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IMPLEMENTATION COMPLETION REPORT

THE HASHEMITE KINGDOM OF JORDAN

**NATIONAL URBAN DEVELOPMENT PROJECT
(Loan No. 2841-JO)**

June 28, 1996

**Private Sector Development and Infrastructure Operations Division
Country Department II
Middle East and North Africa Region**

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THE HASHEMITE KINGDOM OF JORDAN

CURRENCY EQUIVALENTS

(as of June 1, 1996)

Currency Unit = Jordan Dinar (JD)

JD 1.0 = 1,000 Fils

Exchange Rates

JD 1.0 = US\$ 1.41

JD 0.7 = US\$1.00

MEASURES AND EQUIVALENTS

Hectare (ha) = 10,000 square meters

= 2.47 acres

LIST OF ABBREVIATIONS

GAM	-	Greater Amman Municipality
HB	-	Housing Bank
HC	-	Housing Corporation
HFUSR	-	Housing Finance and Urban Sector Reform Project
HUDC	-	Housing and Urban Development Corporation
LIHRF	-	Low Income Housing Revolving Fund
ICR	-	Implementation Completion Report
SAR	-	Staff Appraisal Report
UDD	-	Urban Development Department
UDP	-	Urban Development Project
UDP3	-	National Urban Development Project

GOVERNMENT FISCAL YEAR

January 1 - December 31

TABLE OF CONTENTS

PREFACE	i
EVALUATION SUMMARY	iii
PROJECT IMPLEMENTATION ASSESSMENT	
Introduction	1
Project Objectives	2
Achievement of Objectives	2
Implementation Record and Major Factors Affecting the Project	4
Project Sustainability	6
Bank Performance	7
Borrower Performance	8
Assessment of Outcome	8
Future Operation	9
Key Lessons Learned	9
STATISTICAL ANNEXES	
Table 1: Summary of Assessments	12
Table 2: Related Bank Loans	13
Table 3: Project Timetable	14
Table 4: Loan Disbursements: Cumulative Estimated and Actual	15
Table 5: Key Indicators for Project Output	16
Table 6: Studies Included in Project	17
Table 7: Project Costs	18
Table 8A: Project Financing	19
Table 8B: Loan Categories	20
Table 9: Economic Rate of Return	21
Table 10: Status of Legal Covenants	22
Table 11: Compliance with Operational Manual Statements	24
Table 12: Bank Resources: Staff Inputs	25
Table 13: Bank Resources: Missions	26

Appendices

- A. Supervision/Completion Mission of January 1995 Aide-Memoire
- B. Borrower's Project Operation Plan Reports by: the Housing and Urban Development Corporation (July 1995); and the Housing Bank (not dated)
- C. Map IBRD 28065

**IMPLEMENTATION COMPLETION REPORT
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(LOAN 2841-JO)**

Preface

1. This is the Implementation Completion Report (ICR) for the National Urban Development Project in the Hashemite Kingdom of Jordan, for which Loan 2841-JO, in the amount of US\$26.4 million was approved on June 16, 1987.
2. The Loan was closed on June 15, 1995, compared with an expected closing date of June 30, 1993 in the appraisal report. Final disbursement from the loan took place on September 29, 1995. A balance of US\$3,166,394 was cancelled on November 29, 1995.
3. The ICR was prepared by Faye Lumsden, Task Manager, Suhail Jme'an, Gerald Erbach and Deepali Tewari, Consultants, Private Sector Development and Infrastructure Division of the Middle East and North Africa Region and reviewed by Alastair J. McKechnie, Division Chief, and Tufan Kolan, Acting Projects Advisor.
4. The beneficiary agencies were the Housing and Urban Development Corporation (HUDC), also the implementing agency, and the Housing Bank (HB). HUDC and HB contributed on behalf of the Borrower, the Government of Jordan, to the preparation of the ICR by presenting its viewpoints on different matters and events, preparing their own project operation plans (enclosed as Appendix B), and commenting on the draft ICR.
5. Preparation of this ICR began during a supervision/completion mission in January 1995. The ICR is based on material in the project files and on information provided by HUDC and HB.

**IMPLEMENTATION COMPLETION REPORT
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Evaluation Summary

Introduction

1. The Project (UDP3) is the third urban development project in Jordan to be supported by IBRD financing. The Project was appraised and presented to the Board of the World Bank in 1987 and reflected increased emphasis on formal private sector provision of housing. A major transition from earlier UDP1 and UDP2 whose focus was on improving public sector programs to meet basic shelter needs of low and moderate income households.

Project Objectives

2. The project objectives were:
- (i) to improve living conditions in the largest remaining high density squatter and slum areas (other than the refugee camps);
 - (ii) to manage urban growth through rapid and cost effective development of appropriate levels of service;
 - (iii) to encourage deeper private sector participation in the provision of low-income housing; and
 - (iv) to strengthen capacity of local institutions to finance low-income housing.

Implementation Experience and Results

3. Physical implementation of the Project succeeded in providing infrastructure for some 13,600 residents in four previously unserved areas and approximately 43,000 residents of nine new sites. A complement of community facilities (mainly schools, health and community centers) were also provided.

4. A series of unforeseen extraneous events and government actions resulted in delaying project implementation. The Project was to have been implemented in six years but reached a total of almost eight years before the Loan was closed in June 1995. HUDC estimates that it will take four more years for residents to fully build their houses and to complete all aspects of the Project.

5. Some of these events included the Government's decision to combine the former Housing Corporation with the former Urban Development Department into a new agency, HUDC. The Gulf Crisis (1990/91) and the ensuing precipitous decline of the local economy along with shortages of building materials added to the implementation delays.

6. Bank and Borrower performances were satisfactory. Overall, the Project had a satisfactory outcome and the achievements related to the principal objectives have essentially taken hold and are likely to be sustained. Briefly stated, Project elements and activities which worked well included: the physical results of the upgrading and sites and services components; the continued excellence in establishing community relations activities; the close cooperation of all stakeholders. Elements that could have been done better included: the continued reliance on hidden subsidies to improve the affordability of programs; the limited dialogue with private sector developers; and, the lack of a clean definition of housing delivery responsibilities within a moderate policy framework.
7. A key lesson learned is that deeper and more fundamental changes in the housing delivery system are required to ensure replicability and economic efficiency of providing formal private sector housing for lower income groups. Such efforts must necessarily have the full commitment and support of the Government at both national and local levels.
8. Private sector involvement in housing delivery increases the number of the stakeholders and decision makers involved in the process. As a result, the “enabling environment” within which these stakeholders are required to work becomes increasingly important. The UDP3 Project has helped the Government to cross a major threshold in favor of establishing an enabling approach and to accept less direct control over the ultimate housing outcomes. Housing production under such an enabling approach is generally more incremental and time consuming than direct public sector intervention.
9. The Project also showed the need for a local “champion” or leader in the housing sector that can perceive the gaps and bottlenecks in housing delivery system and recommend practical measures that will lead to their resolution. Recognizing the role of the public sector as that of “enabler” and not as a privileged competitor to the private sector will require a major change in thinking and modes of operation by many of the decision makers and agencies currently involved in the housing sector.
10. Both the Bank and the Government have learned that they will need to make fundamental changes in their thinking and approach to the delivery of housing for low and middle income households. The follow-up Housing Finance and Urban Sector Reforms Project, based on studies conducted as part of UDP3, will substantially contribute to this process.

**IMPLEMENTATION COMPLETION REPORT
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PART I

Project Implementation Assessment

1. Introduction

1.1 The Project (UDP3) is the third urban development or "UDP" project in Jordan to be supported by IDA/IBRD financing. The Project, which was appraised and presented to the Board of the World Bank in 1987, reflected an increased emphasis on formal private sector provision of housing and a major transition from the earlier UDP1 and UDP2 focus on improving public sector programs to meet the basic shelter needs of low and moderate income households.

1.2 The project was a concrete manifestation of Government intentions to increase the formal private sector role in providing shelter for low and moderate income households. It included six components:

- (i) upgrading of low income squatter and slum areas through the regularization of tenure and the provision of basic infrastructure for a total estimated population of 40,000 people;
- (ii) land development through the provision of on and off-site infrastructure as required for approximately 15,000 people;
- (iii) construction of core houses on no more than 40 percent of the new plots;
- (iv) mortgage loans from the Housing Bank for the acquisition of plots and core houses;
- (v) social facilities in upgrading and land development areas; and
- (vi) institutional development through advisory services, training and logistical support for the former Urban Development Department (UDD) and the Housing Bank (HB).

1.3 Previous World Bank financed projects in the urban sector included: the UDP1 and UDP2 projects for low income housing and upgrading; two Cities and Villages Development Bank Projects for municipal finance; the Amman Transport and Municipal Development Project for urban transport; and several public utility projects in urban areas. The UDP1 and UDP2 projects were successful in developing new housing, but did not produce the desired level of formal private sector participation. Sustainability of the two municipal finance projects has been jeopardized by structural weaknesses (city size, revenue bases etc.) in the secondary cities which have been targeted.

2. Project Objectives

2.1 The project objectives were:

- (i) to improve living conditions in the largest remaining high density squatter and slum areas in Jordan (other than the refugee camps);
- (ii) to manage urban growth through rapid and cost-effective development of basic engineering infrastructure and social facilities;
- (iii) to recover the cost of upgrading and expansion of infrastructure facilities from the residents through land sales and tariffs;
- (iv) to encourage the private sector to make a greater contribution to the construction of housing for low-income groups; and,
- (v) to strengthen the capacity of local institutions to undertake and finance low income housing and urbanization projects.

A major assumption of the Staff Appraisal Report (SAR) was that the achievement of these project objectives would pave the way for a more substantial private sector role in the provision of housing for low and moderate income families.

2.2 No modifications were made to the original project objectives even though the Project was appraised and implemented during a period of major macro-economic, political and policy transition. During this period, the economy was restructured, systems for the democratic election of officials were introduced and major shelter sector policy and institutional changes were put into effect. The Gulf Crisis and its aftermath also caused a major interruption of the Project. In light of these conditions, the closing date for the Project was twice extended so that the necessary project works could be carried out. The project disbursement rate was increased in order to benefit from the change in value of the Jordanian dinar and to counter the negative effects of the Gulf Crisis on the Jordanian economy beginning in 1991. The Loan Agreement was modified to permit the financing of studies related to the transformation of the housing sector. Project work was still taking place at the time that the Loan was closed on June 15, 1995.

2.3 Much project effort and a great deal of its success concerned the achievement of physical and institutional improvements.

3. Achievement of Objectives

Improved Living Conditions in the Largest Remaining High Density Squatter and Slum Areas

3.1 The Project succeeded in providing infrastructure to four important upgrading sites in the Aqaba region (Salahaddin, Shallalah, Old Town South and Old Town North). These four projects covered a combined area of 47.7 hectares and served a total population of around 13,600 people living on some 1,953 residential plots. The infrastructure and services provided to these areas included water supply, electricity, sewerage, roads and telephones. The total amount spent on this component of the project up until the end of 1994 was JD4.2 million (or US\$ 6.4 million). Housing

loans were obtained by some 18 percent of the 1,080 resident households for a total of JD4.1 million (US\$ 6.1 million).

Management of Urban Growth Through Rapid and Cost-Effective Development of Infrastructure and Social Facilities

3.2 The Project also provided infrastructure and services to nine sites and services projects covering a total of 165.5 hectares and serving an estimated population of 32,000 people living on 4762 new plots. The total cost of this element of the UDP3 project up until the end of 1994 was JD21.3 million (US\$ 31.8 million). The basic infrastructure provided included roads, water supply, sewerage, electricity and telephones. Community facilities provided through the Project included schools, community centers and health centers.

Cost Recovery for Upgrading and Expansion of Infrastructure Facilities

3.3 The costs of land, infrastructure and community improvements directly benefitting the residents of upgraded areas and the recipients of newly developed plots were to be recovered through property sales and user charges. The costs of project elements benefitting the wider community were to be recovered through taxes.

3.4 Roughly 85 percent or 761 plots out of a total of 896 plots in the two upgrading areas being managed by the Housing and Urban Development Corporation (HUDC) have been sold. The two Old Town sites have been taken over by the Aqaba Regional Authority. About 29 percent or 1,325 plots out a total of 4,762 plots in the new sites have also been sold. As of July 1995, the total amount of funds recovered from the sale of all plots has been roughly JD6.9 million (US\$ 10.3 million).

Private Sector Construction of Housing for Low-Income Groups

3.5 The Government, with World Bank support, undertook several project related initiatives to encourage the formal private sector to produce housing for low and moderate income households. To start, the Government assigned responsibility for project appraisal to the local financing agency, the Jordan Housing Bank, from which private developers could obtain construction financing and then have these funds rolled over into mortgage loans as a matter of standard practice. It was believed that this would increase housing demand and reduce some of the developers' risk in marketing their units.

3.6 In order to further integrate regular procedures into the process, the local financing agency was required to bear that part of the repayment risk which was not covered by the Low Income Housing Revolving Fund (LIHRF). Arrears as of February 1996 amounted to only 1.3 percent of the outstanding balance of the loans made under the program and concerned only 0.014 percent of the borrowers.

3.7 The Government also agreed to sell at least 35 percent of the land within new UDP3 sites at market prices to both individuals and private developers who could then further subdivide and develop these areas for low and moderate income households. All of the development to be carried out was based on the principal of affordable standards.

3.8 Private sector developers of low income housing were also to be extended the same privileges and incentives that were previously offered only to public sector agencies. It was assumed that the

removal of inequities between public and private sector developers would help reduce unfair competition and promote project replicability. The fact that public sector developers previously enjoyed a number of cost and institutional advantages over the private sector was a frequently stated reason why private sector developers were not able to compete with public sector agencies in the low income housing market.

Strengthened Capacity of Local Institutions to Undertake and Finance Low Income Housing and Urbanization Projects.

3.9 The merger of the former Urban Development Department (UDD) and the Housing Corporation (HC) into the new Housing and Urban Development Corporation (HUDC) occurred during project implementation and led to substantial changes in the delivery of housing for low and moderate income households and in the institutional aspects of the Project.

3.10 As a result, training and institution building efforts within the project covered both pre- and post-merger needs and activities.

3.11 Pre-merger technical assistance, equipment and training was aimed at helping the UDD and the Housing Bank develop their respective capabilities in identifying, preparing, designing and appraising projects and in operating and managing construction financing and a portfolio of small loans. Institutional development for the UDD centered on management functions, including coordination and scheduling, and not on engineering design, which was the previous focus of UDP1 and UDP2 technical assistance. Assistance to the Housing Bank helped the Bank to establish an in-house capacity to appraise and monitor low income housing projects and to facilitate their implementation through the private sector.

3.12 Post-merger assistance included the engagement of experienced, international consultants to help HUDC develop a viable strategy for its future and to establish a Business Plan. The resulting conclusion of this effort was that the Government, working through the former UDD within HUDC, should significantly reduce its land and housing development activity over the next few years. Maintaining HUDC's upgrading capabilities was considered to be necessary in order to contribute to the eventual improvement of the Palestinian refugee camps once the political issue of their future has been resolved. As a result of this study, HUDC reorganized itself into a land development section that would eventually be privatized and a policy and training section that would continue to monitor the housing sector and to provide policy guidance to the Government.

3.13 HUDC commissioned a follow up study to develop options for the disposition of assets and functions that would be better implemented and/or managed by the private sector (e.g., land, land development, a portfolio of mortgages). The key elements of this study will be implemented as part of the follow-on Housing Finance and Urban Sector Reform Project (HFUSR).

4. Implementation Record and Major Factors Affecting the Project

4.1 Physical implementation of the project succeeded in providing infrastructure for some 13,600 residents in four underserved areas and approximately 43,000 residents of nine new sites. Community facilities (mainly primary schools, health centers and community centers) were provided or improved for 12 out of the 13 sites.

4.2 Several actions and events had an important effect on UDP3 project implementation. Among others, these included:

- the decision by the Government to combine the former Housing Corporation (HC) with the former Urban Development Department (UDD) in a new agency entitled the Housing and Urban Development Corporation (HUDC). The changeover caused a number of delays and resulted in a new agency with a narrower mandate and a portfolio of less comprehensive projects. The new HUDC also required some time to adjust to the merger and to define its new relationship with both the Government and the Bank. In order to better understand its financial situation, and in response to a Bank request, the HUDC converted the former accounting system of the HC to an accrual basis similar to that of the former UDD, brought its audits up to date and opened a completely new balance sheet shortly after the merger;
- the decision by the Government to no longer build social housing for low income families. This was not only a major policy change but it also increased the amount of funds from the UDP3 line of credit which could be used for other purposes;
- the devaluation of the Jordanian Dinar which required a greater amount of dinars to be spent for local goods and services in order to draw down the loan. Devaluation also provoked a decline in real household incomes which made the technical criteria agreed upon at the time of appraisal unaffordable to the intended project beneficiaries. HUDC responded by attempting to obtain a larger surplus on its "market" plots in order to offset the cross subsidies provided to the poorer families;
- the Gulf Crisis, which started in the summer of 1990 and escalated to a major military confrontation in early 1991, caused the productivity of the project staff and on-site contractors to decline significantly. One contractor even invoked the contractual force majeure clause and withdrew from the site altogether. Ships bringing goods to Aqaba were also delayed as a result of the international blockade which was aimed at preventing the transshipment of goods to Iraq. The blockade reduced port activity, jobs and household incomes in the Aqaba area;
- the reduction of Government salaries for employees working with special government agencies such as HUDC to regular civil service levels which led to a lowering of agency morale and to the loss of several key staff members;

4.3 The project was to have been implemented in 6 years but reached a total of almost 8 years before the loan was closed in June 1995. HUDC estimates that it will take another four years for residents to build their houses and to fully complete all aspects of the Project.

