MADE AVAILABLE
THROUGH CREL. SHULTZ
ANNEX H

STATUTORY CHECKLIST
(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?

None required.

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.)

N/A

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?

Yes. Yes.
5C(2) PROJECT CHECKLIST

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

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act
   Sec. 523; FAA Sec. 634A; Sec. 653(b).
   (a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project; 
   (b) is assistance within (Operational, Year Budget) country or international organization allocation reported to Congress (or not more than $1 million over that amount)?

2. FAA Sec. 611(a)(1). Prior to obligation in excess of $100,000, will there be

Advice of Program Change transmitted Feb. 15, 1983
(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?

|   | None required. |

### 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.)

|   | N/A |

### 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?

|   | Yes. 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.

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.

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). No. Project designed to complete U.S. initiatives.

Project designed to achieve items (a), (b), (c), and (e)
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.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

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?

13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16? Does Section 612(b) determination is sought to permit purchase of some local currency with dollars.

Tunisia is a near-excess currency country.

Yes.

Yes.

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

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)?

**B. FUNDING CRITERIA FOR PROJECT**

1. **Development Assistance Project Criteria**

   a. FAA Sec. 102(b); 111, 113, 261(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 appro-
priate technology
(relatively smaller,
cost-saving, labor-using
technologies that are
generally most appro-
priate 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
in 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)

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

b. FAA Sec. 531(c). Will assistance under this chapter be used 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?

N/A
ANNEX I

FAA CERTIFICATIONS
Certification Pursuant to Section 611 (e) of the Foreign Assistance Act of 1961, as amended.

I, James R. Phippard, the principal officer for the U.S. Agency for International Development in Tunisia, having taken into account, among other things, the utilization and maintenance of projects in Tunisia previously financed or assisted by the United States;

Do hereby certify that in my judgment Tunisia has both the financial capability and human resources capability to effectively utilize and maintain the capital assistance to be provided for the Emergency Repair and Reconstruction Program. (Grant No. 664-0329A/HG-004A-1).

James R. Phippard
Mission Director
Tunis, Tunisia

Date: 7-27-83
A. SUMMARY OF AGREEMENTS TO BE NEGOTIATED

(1) Limited Scope Grant Agreement for the $750,000 ESF grant for repairs and a Program Agreement covering both the $1,000,000 ESF grant for reconstruction and the $4,000,000 Housing Guaranty Loan. These will be between USAID and the GOT and will specify all activities in the programs.

(2) The Loan Agreement between the U.S. Investor and the Borrower.


(4) The Guaranty Agreement between the GOT and AID.

Pursuant to Sec. 611 of the Foreign Assistance Act of 1961, as amended, near east regional engineering [illegible] that there are adequate engineering plans available to carry out the USG assistance and reasonably firm estimates prepared for the cost to the USG of the assistance under the proposed "Housing Repair and Reconstruction Program for the Flood Victims (Subject Grant)."

This certification is based on Nagy's personal review and evaluation of the engineering designs and cost estimates of proposed core units, prepared by the Gtot Ministry of Housing.

Based on his professional judgment, on his personal field inspection, his meetings with Gtot officials and USAID mission officers, Nagy recommends that the mission director certify that Tunisia is capable to effectively utilize and maintain the proposed facilities to be built with subject grant, using the following or similar statement:

"I, [name], the Principal Officer for the U.S. Agency for International Development in Tunisia, having taken into account, among other things, the utilization and maintenance of projects in Tunisia previously financed or assisted by the United States, hereby certify that in my judgment Tunisia has with the financial capability and human resources capability to effectively utilize and maintain the capital assistance to be provided for the housing repair and reconstruction program for the flood victims, (grant no. 664-60-004-1)."

Copy of this certification will be hand delivered to USAID/Tunisia by [name], regional contracting officer, on 26Jul83.