4.4 Implementation of the initial upgrading site of Salahaddin and the adjacent site developed for households displaced from the upgrading activity were carried out very quickly. Other UDP3 sponsored projects, however, suffered from a variety of internal and external delays. In addition to the previously mentioned delays caused by the creation of HUDC and the Gulf War, achieving a consensus among the residents of upgrading areas, for example, proved to be more difficult and time consuming than originally anticipated. A general reallocation of responsibilities in the housing sector

also prompted the Government to halt the development of new sites until the situation could be clarified.

4.5 Jordan introduced a more open and democratic election process for national and local officials during the project implementation period which further added to delays. Communities not only acquired ready-made spokespersons to present their points of view, but had also learned how to become more forceful in expressing them on their own. Negotiating at the community level became a time-consuming activity which frequently delayed the implementation of upgrading projects. In Aqaba, for example, newly-elected officials adopted the cause of shantytown residents in attempting to have their infrastructure payments reduced to the same level of rates as those being paid by the general population.

4.6 Because the Government was experiencing a fall in its foreign reserves and shortages in foreign exchange, it was basically unwilling to cancel funds that Bank missions considered could not be spent during the period of the Loan. At the time of loan closure, work on 8 sites was still underway (6 for community facilities and 2 for infrastructure). HUDC possessed the necessary resources to carry out the remaining work and the Housing Bank pledged that it would continue to closely supervise project performance. Altogether, roughly US\$ 3.2 million was canceled from the Loan at the time of closure.

5. Project Sustainability

5.1 The achievements related to the Project's principal objectives have essentially taken hold and are likely to be sustained. The physical assets produced by the project have been handed over to individual households and to the various agencies responsible for their operation and maintenance (e.g., the schools to the Ministry of Education; clinics to the Ministry of Health; roads and sidewalks to the Ministry of Public Works and Housing and the Local and Regional Authorities; water and sewerage networks to the National Water and Sanitation Authority; and, electricity to the Jordan Electricity Authority). Households have responded positively to improved urban services and the receipt of tenure by further investing in the improvement of their homes. Improvements financed by the Project have managed to incorporate upgraded areas into the formal fabric of the city and to bring the operation and maintenance of infrastructure and urban services under the administration of the responsible agencies.

5.2 While the successful implementation of the UDP3 demonstrated the value and potential of neighborhood upgrading and provision of affordable serviced sites, neither regional nor local authorities have as yet come forward to request additional applications. Negotiations between the Greater Amman Municipality (GAM) and HUDC concerning the upgrading of several, small pockets of underserved areas did not culminate in a project. Similarly, changes in leadership at the Aqaba Region Authority returned the development focus back towards the relocation of the remaining shantytown residents to more distant sites on the outskirts of the town. The private sector did approach HUDC to assist in the re-blocking and tenure regularization of an informally-developed community located on privately owned land.

5.3 Implementation of the new sites component of the UDP projects has provided the most significant examples of affordable land subdivision for low and moderate income families in Jordan. Both the process and products related to UDP site development will serve as models for future private sector efforts in this type of residential land development. City officials whose cities have benefitted

from UDP projects, have become more aware of the need for affordable standards in order to solve their housing and urban development problems. The Greater Amman Municipality, for example, has recently initiated its own land subdivision exercise in which the proposed residential plot sizes are significantly smaller than those which have been previously provided through the normal zoning process.

5.4 The demonstration effect related to the need for comprehensive site layouts, which include community buildings and commercial and industrial activities as the means of ensuring sustainable urban development, has not as yet taken hold. Potential reasons for this are, among others, the lack of adequate planning, short-term maximization of land sales, problems in staffing community facilities, etc. Some of these issues will be addressed in the HFUSR Project, which was appraised in November 1995, and will build on the demonstration effect of the three preceding UDP projects.

5.5 The combination of more democratically elected representation and a decline in real incomes, provoked communities that were being upgraded to question project pricing policies and to express their unwillingness to pay any infrastructure rates that were higher than those normally charged to others. Actual charges were consequently reduced to the standard level of payment. The result was that part of the services, whose benefits were enjoyed solely by individual households, were now being covered by general fees and taxes rather than by land prices and user charges as originally set out in the SAR. This practice does not appear to be sustainable.

5.6 The payment levels for land and infrastructure for new sites, however, were not such an issue. The HUDC did charge below market prices for land in some of its sub-projects in order to make these plots affordable to households below the 40th percentile.

5.7 In retrospect, project cost recovery objectives may have been too optimistic for the upgrading component of the Project. Pricing policies related to urban utilities and services may be too politically inflexible to serve as the vehicle for recovering a large part of the infrastructure investment costs involved in upgrading. It may simply have been too ambitious to suppose that the relatively small amount of UDP3 upgrading projects would be able to serve as a catalyst in resolving this issue.

6. Bank Performance

6.1 Bank performance was satisfactory. The Project was properly prepared and appraised. The Project was supervised on a regular basis. Whenever a change in Bank supervisory staff was to be made, both old and new staff members overlapped as team members during at least one field mission. There was never any mission which did not include at least one person who had previously worked on the Project.

6.2 Bank assistance was readily available throughout and Bank staff worked closely with the HUDC to coordinate the preparation and appraisal of an innovative follow-up project, which has been described in an annual sector report by the Transportation Water and Urban Development Department as one of the first to implement the Bank's new policies.

7. Borrower Performance

7.1 Borrower performance was also satisfactory. Except for delays in the resumption of work following the reorganization of the sector and the Gulf Crisis which followed immediately thereafter, the project implementing entities did a commendable job. Most notably, they were able to:

- (i) surpass the agreed upon targets for physical improvements while keeping public sector construction of houses to a number lower than the agreed ceiling at the time of appraisal;
- (ii) upgrade the accounts of the former HC to an accrual basis;
- (iii) discontinue the former HC's role as a housing finance agency;
- (iv) engage in a business planning exercise to determine the most appropriate HUDC role in improving housing sector performance in Jordan;
- (v) engage consultants to help HUDC to analyze the options for divesting those functions which could be implemented more effectively by the private sector;
- (vi) establish a project appraisal function in the local lending agency to improve the dialogue and coordination with private developers;
- (vii) set up a program that would enable construction financing to developers to be rolled over into mortgage loans for the buyers of their units; and,
- (viii) take the lead in preparing for the establishment of a Secondary Mortgage Facility which would be a public shareholder company.

8. Assessment of Outcome

8.1 Overall, the project had a satisfactory outcome.

8.2 The fact that a few of the institutional objectives fell short of the results anticipated at the time of project appraisal seems to be largely due to the complexity of market forces and an incomplete understanding of the required conditions to encourage formal private sector provision of housing for low and moderate income households. Removing privileges formerly provided to public sector housing agencies is just one of the steps to encourage private sector production of UDP3 like projects.

8.3 The burden of having to make below-market interest rate mortgage loans to project beneficiaries, resulted in the HB putting a cap on the amount of resources it was willing to lend under these conditions. The situation at the time was not sufficiently attractive for other Banks to initiate their participation in the market. The HFUSR Project will attempt to address many of these shortcomings.

8.4 Briefly stated, project elements and activities which worked well included: the physical results of the four upgrading and nine sites and services projects; the continued excellence in establishing community relation activities which was considered to be an example of "best practices" by the

Bank; the conviction held by all sides that agencies and residents needed to work closely together to achieve positive results; and the acceptance of operation and maintenance responsibilities by both agencies and individuals.

8.5 Elements that could have been done better included: the continued reliance on hidden subsidies (e.g., land and administrative costs) to improve the affordability of programs; the limited dialogue with private sector developers; the poor selection of certain contractors; the lack of a clear definition of housing delivery responsibilities due to policy and institutional changes; the achievement of only partial cost recovery; and the inability to maximize the positive effects of local involvement in the Project.

9. Future Operation

9.1 Operation and maintenance of the physical assets completed prior to the closure of the Loan were handed over to the responsible service agencies. The well maintained nature of the sites developed or improved under earlier projects suggests that similarly good performance can be expected for those developed under UDP3. In addition, the residents themselves have been actively involved by maintaining their homes and lobbying local authorities and service agencies to ensure that they carry out their respective operation and maintenance responsibilities.

9.2 The Housing Bank, as stated in its operating plan, will closely monitor sites which are still under construction and will also follow-up with borrowers. Less than 1 percent of the loans extended during the early phase of this and previous UDP projects have had repayment problems. Under measures agreed to as part of the Economic Reform and Development Loan and the Housing Finance and Urban Sector Reform Project, the World Bank is supporting improvements in the efficiency with which longer-term financial flows for mortgage lending are being mobilized to facilitate and foster competition in market-based mortgage lending. This success of this activity would bring other banks into the area of housing finance.

10. Key Lessons Learned

10.1 The UDP3 Project provided a much better understanding of the considerable degree of caution and risk involved in market oriented decisions made by private developers. Most developers in Jordan are small, individually owned companies which cannot easily write-off their losses. To encourage these developers to move down market from their traditional middle class client base will require an enabling environment that is fair and open to competition. UDP3 has taken a few of the first steps towards establishing such an environment upon which the HFUSR Project will build and expand.

10.2 A key lesson learned is that deeper and more fundamental changes in the housing delivery system are required to ensure the replicability and economic efficiency of providing formal private sector housing. Such efforts must necessarily have the full commitment and support of the Government at both the national and local levels.

10.3 Private sector involvement in housing delivery increases the number of the stakeholders and decision makers involved in the process. As a result, the "enabling environment" within which these stakeholders are required to work becomes increasingly important. The UDP3 Project has helped the Government to cross a major threshold in favor of establishing an enabling approach and to accept

less direct control over the ultimate housing outcomes. Housing production under such an enabling approach is generally more incremental and time consuming than direct public sector intervention.

10.4 The Project also showed the need for a local “champion” or leader in the housing sector that can perceive the gaps and bottlenecks in housing delivery system and recommend practical measures that will lead to their resolution. Recognizing the role of the public sector as that of “enabler” and not as a privileged competitor to the private sector will require a major change in thinking and modes of operation by many of the decision makers and agencies currently involved in the housing sector.

10.5 Both the Bank and the Jordanian Government have learned that they will need to make fundamental changes in their thinking and approach to the delivery of housing for low and moderate income households. The follow-up HFUSR Project, based on studies conducted as part of UDP3, will substantially contribute to this process.

10.6 The introduction of more democratic processes into community decision making and management dramatically increased the importance of communication and coordination within housing projects between the providers and the users. As communities become increasingly more politically aware and articulate, greater attention needs to be paid to the issues of equity in determining the physical improvements to be made and the costs to be charged.

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PART II

Statistical Annexes

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Table 2:	Related Bank Loans
Table 3:	Project Timetable
Table 4:	Loan Disbursements: Cumulative Estimated and Actual
Table 5:	Key Indicators for Project Output
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Table 9:	Economic Rate of Return
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Table 12:	Bank Resources: Staff Inputs
Table 13:	Bank Resources: Missions

Table 1: Summary of Assessments

	<u>Substantial</u>	<u>Partial</u>	<u>Negligible</u>	<u>Not Applicable</u>
A. Achievement of objectives				
Macroeconomic policies			✓	
Sector policies		✓		
Financial objectives		✓		
Institutional development		✓		
Physical objectives	✓			
Poverty reduction				✓
Gender concerns				✓
Other social objectives		✓		
Environmental objectives		✓		
Public sector management		✓		
Private sector development				✓
Other				
B. Project Sustainability	<u>Likely</u>	<u>Unlikely</u>	<u>Uncertain</u>	
	✓			
C. Bank Performance	<u>Highly satisfactory</u>	<u>Satisfactory</u>	<u>Deficient</u>	
Identification		✓		
Preparation		✓		
Appraisal		✓		
Supervision		✓		
D. Borrower Performance	<u>Highly satisfactory</u>	<u>Satisfactory</u>	<u>Deficient</u>	
Preparation		✓		
Implementation		✓		
Covenant compliance		✓		
Operation		✓		
E. Assessment of Outcome	<u>Highly satisfactory</u>	<u>Satisfactory</u>	<u>Unsatisfactory</u>	<u>Highly Unsatisfactory</u>
		✓		

Table 2: Related Bank Loans

Loan/Credit Title	Purpose	Approval (mo./yr)	Status
1. Cities and Villages Development Bank Project (Ln. 1286-JO; US\$10.0 million equivalent)	<ul style="list-style-type: none"> • Establish CVDB as a development Bank • Train CVDB staff • Study ways to increase productivity of projects in local communities • Advisory assistance to CVDB management 	1980	Closed 6/86
2. Urban Development Project (UDP) (Ln. 1893-JO; US\$21.0 million equivalent)	<ul style="list-style-type: none"> • Provision of 5,000 serviced plots • Upgrading 4 low income settlements • Provision of training, service equipment and consultancy services 	1980	Closed 12/87
3. Amman Transport & Municipal Development (Ln. 2334-JO; US\$30.0 million equivalent)	<ul style="list-style-type: none"> • Strengthen Amman's transport infrastructure • Strengthen solid waste collection and disposal • Upgrade engineering and planning functions of Municipality 	1983	Closed 6/93
4. Second Urban Development UDP2) (Ln. 2587-JO; US\$28.0 million equivalent)	<ul style="list-style-type: none"> • Improve shelter for low income families in Amman region • Encourage sound spatial patterns at appropriate locations • Strengthen institutional capacities to undertake urbanization projects 	1985	Closed 6/93
5. Second Cities and Villages Development Bank Project (Ln. 2614-JO; US\$15.0 million equivalent)	<ul style="list-style-type: none"> • Facilitate municipal and village development • Strengthen CVDB capacity to assist cities and villages in project preparation and execution • Train local council officials 	1985	Closed 6/91
6. Housing Finance and Urban Sector Reform Project	<ul style="list-style-type: none"> • Improve the efficiency of the housing and finance sectors • Promote private sector development in land and housing production 	1996 ^{1/}	

Note:

1/ Expected Board Presentation in July 1996.

Table 3: Project Timetable

Steps in Project Cycle	Date Planned	Date Actual/ Latest Estimate
Identification (IEPS)	12/85	12/85
Appraisal	12/86	01/87
Negotiations	-	05/87
Board Presentation	-	06/87
Signing	-	07/87
Effectiveness	11/87	07/88
Project Completion	12/92	12/00 ^{1/}
Loan Closing	06/93	06/95 ^{2/}

Notes:

- 1/ HUDC's estimate for residents to build their houses and fully complete all aspects of the Project.
- 2/ Original closing date extended to 06/15/95.

Table 4: Loan Disbursements: Cumulative Estimated and Actual
(US\$ millions)

	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Appraisal estimates	0.80	5.30	11.90	17.20	22.20	25.40	26.40	26.40	26.40 ^{1/}
Actual	0	3.38	3.88	4.81	6.65	8.52	14.52	20.81	23.23 ^{2/}
Actual as percentage of appraisal estimates	0%	64%	33%	28%	30%	34%	55%	79%	88%
Date of final disbursement	November 29, 1995								

Notes:

- 1/ Approved amount was US\$26,400,000
- 2/ An amount of US\$3,166,394 was cancelled after final disbursement.

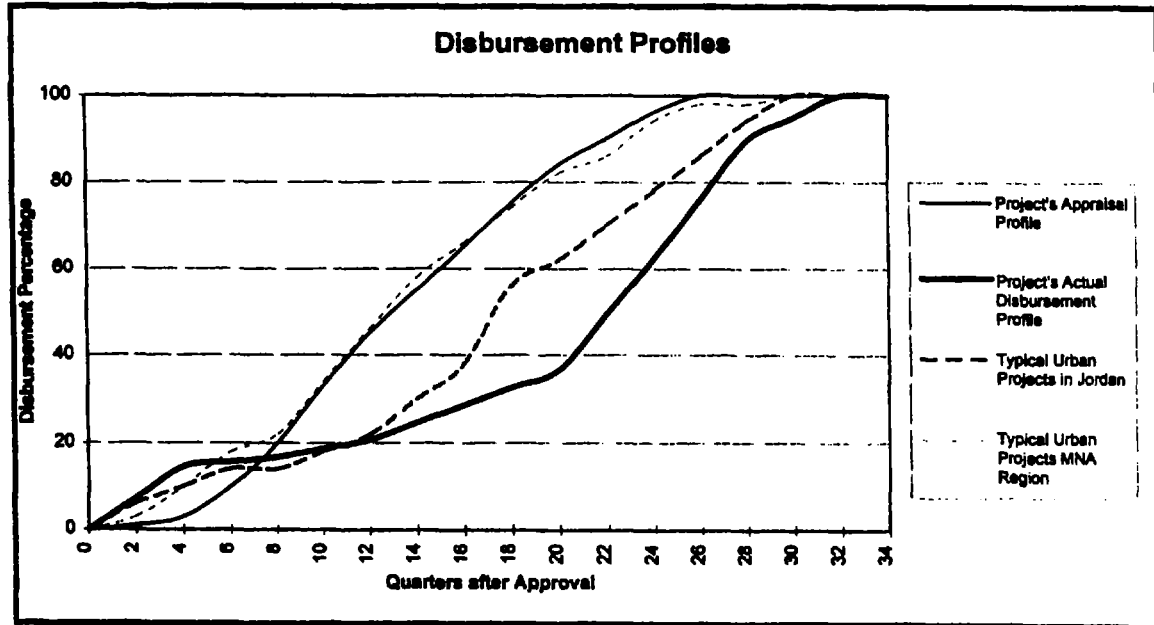


Table 5: Key Indicators for Project Output

Pipeline of Potential Subprojects at Appraisal						Subprojects Completed					
City/Town	Subproject	Type	Area (ha)	Number of Plots	Expected Completion Date	City/Town	Subproject	Type	Area (ha)	Number of Plots	Site Completion Date
Aqaba	Salahaddin	UPG	8.9	250	06/89	Aqaba	Salahaddin	UPG	7.3	237	01/89
	Old Town (N)	UPG	18.5	820	09/91		Old Town (N)	UPG	12.0	609	04/95
	Old Town (S)	UPG	7.8	380	04/90		Old Town (S)	UPG	12.3	448	06/94
	Shallalah	UPG	23.3	1,120	12/91		Shallalah	UPG	16.1	659	06/91
	Khazan	S&S	11.1	500	03/91		Khazan	S&S	19.4	631	11/93
	Al Hadwah	UPG	10.0	350	07/92						
Amman	Hamlan	UPG	18.3	550	10/90	Amman	Hamlan	S&S	3.5	107	07/93
	Hamlan	S&S	8.7	260	09/91		Marqab	S&S	18.0	360	07/95
	Nadhif	UPG	8.8	770	09/92		Taybeh	S&S	19.3	503	04/95
					Manara 4		S&S	19.7	459	03/95	
Zarka	Jan'a I	UPG	13.0	720	02/91	Zarka	Army Land	S&S	37.1	1,060	03/95
	Jan'a II	UPG	12.8	720	06/92						
Irbid	Irbid I	S&S	14.9	370	04/91	Irbid	Beit Ras	S&S	30.7	767	06/95
	Irbid II	S&S	10.7	350	06/92						
Ma'an	Ma'an (N)	UPG	36.0	880	09/92	Balqa	Ain Al-Basha	S&S	19.0	554	12/95
	Ma'an (S)	UPG	24.0	320	06/93		Magareeb	S&S	13.6	321	12/95
Madaba	Madaba I	S&S	6.0	240	02/91						
	Madaba II	S&S	6.0	240	12/92						
Tafeileh	Tafeileh	UPG	18.0	530	10/90						
TOTAL			256.8	9,560		TOTAL			227.8	6,715	

Notes:

1. Site Completion Date excludes completion of houses and community facilities.

Table 6: Studies Included in Project

Study	Purpose as Defined at Appraisal/Redefined	Status	Impact of Study
1. The Future of the Housing and Urban Development Corporation	Determine the role of key public sector institutions in Jordan in the future.	Completed	Study was used to facilitate HUDC deliberation of its role. Resulted in a decision that some functions and assets would be better managed by the private sector and that the HUDC should become a policy, a training institute.
2. Functional and Financial parameters of a Private Production Entity	Organizational structure and operation of a privatized arm of the HUDC	Completed	
3. The Financial Portfolio of the HUDC	Value and options for privatization of the HUDC's mortgage portfolio.	Completed	Study concluded that the market value of the portfolio would be very small due to its highly subsidized nature and that HUDC should continue to manage it.
4. The Land holdings of the HUDC	Value and options for disposal of HUDC's portfolio of land	Completed	Portfolio found to contain very valuable sites as well as sites of little or no value. Options for disposal decided on include HUDC facilitation of development by the Corporate private sector.
5. Disposition of other HUDC activities and staff	Options for the management of HUDC activities and staff, assuming the privatization of commercial assets and activities	Completed	Results incorporated in other studies.
6. Facilitating Private Sector Land and Housing Development	Identification of barriers to the private sector serving households with low and moderate incomes and how such barriers could be overcome.	Completed	Program of reform agreed on being implemented under the Housing Finance and Urban Sector Reform Project, which was appraised in November 1995 and is scheduled to be presented to the Board in July 1996.

Note: Studies 2 through 6 were undertaken as a single package and the results were incorporated in the Housing Finance and Urban Sector Reform Project.

Table 7: Project Costs
(current million currency units)

	Appraisal ^{1/}		Actual ^{2/}	
	JD	US\$	JD	US\$
A. Upgrading:				
1. Land	6.49	19.67	0.327	0.615
2. Civil Works	7.91	23.96	3.211	4.784
3. Core Housing	0.72	2.22	0.775	1.162
4. Building & Material Loans	2.40	7.31	0.885	1.319
5. Design & Supervision	0.32	0.96	0.342	0.511
6. Project Management	0.59	1.81	0.303	0.459
Subtotal	18.43	55.91	5.84	8.85
B. Sites and Services:				
1. Land	4.84	14.66	7.832	11.335
2. Civil Works	4.23	12.81	9.778	14.295
3. Core Housing	1.56	4.58	7.139	10.584
4. Building & Material Loans	0.60	1.83	3.237	4.764
5. Design & Supervision	0.21	0.65	1.31	1.955
6. Project Management	0.35	1.07	1.217	1.807
Subtotal	11.79	35.60	30.51	44.74
C. Institutional Development	0.58	1.79	2.046	3.394
D. Goods and Equipment	0.01	0.04	1.688	2.466
TOTAL	30.81	93.33	40.09	59.45

Notes:

1/ During appraisal, the exchange rate was JD1.00 = US\$3.03

2/ During project implementation, the exchange rate varied between JD1.00 = US\$3.03 initially, and JD1.00 = US\$1.41 at close.

Table 8A: Project Financing
(all values in current million currency units)

Source:	Appraisal Estimates			Actual Cost		
	JD	US\$	US\$ (%)	JD	US\$	US\$ (%)
1. Government	6.7	20.3	22	10.1	15.7	26
2. World Bank	8.7	26.4	28	15.6	23.2	39
3. HB	9.7	29.3	31	11.6	16.6	28
4. Households	5.7	17.3	19	2.8	4.0	7
TOTAL	30.8	93.3	100	40.1	59.5	100

Table 8B: Loan Categories
(all values in current million currency units)

Loan Category	Appraisal Estimate		Actual	
	US\$	(%)	US\$	(%)
1. Civil Works	17.3	66	21.6	93
2. Materials & equipment	3.9	15	0 ^{1/}	0
3. Goods & Equipment	3.5	13	1.4	6
4. Consultant services	6.5	1	0.2	1
4. Unallocated	1.2	5	0	0
TOTAL	26.4	100	23.2	100

Note:

1/ US\$23,651

Table 9: Ex-post Economic Rate of Return
(all values in constant JD million, 1995 prices)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 - 2020	2021	2022	2023	2024
Consolidated Cost Stream																	
Land	3.56	3.01	2.59	1.11	0.89	0.58	0.12	-	-	-	-	-	-	-	-	-	-
Civil Works	2.00	1.86	0.56	1.06	1.34	2.71	3.94	1.68	1.54	-	-	-	-	-	-	-	-
Housing	1.14	1.06	0.32	0.60	0.76	1.55	2.25	0.96	0.88	-	-	-	-	-	-	-	-
Building & Material Loans	0.57	0.53	0.16	0.30	0.38	0.77	1.13	0.48	0.44	-	-	-	-	-	-	-	-
Design & Supervision	0.37	0.29	0.45	0.45	0.36	0.29	0.21	0.11	0.05	-	-	-	-	-	-	-	-
Project Management	0.29	0.27	0.08	0.15	0.19	0.39	0.56	0.24	0.22	-	-	-	-	-	-	-	-
Technical Assistance	0.20	0.18	0.16	0.18	0.21	0.39	0.56	0.30	0.16	-	-	-	-	-	-	-	-
Operation & Maintenance	-	-	-	0.13	0.20	0.25	0.34	0.51	0.59	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Total Costs	8.12	7.20	4.31	3.97	4.34	6.92	9.11	4.29	3.89	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Consolidated Benefit Stream																	
Imputed Rental Values from																	
a. Social Plots	-	-	-	0.25	0.47	0.68	1.24	1.99	2.79	3.59	3.98	3.98	3.98	3.98	3.98	3.98	3.98
b. Market Plots	-	-	-	0.51	0.47	1.39	2.54	4.07	5.70	7.33	8.15	8.15	8.15	8.15	8.15	8.15	8.15
Total Benefits	-	-	-	0.76	1.45	2.06	3.78	6.07	8.49	10.92	12.13	12.13	12.13	12.13	12.13	12.13	12.13
Net Benefit Stream	(8.12)	(7.20)	(4.31)	(3.21)	(2.89)	(4.85)	(5.33)	1.78	4.61	10.26	11.47	11.47	11.47	11.47	11.47	11.47	11.47

Overall Average Economic Rate of Return 15%

General Notes and Assumptions:

1. Cost and benefit streams are consolidated for the 13 project sites.
2. Costs for land acquisition estimated at market value.
3. Project investment costs exclude taxes.
4. Each project site has a useful life of 30 years from completion date.
5. Operation and Maintenance costs estimated at 3% of initial infrastructure and social facilities.
6. Average imputed rental values obtained from HUDC: Social Plots JD 70-150/plot/month; Market Plots JD 200/plot/month.
7. 1996 investments based on ongoing contract values.
8. Building and Material loans include loans reported by Housing Bank and HUDC estimates for beneficiary building costs from own resources.

Source: HUDC

Table 10: Status of Legal Covenants

Agreement:	Loan
Section:	2.02 (b)
Covenant Class:	1
Status:	C
Description of Covenant:	Special Account (SA) to be established in dollars to an authorized allocation of \$3 million.
Comments:	Opened August 26, 1988.

Agreement:	Loan
Section:	3.01
Covenant Class:	3
Status:	C
Description of Covenant:	CVDB to operate credit facilities and to evaluate suitability of facilities (no date).
Comments:	Management/ Credit Agreement signed Credit between Government/CVDB. Ongoing.

Agreement:	Loan
Section:	3.01 (b)
Covenant Class:	4
Status:	C
Description of Covenant:	Borrower to make available to HB funds for house/ loans/ computer equipment/ mortgages
Comments:	Arrangements in place.

Agreement:	Loan
Section:	3.02
Covenant Class:	5
Status:	C
Description of Covenant:	Borrower to carry out project in accordance with LIHRF Guidelines and Implementation
Comments:	This program describes how project will be carried out. No dates given. Ongoing.

Agreement:	Loan
Section:	4.01
Covenant Class:	1
Status:	CD
Description of Covenant:	UDD to maintain separate records and accounts to be audited annually including Special Account and SOEs and send audited statements to Bank by June 30.
Comments:	The UDD (now HUDC) maintains separate accounts. Delay of six weeks accepted in receipt of audited financial statements.

Agreement:	Loan
Section:	6.01 (a)
Covenant Class:	1
Status:	C
Description of Covenant:	UDD to maintain SOEs and retain records.
Comments:	Ongoing.

Table 10: Status of Legal Covenants (Cont'd)

Agreement:	Project
Section:	2.02 (b) & (G)
Covenant Class:	5
Status:	C
Description of Covenant:	HB to employ Consultant to assist in strengthening its appraisal capacity.
Comments:	Done.
<hr/>	
Agreement:	Project
Section:	2.02 (a)
Covenant Class:	4
Status:	CP
Description of Covenant:	HB to establish/ operate credit facilities in accordance with policy statement.
Comments:	Established. The interest rate was lowered from 8% to 7% by a decree of the King in August 1992.
<hr/>	
Agreement:	Project
Section:	2.02 (c)
Covenant Class:	5
Status:	C
Description of Covenant:	HB to procure computer equipment in accordance with Bank procedures.
Comments:	Equipment was financed by USAID.
<hr/>	
Agreement:	Project
Section:	3.01
Covenant Class:	1
Status:	C
Description of Covenant:	HB accounts to be audited annually; reports to Bank by June each year.
Comments:	Done.
<hr/>	

Table 11: Compliance with Operational Manual Statements

Note: There is no evidence of non-compliance.

Table 12: Bank Resources: Staff Inputs

Stage of Project Cycle	Planned		Actual ¹	
	SWs	US\$ ('000)	SWs	US\$ ('000)
Through appraisal	NA	NA	92.5	274.3
Appraisal-Effectiveness	NA	NA	5.4	13.9
Supervision	85.0	NA	113.5	345.5
Completion	7.0	NA	5.2	20.2
TOTAL	NA	NA	216.6	604.0

Notes:

SW Staffweeks

NA Not Available

1/ As of 06/11/96

Table 13: Bank Resources: Missions^{1/}

Mission	Mo/ Yr	No. of Staff	Days in Field	Rating		Staff Specialization	Types of Problems ^{2/}
				Impl. Status	Dev. Impact		
<i>Through Appraisal:</i>							
Reconnaissance							
Mission #1	09/85	2	12			EC, EN	
Mission #2	02/86	3	15			EC, EN, UP	
Mission #3	06/86	3	8			EC, EN, UP	
Mission #4	08/86	2	14			UP, FA	
Mission #5	11/86	2	10			UP, EN	
<i>Appraisal-Board:</i>							
Appraisal Mission	01/87	7	30			UP, EC, FA, 2ENs, IN, MG	
<i>Board-Effectiveness:</i>							
Mission #1	04/87	1	2			UP	
Mission #2	11/87	1	29			UP	
Mission #3	02/88	3	23			UP, 2ENs	
<i>Effectiveness - Completion:</i>							
Supervision							
Mission #1	09/88	3	14	S	S	UP, FA, AR	NA
Mission #2	04/89	4	19	S	S	UP, FA, AR, EC	NA
Mission #3	02/90	2	22	S	S	FA,AR	NA
Mission #4	12/90	1	6	S	S	AR	NA
Mission #5	06/91	3	16	U	S	UP,AR,EC	NA
Mission #6	11/91	2	13	U	S	UP,AR	NA
Mission #7	05/92	3	11	U	S	UP,AR,IN	NA
Mission #8	04/93	5	20	S	S	2UPs, SO,EN,EC	NA
Mission #9	11/93	2	18	S	S	UP,EN	NA
Mission #10	06/94	2	7	S	HS	UP,EN	NA
Mission #11	01/95	2	16	S	HS	UP,EN	NA

Notes:

HS = Highly Satisfactory
S = Satisfactory
U = Unsatisfactory

AR = Architect
EC = Economist
EN = Civil/municipal Engineer
FA = Financial Analyst
IN = Institutional Specialist
MG = Manager
SO = Social Sector Specialist
UP = Urban Planner

NA = Specific issues not readily attributable to individual missions.

1/ Other urban projects (UDP1 and UDP2) were also covered by these missions.

2/ There were several exogenous issues that affected implementation. These, however, are not readily attributable to individual missions. These included: managerial problems related to the merger of UDD and HC; delayed procurement and related implementation as a result of a macroeconomic slowdown, including 30% devaluation of the ID; and the Gulf Crisis.

**IMPLEMENTATION COMPLETION REPORT
HASHEMITE KINGDOM OF JORDAN
NATIONAL URBAN DEVELOPMENT PROJECT
(Loan 2841-JO)**

APPENDICES

- Appendix A:** Supervision/Completion Mission of January 1995 Aide-Memoire.
- Appendix B:** Borrower's Project Operation Plan Reports: by HUDC (dated July 1995); and HB (not dated).
- Appendix C:** Map - IBRD 28065

JORDAN: SUPERVISION OF THE NATIONAL URBAN DEVELOPMENT PROJECT
(Ln. 2841-JO)

Aide Memoire

January 31- February 14, 1995

1. A World Bank mission visited Jordan during the period January 31-February 14, 1995 to supervise progress with implementation of the above project. Mission members were Ms. Faye Lumsden (Operations Officer) Task Manager, and Mr. Mohammed Feghoul (Municipal Engineer). The mission met with representatives of the Ministry of Planning (MOP), The Housing and Urban Development Corporation (HUDC), the Jordan Housing Bank (JHB) and the Cities and Villages Development Bank (CVDB) during their stay. In the company of the staff of HUDC's Projects and Corporate Planning Units of the HUDC, mission members also visited sites with ongoing work under the project (Irbid-Beit Al Ras; Salt-Al-Maghareeb; Ain Al Basha; Zarqa 1 & 2). Mr. Deane Jordan (Senior Economist), new Task Manager of the proposed Housing and Urban Sector Reform Project, joined the mission during the period February 10-14 to be introduced to HUDC's senior management and to officials in the Ministry of Planning in charge of the Urban sector.

2. The mission members wish to thank their Jordanian counterparts for the hospitality extended to them along with the full collaboration during the review of progress. The mission was pleased to note the continued good progress in accelerating progress with implementation as well as organizational restructuring.

3. This aide memoire summarizes the mission's findings and recommendations and agreements reached and is subject to confirmation by the management of the World Bank.

SUMMARY OF PRINCIPAL FINDINGS & AGREEMENTS

4. Despite the recent good performance, the mission estimated that about US\$ 2.84 million (HUDC estimate is US\$ 2.26m) would remain undisbursed and be cancelled. About JD 1.230 million (US\$ 1.75m) (HUDC estimate is JD 0.670m - US\$ 0.96m) will need to be found from other sources for work to be completed and goods to be delivered after June 15, 1995. This money will be primarily for construction, furnishing, and equipping community buildings (i.e non-recoverable costs).

5. Throughout this aide memoire HUDC's estimates are provided where they differ from that of the mission. This is to allow for contingency budgeting.

The mission:

- In order to accelerate procurement of goods (furniture and equipment for schools), particularly PCs and educational equipment, HUDC requested to procure them through Local competitive Bidding. The mission will review this request and respond by February 28, 1995.

The HUDC will:

- recruit (preferably internally) by March 15, 1995 a project manager to conduct the computerization project.

- send the evaluation report related to the selection of consultant for the privatization studies for review by the Bank before February 28, 1995.

- provide to the Bank copies of the decisions (and mandate) establishing the Steering Committee and the Working Group to undertake the privatization studies.
- prepare and send to the Bank for review a memorandum on the possible substitution of bank guarantees for retention provisions for advance repayments (with a sample of works contract amendment attached) by February 28, 1995.
- establish a comprehensive plan of project operation and send it to the Bank for review before May 31, 1995 in order to facilitate the work of the completion mission. HUDC designated the Head of Corporate Planning Unit to coordinate the preparation of the Implementation Completion Report.
- HUDC to advise the Bank by March 15, 1995 of arrangements for financing the JD 1.6 million of works to be done and goods to be delivered after June 15, 1995.

DISBURSEMENT PERFORMANCE

6. As of January 26, 1995 US\$ 19.285 million of the loan amount of US\$ 26.4 million had been disbursed. This represents 73% of the total, which should have been fully disbursed at this time. However, disbursement performance has improved: US\$ 5.5m was disbursed in the seven-month period between June 1, 1994 and January 26, 1995, versus US\$ 3.44m in the five-month period between January 1, 1994 and May 31, 1994, US\$ 2.23m in 1993 and US\$ 1.72m in 1992.
7. As a result of a detailed review of the status of contracts underway, the mission concluded that HUDC would withdraw up to US\$ 23.56 million (HUDC estimate US\$ 24.14m) and that the balance likely to remain undisbursed would be US\$ 2.84 million (HUDC estimate is US\$ 2.26m) (Tables 7.a & 7.b attached).

ORGANIZATIONAL DEVELOPMENT

8. The March 1994 amendment to the Loan Agreement, among other things, permits HUDC to utilize loan proceeds for consultants to assist them with the preparation of a Business Plan. The HUDC privatization, which is an integral part of HUDC's Business Planning process supported by this project, is now being undertaken within the framework of the proposed Housing and Urban Sector Reform project. HUDC will shortly finalize (by February 15, 1995) the technical and financial evaluations of four offers received from the shortlisted consultants to provide the expertise not available in-house. The five following studies would be carried out:
- (a). Functional and financial parameters of the Private Production Entity;
 - (b). Analysis of the Financial Portfolio of the HUDC;
 - (c). Analysis of HUDC's Land Holdings;
 - (d). Disposition of HUDC Activities and Staff; and
 - (e). Facilitating Private Sector Land and Housing Development.
9. The work outlined in the TORs for these studies would be undertaken by a Working Group (including external professionals) to be established for this purpose which would report to a Steering Committee set up at the Cabinet level. HUDC will provide the Bank with copies of the decisions and mandates related to the Steering Committee and the working group.

AUDIT OF FINANCIAL STATEMENTS

10. The mission was advised that HUDC is making arrangements for the early completion of its audit report for 1994 (due June 30, 1995) to facilitate the work of the organizational development consultants. The auditors have been engaged with an April 30, 1995 target for completion.

CIVIL AND BUILDING WORKS

11. Although continuing improvement in project implementation was noticed, the mission expressed its concern regarding specific projects which will not be completed by the closing date of the Loan. Table 1 (attached) shows the status of all the civil works and building contracts, and indicates for each site the amount of work likely to be executed after June 15, 1995.

12. The mission visited the following sites: Irbid-Beit Al Ras; Salt-Al-Maghareeb; Ain-Al-Basha; Zarqa 1 & 2. All sites visited by the mission had competent teams of engineers and technicians backed by efficient teams within HUDC's Design and Planning units. Detailed bar charts and plans of completed works were available, however they were not regularly updated in all sites.

13. The mission was satisfied both with the quality of construction and rate of progress on the sites under implementation. However the following concerns are worth mentioning: (i) almost all the sites are facing difficulties in having their water system connected before the completion; (ii) coordination with the Electricity Authority for connections should be improved; and, action should be taken to remedy the situation of unprotected electrical transformers; and (iii) specific actions are needed to resolve difficulties with the sewerage connection for two sites (Zarqa, and Ain Al Basha).

14. The packaging of the two contracts per site (one contract for site and services and the second one for the buildings) has resulted in each contractor having had to provide offices and equipment for the supervision of the same site at the expenses of HUDC. These unnecessary expenses should have been avoided by requiring only the first contractor to be mobilized to provide offices and facilities for the project management.

15. To maximize utilization of loan proceeds, HUDC should review all the ongoing work contracts to evaluate the trade off of replacing retention provisions for repayment of advance payments with bank guarantees to be provided by contractors. A memorandum with a sample of the proposed works contract amendment attached should be prepared for Bank review prior to finalization.

Status of Implementation

Amman - Margab:

16. This site which has an area of 180,000 m² and comprises the development of 360 plots (308 vacant residential plots, 35 core residential units, and 17 vacant commercial plots), plus community buildings (boys school, girls school, community center, and health center) was fully completed April, 1994.

Amman - Taybeh:

17. Of a total area of 193,000 m², it comprises the development of 504 vacant plots (484 residential, 19 commercial), and the following community buildings: boys school, girls school, community center, and health center. The infrastructure works are about 95 % completed, and should be completed by April 15, 1995 three months behind the latest schedule. The buildings works which were awarded in February, 1994 will be completed by August 31, 1995 three months behind schedule. The amount of work to be executed after June 15, 1995 to complete the buildings is estimated at JD.165,000.

Amman -Manara-4:

18. The site has a total area of 196,499 m² and comprises the development of 459 vacant plots (438 residential, and 20 commercial), and the following community buildings: girls school, community center, and health center. After overcoming severe difficulties due to the excavation of hard soil, the works progress was satisfactory, and the site is expected to be fully completed by March 18, 1995 as contracted. It is worth noting that is one of the few projects which will be completed in time. Credit for this should be given to HUDC's site team and also to the capability of the contractor.

Amman -Zarga 1 & 2:

19. The site has a total area of 374,000 m², comprises the development of 1,137 residential and commercial plots divided in two zones Zarga 1 and Zarga 2, and the following community buildings: girls school, boys school, community center, and health center. Infrastructure works which started February 27, 1994 are of good quality, show a progress of 89%, and are expected to be fully completed three months behind contractual schedule. These delays occurred at the opening of the site due to the unanticipated need to remove old water pipes. The contractor, which was involved in an earlier HUDC project (Ruseifa), worked in two shifts to make up for lost time. Contracts for the construction of the four community buildings have been awarded recently (order to start the work was issued June 11, 1994). The mission during its visit estimated a progress of 40 % and evaluated the work to be executed after June 15, 1995 to complete the buildings at JD 485,000 (HUDC's estimate is JD 248,000). They will be delivered as follows: Boys School November 30, 1995; Girls School which was relocated due to the weak bearing capacity of the initial site, will be delivered February 28, 1996; Health Center and Community Center September 30, 1995.

20. The connection of the site sewerage network to the main sewer line located along a municipal road at 240 meters from the site is not yet executed. To allow the contractor to execute this work Zarga Municipality should plan a road (on private land) to authorize HUDC to lay this connection following planned road alignment as requested by law.

Salt Al Maghareeb

21. The site has a total area of 135,971 m², comprises the development of 371 plots (309 residential vacant plots; 23 core units; and 39 vacant commercial plots), and the following community buildings: community center, and health center. The infrastructure works which started March, 1994 show a progress of 50% and are expected to be completed by August 31, 1995 five months behind schedule. The buildings will be delivered by June 15, 1995 with four months delay. To complete this project JD. 200,000 (HUDC's estimate is JD 50,000) of works will remain to be executed after the loan closing date.

22. Expensive on-site infrastructure and sewerage system (three septic tanks) were necessitated by topographically difficulties and remoteness of the site.

Salt -Ain Al-Basha

23. The site has a total area of 189,604 m², comprises the development of 554 vacant plots (526 residential, and 28 commercial), and the following community buildings: boys school, girls school, community center, and health center. The progress of infrastructure works, which started February 19, 1994, show a progress of 62% and will be completed by May 15, 1995; while the buildings with a progress of 60% will be delivered June 15, 1995.

24. The resident engineer should notify to the contractor to remove all the blocks and stones left on the site. There are also two critical tasks to be closely monitored: (i) 2,000 meters water connection along the main national road which will be improved with a possible revision of its alignment, and (ii) the connection of the on-site sewerage system to the near waste water treatment plant.

25. The related contract to reach the waste water station is not yet concluded. Given the risk of ground water pollution, the mission asked for an action plan for solving this critical problem in a timely manner.

Irbid - Beit -Rag

26. The site has a total area of 304,000 m² and comprises the development of 767 residential plots and one large parcel for commercial plots. The site is provided with: Boys School, Girls School, Heath Center, Community Center, Women's Training Center. The mission visited the site and noted its satisfactory completion. The main entrance to the site is provided by a road with a steady slope (17%) but which lacks proper drainage and sidewalk on one side (not included in the project and which belongs to the municipality). This site faced at its opening difficulties related to expansive soil and underground caves found during foundation works. The electrical transformer equipment recently put in place by the Electricity Authority was exposed to the elements. This situation also encountered in other sites should be remedied in a timely manner.

Agaba - Al - Khazan

27. This site has a total area of 1194,441 m², comprises the development of 631 residential and commercial plots, and the following community buildings: Women's Training Center, and Health Center. Site development was satisfactorily completed October 31, 1992 and the last building (Health Center) was delivered August 31, 1994.

Agaba - Old town North

28. The project which consists of the upgrading of an area of 120,362 m² in the Old Town, to provide services to 384 households indicates a progress of 85% and is expected to be completed by May 9, 1995. Support from the Agaba Municipality to manage the relocation of households whose units were demolished in whole or in part was notable for permitting the progress recorded.

Agaba - Old-Town-South

29. This project which consists of the upgrading of a densely populated low-income area of the old part of Agaba, with an area of 122,916 m², serving 609 plots, including the creation of 23 infill plots for new construction, was satisfactorily completed June 22, 1994.

Agaba Community Buildings

30. The construction of the Health Center started February 1, 1995 and will be completed by November 28, 1995. A Community Center is also under construction and will be delivered by June 30, 1995. The value of the outstanding work after the loan closing date is estimated to be about JD.45,000.

Other sites

31. The other sites financed under this project were completed as follows: Agaba Salahaddin (upgrading) January 18, 1989; Agaba Shalalah (upgrading) June 18, and December 1991; Agaba Khazan October 31, 1992 for site and services and August 31, 1994 for the Health center.

FURNITURE & EQUIPMENT FOR COMMUNITY BUILDINGS

32. The program of furniture and equipment to be financed under the project encompasses the following items:

- 11 Schools: Furniture, PC computers, and 9 categories of equipment;
- 9 Community Centers: Furniture, and Electrical Appliances;
- 4 Health Centers: Dental Equipment;
- 7 Health Centers: Furniture, Medical Equipment, Electrical Appliances.

33. Only 4 Schools were partially furnished and equipped. The main part of the program is not executed with the outstanding part to be implemented after the loan closing date estimated at about JD 350,000. This situation is due to the late start of this procurement task and unnecessary lengthy HUDC procurement procedures.

34. HUDC plans to procure the outstanding items through Local Competitive Bidding procedures.

HUDC COMPUTERIZATION

35. The contracts related to HUDC's computerization were awarded December 6, 1994. In order to complete a large part of this program before June 15, 1995, their implementation started immediately after the supplier and application developer were selected. The time schedule is as follows:

Hardware :	5 months	January 1, to	May 31, 1995
Applications:	9 months	January 1, to	August 31, 1995

36. To complete the program HUDC will need about JD.150,000 (JD.100,000 for hardware and JD.50,000 for applications) to fund completion of delivery after the loan closing date. HUDC's estimate is only JD 50,000 for applications.

37. Specific meetings were organized for the mission with the Royal Sciences Society (RSS) mandated for 20 months (August 31, 1995 to March 31, 1997) to support HUDC's computerization project, and the Hardware

supplier and the Applications developer to assess: (i) implementation coordination, (ii) involvement of HUDC staff in application development, and (iii) consistency among the various systems to be implemented (Administration, Finance, Beneficiaries, Projects, ..) to realize an efficient information system which could evolve with the objectives and the needs of the Corporation.

38. The mission was informed that HUDC has been having difficulty recruiting competent replacement project manager due to civil service rules. HUDC should, without delay, appoint a project manager to carry out this crucial project, or this investment could be jeopardized.

CITIES AND VILLAGES DEVELOPMENT BANK

39. The mission met with representatives of the Cities and Villages Development Bank (CVDB) to inform them about the objectives of the mission particularly about the imminent completion of the project and the Implementation Completion Report to be prepared by all the agencies that were involved in its implementation. During this meeting, CVDB representatives drew the attention of the mission on the following to be clarified with HUDC:

- long delays are observed, compared to what was recorded at the beginning of the project, for CVDB to receive the funds related to the project from the Ministry of Planning;

- CVDB was asked by HUDC to deposit about JD.200,000 for the Water Authority to for connect Ain Al basha site to the nearby waste water treatment Plant. CVDB is not allowed to disburse funds only after work has been completed.

40. CVDB and the mission discussed the options for reviewing the Municipal Finance Study undertaken by the World bank in 1994. They concluded that two seminars/workshops would be appropriate and that the Bank should be involved in the first one.

IMPLEMENTATION COMPLETION REPORTING

41. The mission informed HUDC of the objectives of the forthcoming implementation completion mission which are to : (i) assess: the degree of achievement of project objectives, prospects for the project's sustainability, Bank and Borrower performance, project outcome, and the plan for the project future operation; and (ii) identify the lessons to be learned from implementation. The Implementation Completion Report (ICR) should provide data and analysis to substantiate assessment.

42. The Borrower prepares and makes available to the Bank its own evaluation report on: (i) the project's execution and initial operation, (ii) cost and benefits, (iii) the Bank and Borrower's performance of their respective obligations under the Loan Agreement; (iv) and the extent to which the purposes of the loan were achieved.

43. The Borrower is also requested to adopt a comprehensive plan, acceptable to the Bank, for the operational phase of the project. Such a plan would help assure that beneficiaries will profit from the project. The plan should also include performance indicators to monitor operations and development impact. It should be sent to the Bank for review before May 31, 1995.

44. The views of following agencies and authorities should be sought on project implementation, performance, and operation (urban services, and municipal management):

- Ministry of Planning
- Ministry of Education
- Vocational Training Corporation
- Ministry of Health
- Ministry of Health
- Housing Bank
- Cities & Villages Development Bank (CVDB)
- Housing and Urban Development Corporation (HUDC)
- Aqaba Regional Authority ARA
- Aqaba Municipality
- Greater Amman Municipality
- Zarqa Municipality
- Salt Municipality
- Beit Al Ras Municipality

45. Most The above ministries and agencies may provide their views to HUDC for incorporation in their document. The Housing Bank indicated to the mission that they would prepare an independent section of the report. This would help ensure that their perspectives is more fully reflected than was the case for the Project Completion Reports (PCR) for previous urban development project. A committee should be established to ensure coordination as provided for in the project appraisal report.

46. Special surveys should be carried out of beneficiaries of the upgraded sites and of the new sites and services. Affordability should be reassessed. Performance of Consultants, Contractors, and Suppliers should also be evaluated during this exercise.

MARKETING

47. In order to better understand the behavior of the market during project implementation, the mission requested HUDC to provide a schedule of plots auctions which details on the development costs, number of bids received, amounts offered, plots type and site. This schedule should be ready by May 31, 1995.

Attachments

- Table.1 Works Contracts - Status of Implementation.
- Table.2 List of Works Contracts funded by the Loan.
- Table.3 List of Goods & Consultancy Contracts funded by the loan.
- Table.4 Schedule for Goods procurement to furnish and equip Community Buildings.
- Table.5 Disbursements as of January 15, 1995 (HUDC's Source).
- Table.6 Disbursement profile.
- Table.7.a Mission Estimate of Funds to be provided by HUDC after the loan closing to complete the project.
- Table.7.b HUDC Estimate of Funds to be provided by HUDC after the loan closing to complete the project.

Faye Lumsden
Operations Officer
February 13, 1995
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Table 1 Page 1 of 2

Works Contracts Status of Implementation

JORDAN

URBAN DEVELOPMENT PROJECT UDP3

City/site contractor	Contract Number	Initial contract value 'JD	Comm. order date	Contracted completion date	Duration months	As of May 31, 94			As of January 31, 95			Value of works to be executed after June 15,95 JO
						expected completion date	Duration months	% of progress	expected/actual completion date	Duration months	% of progress	
Wadi Beit al Han												
S&S	100/91	1,184,228	Mar-18-92	Nov-7-93	20.0	Aug-1-94	28.9	85%	Jul-12-94	28.3	100%	0
off site	3/W/92	222,654	Nov-29-92	Nov-20-93	11.9	Nov-24-93	12.0	100%	Nov-24-93	12.0	100%	0
GS	2/W/92	607,565	Dec-12-92	Jun-5-94	18.0	Dec-1-94	24.0	35%	Dec-1-94	24.0	100%	0
BS	2/W/92	345,295	Dec-12-92	Mar-7-94	15.0	Sep-15-94	21.4	71%	Dec-1-94	24.0	100%	0
CC	2/W/92	56,587	Dec-12-92	Dec-12-93	12.2	Jul-1-94	18.9	90%	Dec-1-94	24.0	100%	0
HC	2/W/92	113,641	Dec-12-92	Mar-7-94	15.0	Jul-1-94	18.9	90%	Dec-1-94	24.0	100%	0
WTC	4/W/93	86,939	Mar-1-94	Dec-26-94	10.0	Dec-26-94	10.0	12%	Dec-3-94	9.2	100%	0
		2,616,908						71%			100%	0
Marqab												
S&S	91/91	1,230,000	Apr-11-92	Oct-3-93	18.0	Apr-15-94	24.5	100%	Jan-2-94	21.0	100%	0
BS + GS + CC	99/91	842,256	Mar-16-92	Jun-15-93	15.2	Apr-15-94	25.3	100%	Jun-15-93	15.2	100%	0
Sewers	6/W/92	314,497	Mar-16-93	Sep-12-93	6.0	Apr-15-94	13.2	100%	Sep-12-93	6.0	100%	0
off site main	14/M/94	59,180						100%			100%	0
		2,446,933						100%			100%	0
Manara-4												
S&S	138/93	1,156,288	Jan-22-94	Mar-18-95	14.0	Mar-18-95	14.0	15%	Mar-31-95	14.4	100%	0
GS	147/93	408,611	Jan-22-94	Mar-18-95	14.0	May-18-95	16.0	17%	Mar-31-95	14.4	96%	0
CC	147/93	50,980	Jan-22-94	Jan-22-95	12.2	Nov-19-94	10.0	27%	Sep-29-94	8.3	100%	0
HC (for Marqab)	147/93	112,940	Jan-22-94	Jan-22-95	12.2	Jan-22-95	12.2	20%	Dec-25-94	11.2	100%	0
		1,728,819						16%			99%	0
Taybeh												
S&S	125/93	1,377,376	Oct-22-93	Apr-15-95	18.0	Dec-31-94	14.5	51%	Apr-15-95	18.0	95%	0
BS	184/93	342,473	Apr-23-94	Jan-26-95	14.3	May-15-95	12.9	13%	Aug-31-95	16.5	34%	68,495
GS	184/93	393,143	Apr-23-94	Jul-16-95	15.0	May-15-95	12.9	13%	Aug-31-95	16.5	34%	78,629
HC	184/93	89,541	Apr-23-94	Apr-22-95	12.1	May-15-95	12.9	13%	Aug-31-95	16.5	34%	17,908
CC	184/93	45,209	Apr-23-94	Jan-17-95	9.0	May-15-95	12.9	13%	Feb-1-95	9.5	100%	0
		2,247,741						36%			73%	165,031
Ain Al Basma												
S&S	152/93	1,090,492	Feb-19-94	Apr-15-95	14.0	May-14-95	15.0	11%	May-14-95	15.0	62%	0
GS	180/93	382,958	Feb-19-94	Jun-14-95	16.0	Jun-14-95	16.0	6%	Jun-14-95	16.0	55%	0
BS	180/93	289,841	Feb-19-94	Apr-15-95	14.0	Apr-15-95	14.0	6%	Jun-14-95	16.0	51%	0
CC	180/93	42,815	Feb-19-94	Feb-28-95	12.5	Feb-19-95	12.2	6%	Jun-14-95	16.0	67%	0
		1,806,106						9%			59%	0
Additional Work for sewer connection												

Table 1 page 2 of 2

Works Contracts Status of Implementation

JORDAN

URBAN DEVELOPMENT PROJECT UDP3

city / site	Contract Number	Initial contract value 'JD	-- contract order date	contracted completion date	Duration months	As of May 31, 94			As of January 31, 95			Value of works to be executed after June 15, 95 JD
						expected completion date	Duration months	% of progress	expected completion date	Duration months	% of prog.	
Salt Al Mughareeb												
S&S	168/93	806,991	Mar-30-94	Mar-28-95	12.0	Jun-25-95	15.1	3%	Aug-31-95	17.3	47%	201,748
HC	193/93	86,429	Apr-16-94	Feb-10-95	10.0	Feb-10-95	10.0	7%	Jun-15-95	14.2	45%	0
CC	193/93	55,940	Apr-16-94	Jan-10-95	9.0	Jan-10-95	9.0	7%	Jun-15-95	14.2	45%	0
		949,360						3%				201,748
Zarqa 1 & 2												
S&S- Zarqa-1	157/93	721,719	Feb-27-94	Jan-22-95	11.0	Apr-22-95	14.0	12%	Mar-31-95	13.2	89%	0
S&S- Zarqa-2	158/93	652,730	Feb-27-94	Jan-22-95	11.0	Apr-22-95	14.0	9%	Mar-31-95	13.2	89%	0
BS	195/93	468,545	Jun-11-94	Sep-3-95	15.0	Sep-3-95	15.0	0%	Nov-30-95	17.9	46%	186,618
GS	195/93	451,905	Jun-11-94	Sep-3-95	15.0	Sep-3-95	15.0	0%	Feb-28-96	20.9	10%	271,143
HC	195/93	83,448	Jun-11-94	Jun-11-95	12.2	Jun-11-95	12.2	0%	Sep-30-95	15.9	49%	18,890
CC	195/93	48,278	Jun-11-94	Mar-7-95	9.0	Jun-11-95	12.2	0%	Sep-30-95	15.9	33%	9,656
		2,424,625						6%			84%	484,106
Aqaba Old Town												
UPG Old Town North	5/W/92	944,517	Apr-4-93	Jan-15-94	9.5	Jun-13-94	14.5	100%	Jun-22-94	14.8	100%	0
UPG Old Town South	8/W/92	1,031,580	Nov-15-93	Jan-15-95	14.2	Mar-12-95	16.1	26%	May-9-95	18.0	86%	0
HC	194/93	79,494	Feb-1-95	Nov-28-95	10.0			0%	Nov-28-95	10.0	0%	39,747
CC	194/93	44,093	Oct-1-94	Jun-27-95	9.0			0%	Jun-30-95	9.1	30%	4,409
		2,099,694						56%			86%	44,156
Aqaba Salaheddin												
UPG	1/W3/87	328,000	Jan-21-88	Dec-30-88	11.5	Jan-18-89	12.1	100%	Jan-18-89	12.1	100%	0
Aqaba Shalalah N												
UPG	2/W3/88	821,538	Jan-25-89	Sep-13-90	19.9	Jun-18-91	29.1	100%	Jun-18-91	29.1	100%	0
BS	5/W3/89	378,181	May-15-90	May-15-91	12.2	Dec-2-91	18.9	100%	Dec-2-91	18.9	100%	0
		1,197,719						100%			100%	0
Aqaba Khazan												
S&S + WTC	10/W3/89	1,829,129	Jun-16-90	Jun-10-92	24.2	Oct-31-92	28.9	100%	Oct-31-92	28.9	100%	0
HC	7/W/92	188,652	Aug-28-93	Sep-13-94	12.7	Aug-31-94	12.3	100%	Aug-31-94	12.3	100%	0
		1,997,781						100%			100%	0
Hesban												
S&S + WTC	77/90	321,536	Apr-20-91	May-30-92	13.5	Jun-14-93	26.2	100%	Jun-14-93	26.2	100%	0
total		20,184,223						53%			83%	895,042
completed (May 31, 94)		10,782,681										
completed (Jan 31, 95)		16,702,652										

S&S : sites and services

BS : Boys school

HC : Health Center

WTC : Women Training Center

UPG: upgrading

GS : Girls school

CC : Community Center

Table . 2 List of works contracts funded by the loan	HUDC Number	HUDC amount (JD)	Tender MIS(Bank system) #	Date Bank System	% financed	exchange JD	exchange rate	Bank Funded US\$	Disbur. Category		
Works											
Aq. salehaddin UPG	1/W3/87	328,000	1	'LCB	Dec-10-87	45%	330,922	3.002	993,481	447,057	2-A
Aq. Shallelah Nth UPG	2/W3/88	821,538	2	'LCB	Dec-19-88	45%	860,807	2.128	1,873,668	843,151	2-A
Aq.Khazan SS + WTC	10/W3/89	1,829,129	3	'LCB	Jan-18-90	45%	1,829,130	1.546	2,827,094	1,272,192	2-A
Aq. Shallelah Nth BS	2/W/92	376,181	5	'LCB	May-14-90	45%	376,181	1.488	559,793	251,907	2-A
Habern SS + WTC	77/90	321,536	7	'LCB	Dec-2-91	80%	291,536	1.473	429,361	343,489	1-A
Marqab	99/91	842,256	8	'LCB	Mar-19-92	80%	842,288	1.460	1,229,569	883,655	1-A
Irbid Belt al Ras	100/91	1,184,228	9	'LCB	Mar-19-92	80%	1,184,228	1.460	1,728,736	1,382,989	1-A
Marqab	91/91	1,230,000	13	'LCB	May-1-92	80%	1,300,000	1.451	1,886,794	1,509,435	1-A
Aqaba O.T Sth UPG	5/W/92	944,517	19	'LCB	May-12-93	80%	944,517	1.484	1,382,895	1,106,316	1-A
Irbid Belt al Ras Off site	3/W/92	222,654	22	'LCB	Apr-7-93	80%	222,654	1.456	324,096	259,277	1-A
Irbid Belt al Ras S + C.Bldgs	2/W/92	1,123,088	24	'LCB	Apr-7-93	80%	1,288,150	1.456	1,875,038	1,500,029	1-A
Aq.Khazan HC + CC	7/W/92	168,652	25	'LCB	Oct-22-93	80%	168,653	1.449	244,425	195,540	1-A
Aqaba O.T Nth UPG	8/W/92	1,031,590	26	'LCB	Oct-22-93	80%	1,031,591	1.449	1,495,059	1,198,047	1-A
Taybeh	125/93	1,377,375	30	'LCB	Oct-21-93	80%	1,377,375	1.425	1,962,071	1,569,857	1-A
Ain Al Basheh C Bldgs	180/93	715,814	31	'LCB	Mar-3-94	80%	738,816	1.427	1,053,948	843,157	1-A
Manara - 4 C.Bldgs *	147/93	572,531	32	'LCB	Mar-3-94	80%	564,228	1.427	804,890	643,912	1-A
Ain Al Basheh S&S	152/93	1,090,492	33	'LCB	Mar-3-94	80%	1,090,491	1.427	1,555,622	1,244,498	1-A
Manara - 4 S&S	138/93	1,156,288	34	'LCB	Mar-9-94	80%	1,156,288	1.427	1,649,484	1,319,587	1-A
Zarqa 1 S&S	157/93	721,719	35	'LCB	Mar-16-93	80%	721,719	1.453	1,049,010	839,208	1-A
Taybeh S + C.Bldgs	184/93	870,366	37	'LCB	Jul-21-94	80%	893,600	1.449	1,295,072	1,036,058	1-A
Aqaba O.T HC + CC	194/93	123,587	38	'LCB	Sep-23-94	80%	123,587	1.431	176,805	141,444	1-A
Zarqa 1 & 2 (Bldg)	195/93	1,050,176	39	'LCB	Dec-7-94	80%	1,075,313	1.427	1,533,970	1,227,176	1-A
Marqab Off Site Main.	14/M/94	59,180	40	'LCB	Nov-28-94	80%	59,180	1.451	85,893	68,714	1-A
		18,160,697					18,491,052		28,016,750	20,224,494	
Irbid Belt al Ras	4/W/93	86,939				80%	86,939	1.451	59,901	47,921	
Marqab	6/W/92	314,497				80%	314,497	1.451	216,687	173,350	
Salt Al Maghareeb	156/93	806,991				80%	806,991	1.451	556,014	444,811	
Salt Al Maghareeb	193/93	142,369				80%	142,369	1.451	98,092	78,473	
Zarqa 2	158/93	652,730				80%	652,730	1.451	449,729	359,783	
		2,003,528					2,003,528		1,380,423	1,104,338	
		20,164,223					20,494,576		29,397,173	21,328,833	

Table 3 'GOODS List of Contracts Funded By the Loan	HUDC Number	HUDC amount (JD)	Tender MIS(Bank system) #	Date Bank System	% financed	exchange			Bank Funded US\$	Disbur. Category	
						JD	rate	US\$			
Shallalah + Aqaba O.T	412/90		6	LCB	Apr-12-91	70%	52,424	1.473	77,209	64,048	1- B
Shallalah + Aqaba O.T	#247		10	LCB	Apr-3-92	70%	1,608	1.458	2,341	1,639	1- B
	#247		11	LCB	Apr-3-92	70%	1,908	1.458	2,773	1,941	1- B
	#247		12	LCB	Apr-3-92	70%	3,825	1.458	5,558	3,898	1- B
	2/G/92P.1		15	LCB	Feb-18-93	70%	12,420	1.449	18,000	12,600	1- B
	2/G/92P.1		16	LCB	Feb-18-93	70%	18,785	1.449	27,225	19,058	1- B
	2/G/92P.2		17	LCB	Feb-18-93	70%	6,455	1.449	9,355	6,549	1- B
	2/G/92P.2		18	LCB	Feb-18-93	70%	1,978	1.449	2,867	2,007	1- B
Marqab & Beit Al Ras	4/G/92		20	LCB	May-20-93	70%	103,371	1.484	151,348	106,944	1- B
	2/G/93		21	LCB	Oct-22-93	70%	4,762	1.449	6,886	4,820	1- B
Mustanda &	1/G/93		27	LCB	Oct-22-93	70%	4,905	1.449	7,109	4,976	1- B
	6/G/92		28	LCB	Dec-17-93	70%	5,748	1.425	8,189	5,732	1- B
Khazan/marqab/beitalras	5/G/92		29	LCB	Dec-17-93	70%	12,033	1.424	17,140	11,988	1- B
							230,209		336,010	236,207	
Computers HUDC/Comcent	6/M/94		41	ICB	Dec-6-94	100%	401,299	1.426	572,446	572,446	1- B
Software Appl. HUDC ATS	7/M/94		42		Dec-6-94	100%	95,000	1.427	136,521	136,521	1- B
							496,299		707,967	707,967	
							726,508		1,043,977	943,174	

CONSULTANCY .. Table 2.3 list of contracts funded by the Loan	HUDC Number	HUDC amount (JD)	Tender MIS(Bank system) #	Date Bank System	% financed	exchange			Bank Funded US\$	Disbur. Category	
						JD	rate	US\$			
Ain Al Beha	1/M/92		13	LCB	Sep-23-92	100%	6,847	1.473	9,789	9,789	1- C
Zarqa Schools + CB	L12/14/92		23	Sole Source	Dec-18-92	100%	6,638	1.456	9,662	9,662	1- C
Cons.Services LL-Davies	50/86		36	?	Jun-15-88	100%	580,420	1.792	1,067,872	1,067,872	1- C
Royal Sc. Society RSS	194/28/25		43	Sole Source	Dec-17-94	100%	27,000	1.427	38,516	38,516	1- C
							630,705		1,115,839	1,115,839	

Table 4	JORDAN URBAN DEVELOPMENT PROJECT UDP3						
	Furniture & Equipment						
Schedule for Procurement to furnish and equip community buildings		date of tender issue	date of bids opening	days	expected date for contract signing	amount JD	date of supply
Schools (11 units)							
Furniture for 4 girls schools	LCB	Dec-28-94	Jan-17-95	20	Feb-28-95	124,571	
Furniture for 3 boys schools	LCB	Dec-30-94	Jan-24-95	25	Mar-10-94	93,429	
Furniture for 4 schools	LCB						supplied
						218,000	
PC Computers for 11 schools	ICB	Feb-15-95	Mar-17-95	30	Apr-1-95	132,000	
9 Categories of Equipment (1st Tender March,93 / 2nd Tender June,94)							
contracts signed							
Cat.6 Office equipment							
Cat.7 General Vocational Workshop							
Cat.8 Sports Equipment							
						67,073	
ongoing evaluation							
Cat.2 Physic lab. equipment							
Cat.3 Chemistry lab. equipment							
Cat.4 Biology lab. equipment						86,502	
to be retendered							
Cat.1 Art & Craft							
Cat.5 Women Vocational Eq							
Cat.9 Audiovisual aids							
						230,000	
						383,575	
Community Center (9 units)							
Furniture	LCB		Dec-24-94		Mar-15-95	25,000	
Electrical Appliances (2nd tender)	LCB	Jan-31-95				72,000	
						97,000	
Health Center (7 units)							
Dental Equipment for 7 units	LCB		Feb-1-95		Mar-15-95	98,000	
Furniture for 4 units	LCB	Dec-30-94	Jan-24-95		Mar-15-95	20,000	
Electrical Appliances for 4 units	LCB		Feb-1-95		Mar-15-95	8,000	
Medical Equipment for 4 units	LCB		Feb-1-95		Mar-15-95	60,000	
						186,000	
						1,016,575	

Table 5 HOUSING & URBAN DEVELOPMENT CORPORATION LOAN NO 2841-JO
Page 1 of 2 SUMMARY DISBURSEMENT ALLOCATED TO SITES (source HUDC)

A/N	DATE	DESCRIPTION	TOTAL AMOUNT US\$	TOTAL AMOUNT JD
1	4-Aug-88	LOAN	\$168,820.59	63,113.374
2	16-Aug-88	SPEC. ACC	\$3,000,000.00	1,110,000.000
3	20-Mar-89	LOAN	\$197,195.57	99,448.000
4	8-Aug-89	LOAN	\$220,357.92	122,316.717
5	6-Feb-90	LOAN	\$105,494.03	70,738.358
6	26-May-90	LOAN	\$174,301.27	116,634.573
7	10-Sep-90	GRANT	\$117,432.46	76,208.662
8	19-Nov-90	LOAN	\$218,435.82	143,413.710
9	16-Mar-91	GRANT	\$128,344.94	84,715.571
10	14-Apr-91	SUPPL (8)	\$169,894.53	111,543.997
11	4-May-91	SUPPL (7,9)	\$176,562.21	116,938.292
12	6-May-91	LOAN	\$121,551.29	81,301.977
13	29-Jun-91	GRANT	\$125,528.70	85,478.765
14	29-Jun-91	SUPPL (12)	\$94,539.89	63,234.871
15	21-Jul-91	SUPPL (13)	\$43,418.34	29,567.892
16	24-Jul-91	LOAN	\$193,031.55	132,961.464
17	1-Aug-91	GRANT	\$112,201.75	76,942.709
18	26-Sep-91	LOAN	\$163,516.83	112,390.932
19	4-Nov-91	GRANT	\$115,423.37	79,517.593
20	1-Dec-91	LOAN	\$181,113.04	124,201.915
21	1-Dec-91	GRANT	\$124,269.98	83,769.464
22	8-Feb-92	LOAN	\$269,893.82	171,020.321
23	6-Jun-92	LOAN	\$412,857.71	281,619.336
24	18-Jul-92	SUPPL(23)	\$14,507.60	8,468.284
25	25-Jul-92	GRANT	\$255,322.35	171,013.391
26	29-Jul-92	LOAN	\$472,279.83	317,504.534
27	30-Sep-92	LOAN	\$150,211.40	100,065.334
28	21-Oct-92	LOAN	\$129,158.05	87,373.098
29	22-Oct-92	GRANT	\$118,162.64	79,162.973
30	29-Nov-92	GRANT	\$160,320.33	109,723.860
31	8-Mar-93	LOAN	\$172,699.53	118,036.565
32	8-Mar-93	GRANT	\$266,942.66	184,184.063
33	17-May-93	LOAN	\$127,168.10	87,528.405
34	12-Jun-93	GRANT	\$267,355.51	183,464.274
35	21-Sep-93	LOAN	\$370,238.20	255,565.580
36	1-Nov-93	GRANT	\$286,072.78	198,392.687
37	30-Sep-93	LOAN	\$288,243.24	200,391.604
38	20-Nov-93	LOAN	\$482,831.47	334,640.134
39	2-Dec-93	GRANT	\$143,260.40	99,919.844
40	21-Dec-93	LOAN	\$213,849.68	149,763.290
41	6-Feb-94	LOAN	\$664,631.59	467,396.888
42	29-Mar-94	GRANT	\$334,696.27	234,541.933
43	2-Apr-94	LOAN	\$903,367.13	633,057.277
44	4-Apr-94	GRANT	\$399,343.94	279,762.051
45	10-May-94	LOAN	\$827,774.07	580,524.493
46	19-May-94	LOAN	\$223,762.83	156,028.683
47	11-Jun-94	LOAN	\$733,504.52	512,976.251
48	30-Jun-94	GRANT	\$466,878.05	326,865.564
49	11-Jul-94	LOAN	\$1,019,228.72	703,521.876
50	23-Jul-94	GRANT	\$449,856.96	309,507.262
51	2-Aug-94	LOAN	\$369,904.81	255,459.378
52	30-Aug-94	LOAN	\$314,710.85	218,335.780
53	22-Sep-94	GRANT	\$532,658.48	369,399.274
54	2-Oct-94	LOAN	\$360,687.23	251,044.624
55	16-Oct-94	LOAN	\$451,920.11	314,613.569
56	17-Oct-94	GRANT	\$297,696.07	209,982.591
57	19-Nov-94	LOAN	\$261,916.39	181,465.989
58	20-Nov-94	GRANT	\$175,251.93	121,153.310
59	2-Jan-95	LOAN	\$414,842.76	290,642.214
60	15-Jan-95	LOAN	\$315,692.05	349,312.566
		TOTAL	\$20,071,134.13	12,824,754.612

table 5 SUMMARY DISBURSEMENT ALLOCATED TO PROJECTS
page 2 of NON-RECOVERABLE COMPONENT FOR EACH YEAR (source HUDC)

A.N	DATE	DESCRIPTION	Total Amount US\$	Total Amount JD	
1	7	10-Sep-90	GRANT	\$117,432.46	76,208.662
2	9	16-Mar-91	GRANT	\$128,344.94	84,715.571
3	11	4-May-91	SUPPL (7,9)	\$176,562.21	116,938.292
4	13	29-Jun-91	GRANT	\$125,528.70	85,478.761
5	15	21-Jul-91	SUPPL (13)	\$43,418.34	29,567.892
6	17	1-Aug-91	GRANT	\$112,201.75	76,942.709
7	19	4-Nov-91	GRANT	\$115,423.37	79,517.593
8	21	1-Dec-91	GRANT	\$124,269.98	83,769.464
9	25	25-Jul-92	GRANT	\$255,322.35	171,013.391
10	29	22-Oct-92	GRANT	\$118,162.64	79,162.973
11	30	29-Nov-92	GRANT	\$160,320.33	109,723.860
12	32	8-Mar-93	GRANT	\$266,942.66	184,184.063
13	34	12-Jun-93	GRANT	\$267,355.51	183,464.274
14	36	1-Nov-93	GRANT	\$286,072.78	198,392.687
15	39	2-Dec-93	GRANT	\$143,260.40	99,919.844
16	42	29-Mar-94	GRANT	\$334,696.27	234,541.933
17	44	4-Apr-94	GRANT	\$399,343.94	279,762.051
18	48	30-Jun-94	GRANT	\$466,878.05	326,865.564
19	50	23-Jul-94	GRANT	\$449,856.96	309,507.262
20	53	22-spt-94	GRANT	\$532,658.48	369,399.274
21	56	17-Oct-94	GRANT	\$297,696.07	209,982.591
22	58	20-Nov-94	GRANT	\$175,251.93	121,153.310
TOTAL			\$5,097,000.11	3,510,212.021	
A.N	DATE	DESCRIPTION	Total Amount US\$	Total Amount JD	
1	1	4-Aug-88	LOAN	\$168,820.59	63,113.374
2	3	20-Mar-89	LOAN	\$197,195.57	99,448.000
3	4	8-Aug-89	LOAN	\$220,357.92	122,316.717
4	5	6-Feb-90	LOAN	\$105,494.03	70,738.358
5	6	26-May-90	LOAN	\$174,301.27	116,634.573
6	8	19-Nov-90	LOAN	\$218,435.82	143,413.710
7	10	14-Apr-91	SUPPL (8)	\$169,894.53	111,543.997
8	12	6-May-91	LOAN	\$121,551.29	81,301.977
9	14	29-Jun-91	SUPPL (12)	\$94,539.89	63,234.871
10	16	24-Jul-91	LOAN	\$193,031.55	132,961.464
11	18	26-Sep-91	LOAN	\$163,516.83	112,390.932
12	20	1-Dec-91	LOAN	\$181,113.04	124,201.915
13	22	8-Feb-92	LOAN	\$269,893.82	171,020.321
14	23	6-Jun-92	LOAN	\$412,857.71	281,619.336
15	24	18-Jul-92	SUPPL(23)	\$14,507.60	8,468.284
16	26	29-Jul-92	LOAN	\$472,279.83	317,504.534
17	27	30-Sep-92	LOAN	\$150,211.40	100,065.334
18	28	21-Oct-92	LOAN	\$129,158.05	87,373.098
19	31	8-Mar-93	LOAN	\$172,699.53	118,036.565
20	33	17-May-93	LOAN	\$127,168.10	87,528.405
21	35	21-Sep-93	LOAN	\$370,238.20	255,565.580
22	37	30-Sep-93	LOAN	\$288,243.24	200,391.604
23	38	20-Nov-93	LOAN	\$482,831.47	334,640.134
24	40	21-Dec-93	LOAN	\$213,849.68	149,763.290
25	41	6-Feb-94	LOAN	\$664,631.59	467,396.888
26	43	2-Apr-94	LOAN	\$903,367.13	633,057.277
27	45	10-May-94	LOAN	\$827,774.07	580,524.493
28	46	19-May-94	LOAN	\$223,762.83	156,028.683
29	47	11-Jun-94	LOAN	\$733,504.52	512,976.251
30	49	11-Jul-94	LOAN	\$1,019,228.72	703,521.876
31	51	2-Aug-94	LOAN	\$369,904.81	255,459.378
32	52	30-Aug-94	LOAN	\$314,710.85	218,335.780
33	54	2-Oct-94	LOAN	\$360,687.23	251,044.624
34	55	16-Oct-94	LOAN	\$451,920.11	314,613.569
35	57	19-Nov-94	LOAN	\$261,916.39	181,465.989
36	59	2-Jan-95	LOAN	\$414,842.76	290,642.214
37	60	15-Jan-95	LOAN	\$315,692.05	349,312.566
TOTAL			\$11,974,134.02	8,267,655.961	
+ADVANCE PAYMENT			\$17,071,134.13		
			\$3,000,000.00		
			\$20,071,134.13		

Table 6

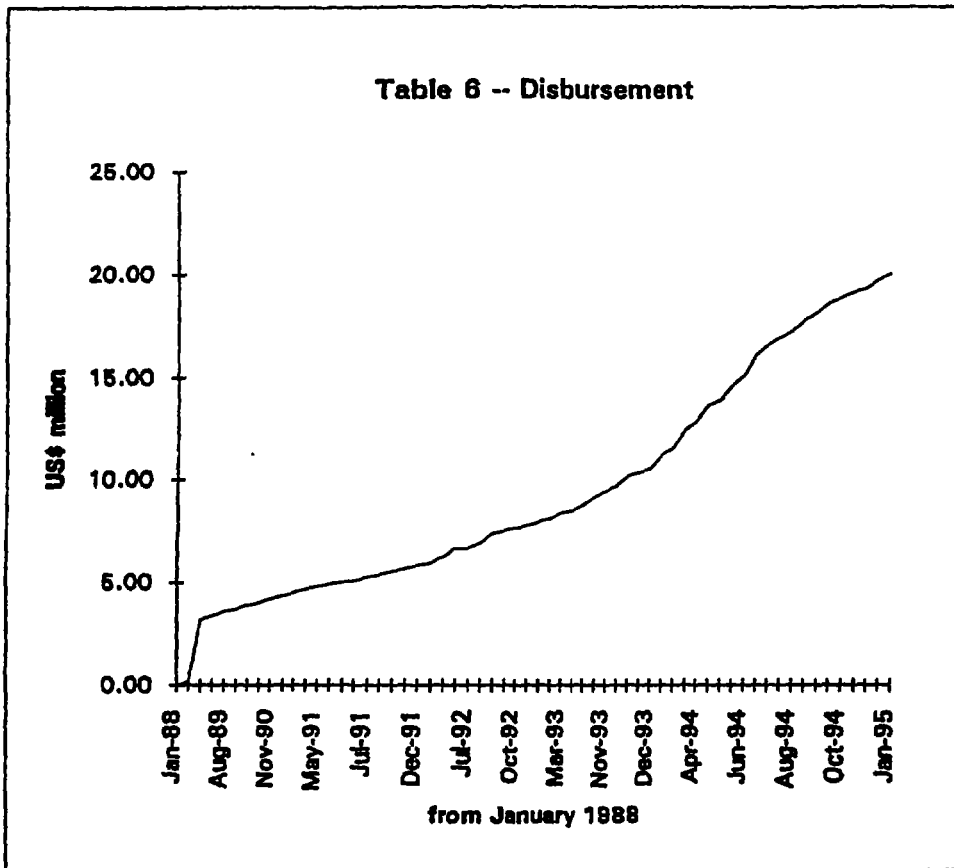


Table 7.a Mission estimate		Funds to be provided by HUDC to complete the project				
Table 7		(1.427)	Total Contracts value		Amount Bank Committed	Amount Disbursed.
Funds to be provided by HUDC			JD	US\$	to disburse	as of Jan. 26, 95
To Complete the Project					US\$	US\$
Works Contracts			20,494,578	29,397,173	21,328,833	15,659,660
Goods Contracts			726,508	1,043,977	943,174	479,101
Consultancy Contracts			630,705	1,115,839	1,115,839	111,505
			21,851,791	31,556,989	23,387,846	16,250,266
Works contracted to be executed after June 15,1995	(1.427)	-895,042	-1,277,225	80%	-1,021,780	
Computers and Software (Comcont + ATS) to be supplied after June 15	(1.427)	-150,000	-214,050	100%	-214,050	
Consultancy for HUDC Privatization	(1.427)	105,116	150,000	100%	150,000	
Consultancy HUDC Privatization be completed after June 15,95	(1.427)	-35,039	-50,000	100%	-50,000	
total Goods (furniture & Equipment) needed	(1.427)	1,016,575	1,450,653	90%	1,305,587	% financed estimated 90%(average)
Goods (furniture & Equipment) to be delivered after June 15, 95	(1.427)	-250,000	-356,750	100%	-356,750	
			41,610	59,378	169,757	
total		21,893,401	31,616,367		\$23,557,603	total disbursement at closing date
(estimate) Utilities electricity , water, sewer to be executed after June 15,1995	=	100,000	142,700	80%	114,160	
Works + Goods + consultancy to be completed after June 15,95	=	1,330,081	1,898,025		1,642,580	
		1,430,081	2,040,725		\$1,756,740	could not be disbursed

Table 7.b HUDC estimate		Funds to be provided by HUDC to complete the project				
	(1.427)	Total Contracts value		Amount Bank Committed to disburse	Amount Disbursed as of Jan. 26, 95	
		JD	US\$			
Table 7 HUDC estimate						
Funds to be provided by HUDC						
To Complete the Project						
Works Contracts		20,494,578	29,397,173	21,328,833	15,659,660	
Goods Contracts		726,508	1,043,977	943,174	479,101	
Consultancy Contracts		630,705	1,115,839	1,115,839	111,505	
		21,851,791	31,556,989	23,387,846	16,250,266	
Works contracted to be executed after June 15, 1995	(1.427)	-507,500	-724,203	-579,362		
Computers and Software (Concept + ATS) to be supplied after June 15	(1.427)	-50,000	-71,350	-71,350		
Consultancy for HUDC Privatization	(1.427)	105,116	150,000	150,000		
Consultancy HUDC Privatization to be completed after June 15, 95	(1.427)	-35,039	-50,000	-50,000		
total Goods (furniture & Equipment) needed	(1.427)	1,016,575	1,450,653	1,305,587	% financed estimated 90%(average)	
Goods (furniture & Equipment) to be delivered after June 15, 95	(1.427)	-100,000	-142,700	-142,700		
		529,152	755,100	754,875		
total		22,380,943	32,312,089	\$24,142,721	total disbursement at closing date	
(estimate) Utilities electricity , water, sewer to be executed after June 15, 1995	-	100,000	142,700	114,160		
Works + Goods + consultancy to be completed after June 15, 95	-	692,539	988,253	843,412		
		792,539	1,130,953	\$927,572	could not be disbursed	
					-671,039	

INFRASTRUCTURE DIVISION - MN2IN

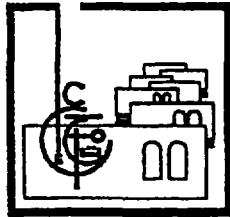
INVENTORY OF PROJECT COVENANTED STUDIES AS OF February 1995

Initially there were no studies under this project. The Loan Agreement was amended in March 1994 to, among other things, permit the HUDC to utilize loan proceeds for consultants to assist them with the preparation of a Business Plan.

On the basis of the first phase of studies, the HUDC reorganized itself to separate policy-making from implementation and to improve efficiency and effectiveness. Based on further analysis/deliberation, HUDC has proposed to finalize its commercial activities (new site development and the management of a mortgage portfolio). During the June 1994, supervision mission, within the context of preparing a proposed Housing and Urban Sector Restructuring Project TORs were prepared by the mission and accepted by the Borrower for further studies for guiding implementation of the Business Plan proposals. The Request of Proposals (RFPs) documentation was reviewed by the November 1994, mission. The five studies agreed on are:

1. Analysis of Functional and Financial Parameters of the Private Production Entity (PPE). The objective of this study is to design a PPE that will survive and prosper on an unsubsidized basis through the development of serviced plots (and housing units if so decided) for low-and-moderate-income households.
2. Study of Financial Portfolio of HUDC. The objective is to establish all necessary legal and financial parameters that might influence the choice of options. The goal is to deploy the portfolio in a manner that maximizes its value and protects it from political intervention.
3. Study of Land Holdings of HUDC. The objective is to establish all necessary legal and market parameters that might influence the choice of options. The goal is to deploy the portfolio in a manner that maximizes its value and usefulness in eventual development.
4. Disposition of Other Activities and Staff. The objectives are (i) to rationalize the portion within the Government of the remaining activities of HUDC and (ii) to assure the rights of all current HUDC employees to Government employment, to assistance in finding employment elsewhere, or to whatever separation benefits are due.
5. Facilitating Private Sector Land and Housing Development. The objective is to identify the key barriers to formal sector development and/or comparative advantages to informal sector development, for low- and moderate-income households.

HUDC will shortly finalize award the contract for these studies after completing (by end of February 1995) the technical and financial evaluations of four offers received from the shortlisted consultants to provide the expertise not available in-house.



HOUSING & URBAN DEVELOPMENT CORPORATION

**THIRD URBAN DEVELOPMENT
PROJECT**

(UDP 3)

(Operation Plan Draft Report)

Prepared by
Arch. Sana'a Mihyar
(Head of Programs Unit)

Reviewed by
Eng. Shawkat Momani
Head of Corporate Planning Department

JULY 1995

Programs Unit - CORPORATE PLANNING DEPARTMENT

Preface

The World Bank mission that visited Jordan during the period January 31st - February 14th, 1995 requested HUDC through the aide memoire to establish a comprehensive plan of operation for the Third Urban Development Project. This plan will facilitate the work of the Project's completion mission.

Objective:

The objective of this operation plan is to ensure that future operation of the project is conducted in a successful manner.

Contents

- * Introduction**
- * Operation definition**
- * Project status**
 - Implementation**
 - Goods purchase**
 - Handing over responsibility to Authorities**
 - Marketing**
 - Affordability**
 - Cost recovery**
 - Occupancy of plots by beneficiaries**
 - Beneficiaries interaction**
- * Feedback from the authorities concerned**
- * Operation Plan & Conclusion**

Introduction :-

The Third Urban Development Project was planned to provide shelter and related services at prices affordable to low-income households . The main purpose of the project was to improve the housing standards of the poor , and to give them adequate access to social services .

The project would support the housing policy initiatives in developing new sites, low cost housing construction, and upgrading of squatter areas with low deficiencies, throughout Jordan. It adopted the basic approach, with heavy emphasis on affordability, cost recovery, and community involvement.

The Project loan was closed on 15/6/1995. At that date most of the sites were completed, but still some sites were not ready.

HUDC has planned, designed, and implemented the land development in cooperation with local authorities. Upon project completion, local authorities , concerned ministries, and agencies would operate and maintain the social and technical infrastructure facilities.

The Project comprises of thirteen sites as shown in the following table (1) : Four being upgrading sites (in Aqaba Region) , and the other nine sites are (sites & services) (in different areas of Jordan) . All the sites include a full complement of physical and social infrastructure services, in addition to community and commercial facilities according to site needs.

Table (1): Third Urban Development Project Sites

Site	Location	Site Type *	No. of plots
Salahaddin	Aqaba	UPG [*] X	237
Shallalah (N)	Aqaba	UPG	659
Khazan	Aqaba	S & S ^{**} X	631
Hamlan	Amman	S & S	107
Beit Ras	Irbid	S & S	767
Marqab	Amman	S & S	360
Old Town (S)	Aqaba	UPG	609
Old Town (N)	Aqaba	UPG	448
Taybeh	Amman	S & S	503
Manara (4)	Amman	S & S	459
Zarqa	Zarqa	S & S	1060
Ain Al-Basha	Balqa	S & S	554
Salt / Magareeb	Balqa	S & S	321
Total no of plots			6715

* UPG upgrading site
** S&S site and services

Operation Definition :-

The assumption in this report is : Operation of the project is achieved , if the project creates a community that becomes an integral sustainable part of the urban fabric .

Operation is sustained when the following phases are completed :

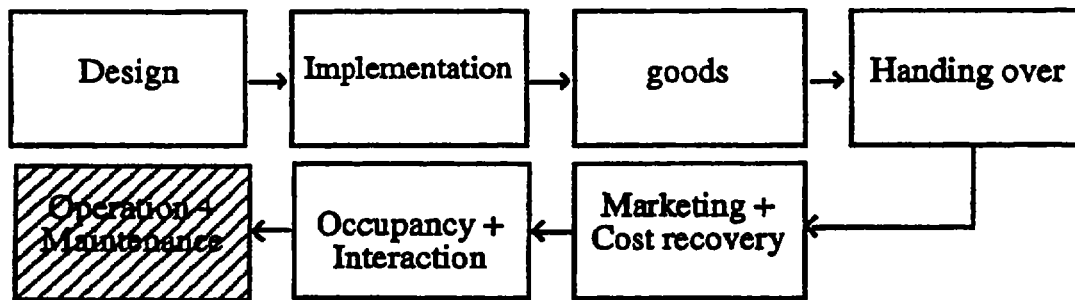
1. Works on sites with services connected , and accesses for emergency and refuse collection vehicles are provided .
2. Responsibility for infrastructure and social activities are handed over to appropriate agencies or ministries for operation and maintenance , meanwhile HUDC staff is gradually withdrawn from the site .
3. Residential and commercial plots are sold , cost is recovered by beneficiaries payments to banks , (mainly The Housing Bank) that are managing the mortgages for the site , for building on the plots or improvement of existing units .
4. Beneficiary households are increasingly participating in community development programs that were intended to integrate them into the project .
5. The physical environment and the quality of life for households living in the areas are improved .

Project Status :-

In this report , the project will be analyzed , showing individually the phases that precede the operation of the project .

These phases are :-

- * Implementation (Civil Works & Services).
- * Goods purchase.
- * Handing over responsibility to appropriate authorities .
- * Marketing process .
- * Cost recovery .
- * Occupancy of plots by beneficiaries .
- * Beneficiaries interaction with the project .



The following data are performance indicators (until 31/8/1995) ,to monitor operation.

Implementation (Civil Works & Services)

UDP3 sites are classified here into three categories, regarding implementation:

- A. Ready sites with community buildings completed, and the services to the sites are connected. [See table (2)]
These sites are: Salahaddin, Shallalah(N),Khazan, Beit Ras and Hamlan.
- B. Ready sites, but the community buildings are still not completed and / or services are not connected. [See tables (3&4)]
These sites are : Marqab, Old Town (S), Old Town (N), Taybeh, Manara (4) and Zarqa.
- C. Sites under excecution. [See tables (5&6)]
These sites are : Ain Al-Basha and Salt.

Table (2) Ready Sites type (A)

Site	Completion Date
** Salahaddin	18/1/89
** Shallalah (N)	18/6/91
Boys School	2/12/91
Community Center	1/7/94
** Khazan	31/10/92
Health Center	1/6/94
Women Training Center	10/1/93
** Hamlan	6/6/93
Women Training Center	6/6/93
** Beit Ras (Site)	12/7/94
Schools	1/12/94
Community Center	1/12/94
Health Center	1/12/94
Women Training Center	3/12/94

Table (3) Sites type (B)

Site	Completion Date	Remarks
** Marqab (Site)	20/1/94	
Schools	24/2/94	
Community Center	24/2/94	
Health Center	1/4/95	
** Old Town (S) (Site)	22/6/94	
Boys School	18/6/91	
Community Center	15/7/95	
** Taybeh (Site)	15/4/95	
Community Center	17/1/95	
Health Center	15/5/95	
Boys School	15/9/95	
Girl School	15/10/95	Under construction
** Manara (4) (Site)	1/3/95	
Girls School	28/2/95	
Community Center	25/12/94	
** Old Town (N) (Site)	17/4/95	
Health Center	28/11/95	Under construction
** Zarqa (Site)	31/5/95	Contractor is handing over the project
Boys School	3/11/95	Under construction
Girl School	31/12/95	Under construction
Health Center	10/9/95	
Community Center	20/6/95	Contractor is handing over the project

Table (4) Services Status for sites (B)

Site	Off - Site Roads	Water	Sewerage	Electricity	Telephones
Marqab	ready	will be connected after solving diff. with MOGA & W.A.	ready	ready	civil works are ready
Old Town (S)	ready	ready	ready	under execution	ready
Taybeh	ready	ready	net work was connected with cess-pits	Elect. Company is fixing low-pressure network	civil works are ready
Old Town (N)	ready	ready	ready	under execution	ready
Zarqa I , II	ready, except for the main access road to site . other accesses are available .	W.A. will connect when site is occupied by at least 50%	under execution	net work will be ready in October 95	civil works are ready
Manana(4)	ready	W.A will connect when site is occupied by at least 50%	ready	poles are ready network not connected	civil works are ready

* Difficulties are being encountered with Water Authority concerning the water connection . They insist to have at least 50 % of the plots occupied by residents before connecting the site with the water main .

Table (5) Completion dates for sites (C)

Site	Completion Date	Remarks
* Ain Al - Basha	1/9/95	Remarkable delay
Boys School	31/8/95	
Girls School	30/9/95	
community Center	25/3/95	It was handed over
* Salt (Site)	1/8/95	Remarkable delay
Health Center	20/7/95	Remarkable delay
Commnity Center	1/7/95	Remarkable delay

* The delay in site execution was substantial in these two sites . The soil condition of the site in Ain - Al Basha , and the hard topography of Salt site in addition to weather conditions , were some causes for delay . In Salt, dividing the site into two phases , and having two inefficient contractors in the same site were other causes for delay .

Table (6) Services Status on sites (C)

Services	Ain Al-Basha	Salt / Maqareeb
Off - Site Roads	Under execution will be ready within one month	Ready
Water	Under execution will be ready within two months	Under execution
Sewerage	will be ready within one month	network was connected with cess- pits ready
Electricity	E.C. will start implementation , when site is completed	E.C. will start implementation after the site is completed
Telephones	Civil works have not started yet .	Civil works are not ready

Goods Purchase :

The goods needed for UDP3, including equipment , vehicles , tools , machinery, furniture , and fixtures for community buildings were grouped into bidding packages . Passing through local competitive bidding procedures , all the goods are now procured, and in the importing phase .

A. Schools :- UDP3 has 6 girls schools - 5 boys schools .
In the following sites :-

Beit Rass , Marqab , Zarqa , Taybeh , Ain El Basha , Manara 4.

- Furniture for these schools are in the importing phase , except for Beit Ras & Marqab sites where furniture is available in stores .
- Lab equipment were grouped into 9 groups : are now in the importing phase .

B. Community Centers:- There are (9) community centers in the following sites:

Marqab , Ain El Basha , Taybeh , Manara 4 , Old Town , shallalah (n) Beit Ras , Zarqa and Salt .

- Furniture and electrical machines are in the importing phase .

C. Health Centers:- There are (7) Health Centers in the following sites :-

Marqab , Khazan , Beit Ras , Taybeh , Salt , Zarqa , Old Town .

- In Marqab , Khazan & Beit Ras sites : Furniture , Electrical machines , and medical equipment were stored . In the rest of sites they are in the importing phase .
- In all the (7) health centers : the dental clinics equipment are in the importing phase .

Handing over responsibilities to authorities .

On completion of the works , HUDC is to hand over responsibility of infrastructure and social activities to the appropriate agencies for operation and maintenance .

- The completed sites in UDP3 were handed over to HUDC . The concerned municipalities or Greater Amman Municipality will take over responsibility of these sites when at least (70%) of plots are occupied with built units .

- Handing over the community buildings : the table below shows that most of the community buildings will start operation in the second half of 1995 and through out 1996 .

Table (7) Operation dates for Community Buildings

Community Building	Handing over date	Operation starting dates
Shallalah (N) Community Center Boys School	Jan. 1995 Feb. 1992	Jan. 1995 Aug. 1992
Khazan Health Center Vocational training Center .	Nov. 1993 June 1993	Dec. 1993 Sept. 1993
Hamlan Women Training Center .	July 1993	Nov. 1995
Beit Ras Boys School Girls School Vocational Training Center . Health Center Community Center .	June 1995 June 1995 Feb. 1995 June 1995 Operation by HUDC	Dec. 1995 Dec. 1995 Dec. 1995 Dec. 1995 Aug. 1995
Salt Health Center Community Center	Dec. 1995 Operation by HUDC	May 1996 March 1996
Marqab Boys School Girls School Health Center Community Center	July 1995 July 1995 July 1995 Operation by HUDC	Jan. 1996 Jan. 1996 Dec. 1995 July 1995
Taybeh Boys School Girls School Health Center Community Center	July 1995 July 1995 July 1995 Operation by HUDC	July 1995 July 1995 July 1995 July 1995
Manara (4) Girls School Community Center	July 1995 Operation by HUDC	Aug 1995 June 1995
Zarqa Boys School Girls School Health Center Community Center	Jan 1996 Jan 1996 Jan 1996 Operation by HUDC	July 1996 July 1996 July 1996 July 1996
Ain El - Basha Boys School Girls School Community Center .	Dec. 1995 Dec. 1995 Operation by HUDC	June 1996 June 1996 June 1996

Table (8) Strategy of Community Centers Operation

Objectives	Phases of Work	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Implementation of local community development programs to improve social & economic conditions of residents .	A. Study of residents' needs, specify priorities and plan for programs .	//				
	B. Design of Programs start implementation .		//			
2. Enhance the role & participation of local communities in development process .	A. Train the residents from local committees .			//		
	B. Proceed with programs implementation in coordination with the voluntary local committees .				//	
	C. Establish the organization of demographic framework either on cooperative or charity basis					//

Marketing :-

UDP3 total no. of plots = 5658
 Total no. of plots ready for marketing = 3718
 Total no. of plots sold = 2086 = 37% of total plots = 56% of ready sites.
 Total value of plots sold = 6,866,239 JD .

Table (9) Marketing status until 31/8/1995

Site	Total no. of plots	No. of sold plots	Value of sold plots JD	Value of unsold plots JD	Marketing Commencement date
					no. of applications
Salahaddin	237	209	419,016	92,420	July , 1988
Shallalah (N)	659	552	550,806	162,527	March , 1990
Khazan	631	547	2,229,579	469,598	October , 1993
Hamlan	107	102	458,431	48,007	July , 1993
Beit Ras	767	96	379,251	2,882,695	July , 1993
Marqab	360	254	1,146,441	869,692	May , 1994
Taybeh	503	141	672,635	2,237,956	June, 1995
Manara (4)	459	185	1,010,080	2,329,789	May, 1995
Zarqa	1060	--	--	4,841,950	3924
Ain El- Basha	554	--	--	2,635,500	3513
Slat / Magareeb	321	--	--	1,321,800	1450
Total	5658	2086	6,866,239	17,891,934	

* Old Town (S) & (N) sites were handed over to Aqaba Regional Authority , and it is taking over the responsibility of selling the plots .

Table (10) Marketing plan

Site	Percentage of sold	Value of Unsold JD	Marketing Plan 1995 JD	Value of Sold till 31/8/1995 JD	Value to be Sold till 31/12/1995 JD	Marketing plan 1996 JD	Marketing plan 1997 JD
Salahaddin	89 %	92,420	92,420	29,834	62,586	--	--
Shallalah (N)	84 %	162,527	193,004	27,000	166,004	--	--
Khazan	87 %	469,598	1,094,067	922,523	369,383	--	--
Hamlan	95 %	48,000	48,000	--	48,000	--	--
Beit Ras	13 %	2,882,695	900,000	176,417	723,583	1,000,000	1,160,000
Marqab	71 %	869,692	1,000,000	297,537	702,463	110,695	--
Taybeh	27%	2,237,956	1,300,000	672,635	627,365	1,377,240	1,170,000
Manara (4)	41%	2,329,789	2,000,000	1,010,080	989,920	329,789	--
Zarqa	--	4,841,950	500,000	--	500,000	4,000,000	341,950
Ain El- Basha	--	2,635,500	800,000	--	800,000	1,115,500	720,000
Salt / Magareeb	--	1,321,800	350,000	--	350,000	971,800	--

The previous two tables show the marketing status for UDP3 site . The following notes must be mentioned :-

1. The sites : Ain El-Basha , Salt are still not completed. Zarqa site has been recently handed over, marketing has not started yet . The property Directorate is expecting to start marketing as follows :
 Zarqa August , 1995 .
 Ain El-Basha September , 1995
 Salt September , 1995 .

HUDC received till now 17000 applications for saving program of these sites . They plan to sell all these plots by the end of 1997 . The beneficiary plots were specified, down payments were paid and monthly saving installments are being paid to banks. Plots in Taybeh site are also planned to be sold by the end of 1997.

2. Beit Ras site was completed in July, 1994 but the percentage of sold plots is low (13%) .That was due to the unreadiness of services such as water and electricity , in addition to the difficult coordination between H.B & beneficiaries. Property directorate is though expecting an increase in the percentage , as the services problems have been solved .
3. Khazan site was complete since 1993 , but still 84 plots are under marketing procedure. Efforts are made to promote the marketing process .
4. Plots in Marqab and Hamlan sites are almost sold , except five plots in Hamlan and the market plots in Marqab . Property directorate is studying to sell the market plots as beneficiary plots prices .

5. Although the upgrading sites in Aqaba (Salahaddin and shallalah) were completed early 1988, 1990, the percentage of sold plots in Salahaddin is (89%) and in Shallalah (N) (84%). Some residents acquiring the vacant plots refuse to payments commitments , as they insist to obtain the titles of their plots in advance . Land and Survey Department will prepare the parcellation plan and the titles as soon as the controversy of boundaries in Salahaddin site is solved .

Market Prices :-

The table below shows the range of prices for plots in UDP3 sites :-

Table (11) Range of plots prices

Site	Beneficiary Plots			Market Plots		
	Cash Value ID	Down Payment ID	Monthly Install. ID (15 Years)	Cash Value ID	Down Payment ID	Monthly Install. ID (15 Years)
Salahaddin	Min. Price	1008	50	19	--	--
	Max. Price	1800	90	34	--	--
Shallalah (N)	Min. Price	742	37	14	--	--
	Max. Price	2000	100	38	--	--
Khazan	Min. Price	2475	124	21	5345	1345
	Max. Price	3500	175	30	15200	11200
Hamlan	Min. Price	2500	125	21	3062	766
	Max. Price	3500	175	30	16010	12010
Beit Ras	Min. Price	2450	123	21	4120	1030
	Max. Price	4100	205	35	10416	6416
Marqab	Min. Price	3150	158	27	3800	950
	Max. Price	4720	236	40	12753	8753
Taybeh	Min. Price	3507	175	30	5040	1260
	Max. Price	5725	286	49	16800	12800
Manara (4)	Min. Price	3570	180	30	5301	1325
	Max. Price	5800	290	50	19425	15425
Zarqa	Min. Price	2150	108	18	5900	1900
	Max. Price	4650	233	40	8075	4075
Ain El- Basha	Min. Price	3200	160	27	5500	1500
	Max. Price	5500	275	47	10000	6000
Salt / Magareeb	Min. Price	2050	103	18	5200	1300
	Max. Price	3800	190	32	13850	9850

Evaluating and pricing of the plots are conducted in the following manner :

About 35 percent of the serviced land at market prices to housing developers ,or in larger plots to higher income families. The surplus generated in this manner would be used for cross subsidies to reduce the price of smaller plots sold to families in the target group (10th to 40th percentile of the income distribution) .

Affordability :-

A . New Sites :-

In the appraisal study, the target group for new sites comprised of Jordanian families in the 10th to 40th percentile of the income distribution . Based on the Previous projects experience, it has been assumed that target group families would be able to pay up to (33%) of their total monthly household incomes on the shelter, plus at least (10%) of the total plot cost as a down- payment .

To assess affordability in UDP3 project, applications of beneficiaries for the completed UDP3 sites : Taybeh, Salt, Zarqa, Manara(4) and Ain El-Basah were studied. Data about households income included in those applications, were considered as indicators of affordability .

- Noticeable demand on large plots , although price of these plots was relatively high .
- Incomes of the applicants were relatively low: 12.6% of the households incomes were about 125 JD .

Other incomes were studied showing the incomes needed in order to be able to pay the monthly installments .

(33%) of the households cannot afford to pay for the cheapest plots + building loans .

(72%) of the households cannot afford to pay for the plots of highest prices + building loans .

B. Upgrading :-

In the appraisal study, the objective was that the recoverable costs of the upgrading works were affordable to the existing residents of the site . The monthly mortgage payment was studied to be (15 to 20%) of median monthly family income , depending on site .

The cost estimates showed the upgrading schemes to be affordable to the households within the target income groups .

No recent surveys were done for these sites to assess the residents affordability. Cost recovery problems encountered in upgrading sites are indicators of residents unaffordability . This may be a result of the gulf crisis and the Aqaba port blockade, that had a negative impact on the residents affordability to pay .

Cost Recovery :

It is expected that Project's costs will be recovered as follows :

A. Costs recovered from beneficiaries : the cost of raw land and on-site infrastructure through repayments (property sales to beneficiaries).

In UDP3 ,repayments in most of the sites proved to be successful . This may be attributed to the cash money paid by beneficiaries to HUDC through HB, according to an agreement between HUDC & HB.

Repayments in Aqaba projects and particularly in the upgrading sites has presented difficulties .That may be attributed to the following reasons :-

- Residents are requesting HUDC to reduce the monthly installments , and to exempt them from paying interests on loans .
- Some residents are not Jordanians , they are either Egyptians, from Gaza Strip, or from Saudi Arabia . Law doesn't allow giving them ownerships .
- In Khazan site, although it has a good location , but the marketing & repayment processes ore not going well. All the market plots are sold, part of the payments is paid, the rest will be paid within a year.

Efforts are made by the Property Directorate to overcome these difficulties.

B. Costs not recovered from beneficiaries : the cost of community buildings and off-site services financed by the government of Jordan (80% from WB loan, 20% from its own treasury). These costs would be recovered through taxes.

Occupancy of plots by beneficiaries :-

1.The JHB extends loans for UDP3 beneficiaries for purchasing land and core units in addition to building material loans (BML) for the construction or the extention of these plots. The following table shows numbers and amounts of loans granted by JHB to beneficiaries of the Project (in s&t sites) classified according to loan purposes covering the period from the beginning of sales in 1988 up to August - 1995 .

Table (12) Loans granted by Housing Bank

Loan Purpose	No of Loans	Amount of Loans JD
Land Purchase	919	2,925,050
Housing Unit Purchase	161	1,178,650
Housing Unit construction (BML)	129	674,400
Total	1209	4,778,100

It follows from above that total loan sales covering land and core units purchase up to August 95 amounts to 4,103,700 JD, representing 81% and 70% of total numbers and values of total sales respectively. These percentages exceeded so far what was achieved in the previous projects, as only 62.5% of units in UDP2 were sold through loans representing 60.4% of total sales value. This is an indication of the increasing dependence on loans from the JHB for attaining land and co, and is most likely to continue to dominate sales pattern during the operation phase of UDP3.

In the meantime, building materials loans up to August 95 amounts to 674,000 JD representing 12% and 16% of total numbers and values of overall loan value extended by JHB.

2. No. of licensed plots for building the units in (S&S) =368
These licensed plots are in Hamlan, Marqab and Beit Ras sites.
3. Although around six years passed after the civil works in Aqaba upg. sites had been completed, the percentage of residents who attained building licenses didn't exceed (24%). ARA is connecting the water & electricity services to the units without attaining occupation permits for their dwellings.

Benefeciaries Interaction :-

Since some sites are not ready yet, and not more than 56% of the ready plots are sold, the interaction of the beneficiaries towards their new community cannot be determined so far. The assumption here is: at least 50% of the sites have to be inhabited by the residents for at least one to two years, in order to assess their interaction.

On the other hand, in Aqaba upgrading projects (Salahaddin, Shallalah (N)), residents interaction can be assessed, since it has already been inhabited by residents. No recent surveys were done in these sites, but a study was conducted by HUDC in cooperation with Harvard University in 1993, to assess the sustainability of services. The main findings from this study were:

- The residents were satisfied with the level of services provided like sewerage and roads network in Salahaddin but in Shallalah (N) they were complaining of the services and of the narrow pathways in the site.
- The residents had planted trees at the pavements sides to improve the area in Salahaddin, but they are not using the green areas of the site.
- The residents were contributing positively in cleaning around their dwellings in Salahaddin.
- Residents were following up with the concerned authorities to maintain the services within the Salahaddin site, but in Shallalah they neglected the

Feedback from the authorities concerned :-

Views of agencies and authorities (urban services, and municipal management) were sought on UDP3 project implementation , performance , and operation , in order to ensure that their perspectives were reflected in the project .Some of them, like The Municipality of Aqaba , did not answer in spite of HUDC insistence of having their view, others answered briefly like The Ministry of Planing . JHB sent a seperate report on operation plan to the World Bank.

Following are views and remarks of the ministries and authorities that responded to our request :

1. Ministry of Health :-

- Sites of health centers should be selected near the centre of the site and near to population density .
- A suggestion to replace the lime silicate brick used in facade with stone or concrete blocks . This will maintain the sustainability of the structure, and eliminate the cracks resulting from the use of lime bricks .
- HUDC should start constructing future health centers, when the beneficiaries in the sites start building their units .
- Operation of these centers will start when the sites are inhabited by the residents.

2. Ministry of Education :-

Regarding UDP3 schools, the designs and implementation were according to the requirements of Ministry of Education . Operation of these schools is planned to take place in the semester following the handing over of each school .

3. Municipality of Greater Amman :-

- Sites selection was successful .
- Designs and plots sizes were suitable for target groups.
- Width of Roads and footpaths was not convenient for serving most of the plots .
- Coordination between GAM & HUDC should take place before the design phase in order to avoid problems of connecting the site with off-site roads network .

4. Zarqa Municipality :-

- Site is located south - east of Zarqa city and to the west of Zarqa - Syria highway, which is a vital highway since Zarqa Private University is located nearby. To the west of the highway is located the new governmental departments complex .
- Site has a relatively high location overlooking the western part of Zarqa city . Near to the site is the new governmental departments complex, that adds to the site attractive points regarding marketing prospectives .

- The area is regarded as an extension of Jabal Tarek district, which is attractive as it is near to Amman .
- Site can be easily served by transportation without affecting the existing traffic .
- The site is regarded as a distinctive example of an integral site since it contains all the needed services : paved roads, sewerage, water, electricity, pavements, schools, health & community centers, commercial shops, a training center and a mosque .
- The design, execution, location, and the small parcelled plots are all marketing elements of attraction to limited income households. Those people cannot find within the area similar plots with the same distinctive specifications .

5. Salt Municipality :-

- The main services needed in the site are complete.
- Transportation to the site is not sufficient, as the existing roads leading to the site are irrelevant to the traffic .
- Location of the site is beyond the zoning area and in the agricultural area . Sizes of plots are different from the nearby zoning area .
- The essential central services are far from the site, as it is at the western end of Salt city .
- Site would be more attractive for marketing if it was selected in the eastern part of salt, this would result in converse immigration .

6. Beit Ras Municipality .

- Site location is convenient and all the necessary services are available .
- Plots prices are relatively high, compared with the residents affordability .

7. Aqaba Regional Authority (ARA) :-

- Sites Salahaddin, Shallalah, Old Town & Khazan can be easily served by transportation .
- The (S&S) site Khazan is attractive for marketing , due to its high and overlooking location .
- The sites mentioned above are regarded as distinctive examples of complete sites including all the needed services like : paved roads, sewerage, water, electricity, pavements, schools, health community centers , commercial shops, training centers and a mosque .
- Plots are affordable to inhabitants of Aqaba .
- Some of the sites lack play grounds and green areas, and in other sites they are not implemented or maintained .
- More retaining walls are needed in Khazan and Old Town sites .

Operation Plan & Conclusion:

Table (13) Expected dates of operation

Item	1995	1996	1997	1998	1999
Complete site implementation	●				
Services Connection		●			
Marketing of plots completed			●		
Plots built by beneficiaries					●
Other Authorities					
Taking over responsibility of services		●			
Municipalities taking over responsibilities of sites			●		
Ministry of Health		●			
Ministry of Education		●			
Vocational Training Corporation	●				
Community Centers Operation		●			
Full participation by local communities in sites					●

In the Staff Appraisal Report of the Project, the implementation of UDP3 was expected to be completed by June 1993. But due to unexpected circumstances mainly attributed to the Gulf War and its consequences which had a negative impact on the project's implementation, the completion date was extended to June 1995.

The table above summarises the operationn plan for the Project. Completion dates of sites with community buildings and services, marketing plans, and the occupation of sites by beneficiaries are the real indicators for the project's operation. The marketing plan indicates that the last site is to be sold entirely by 1997. Knowing from previous experience,that it takes beneficiaries one to two years to build their own units after the possession of their plots, indicates that real operation in UDP3 Project will take place in 1999.

The agencies and ministries concerned are willing to take over the responsibilities of sites, infrastructure, and social activities for operation and maintenance. It is agreed that The Housing Bank staff will continue to coordinate with branches that are assigned to grant loans to beneficiaries, to ensure that their needs are well served, their access to loans is eased, and that procedures are kept to the minimum acceptable norms.

Participation of households in community development programs will take place gradually, according to the strategy put by HUDC for the community centers operation that is scheduled for five years.

Having all these phases achieved, the end product within four to five years will be a functioning community, in an improved adequate environment, and a better quality of life.



THE JORDAN HOUSING BANK
PROJECT OPERATION PLAN

UDP3

- 1- PREFACE
- 2- THE ROLE OF THE JORDAN HOUSING BANK
- 3- JHB's OPERATION PLAN



I- PREFACE

The Jordan Housing Bank (JHB) continued its support and commitment to the National Urban Housing Projects which have been implemented in Jordan since the early eighties. This current project was the third to be executed so far, with an increasing involvement from JHB's side. While JHB acted only as a financial arm for Housing and Urban Development Corporation (HUDC) in the first and second urban projects, its role was extended to appraising the sub projects under the third project in addition to providing construction finance to HUDC for items for which the costs would be recovered through property sales and, subsequently, provide mortgages to individual households.

The project objectives were set along lines that support the Government's emerging urban policy aiming at improving living conditions and managing urban growth with the emphasis on recovering the cost of development from project beneficiaries, thus ensuring the replicability of such projects. The project included: upgrading of low-income squatter and slum areas, land development in new selected sites, construction of core houses, mortgage loans by JHB, social facilities, and institutional development.

In order to ensure that the future operation of this project is done in sound and successful manner, both HUDC and JHB were asked to prepare a comprehensive operational plan for the project. The plan aims at maximizing the proposed benefits, easing the access for beneficiaries towards attaining affordable housing units, and ensuring that services are being fully extended to sub projects. The plan is to include past performance indicators to monitor operations and development impact, this would help in planning for future projects.

The plan to follow is being prepared by JHB, it looks into the operational phase of the project mainly from financial perspective in addition to aspects related to JHB's role in conducting appraisal studies and monitoring of sub projects under UDP3.

2- THE ROLE OF THE JORDAN HOUSING BANK

The Jordan Housing Bank involvement in this project has been taken a step further than was the case in the previous two urban projects, as it was assigned to appraise the pipeline sub projects in conjunction with the World Bank (WB), that is in addition to providing loans to cover project recoverable costs and extending individual loans to beneficiaries.

The JHB financing role included the provision of a direct loan from its own resources totaling JD 9.6 million representing 31% of the overall project cost. The loan is to cover 80% of land acquisition, 55% of recoverable civil works-amended to 20% since September/90- and a ceiling of JD 1.67 million to be granted to project's beneficiaries for building materials purposes. Furthermore, the Loan Agreement allocated part of WB loan to be orient to JHB channeled through the Government including : US\$ 4.2 million for granting as building material loans, and US\$ 10.1 million from housing units sales originally financed from WB's loan to enable JHB financing project beneficiaries. According to the Project Appraisal Report, JHB would also provide around JD 7.7 million from its own resources as long term construction loans for project beneficiaries.

The following table shows the updated estimates of disbursement from JHB's direct loan (originally estimated at JD 9.6 million) covering land and civil works recoverable cost in addition to JD 3.1 million as building material loans (according to HUDC's quarterly report on 31/12/94):

SITE	LAND VALUE	CONTRACT VALUE	ESTIMATED DISBURSEMENT
SALLAHIDIN	43,000	328,000	178,000
SHALLALAH-N	116,000	821,538	457,000
KHAZAN	125,000	1,829,129	663,000
BETT-RAS	1,520,000	1,184,228	1,752,000
MARQAB	270,000	1,230,000	277,000
OLD TOWN-S	79,000	1,031,590	419,000
HAMLAN	58,000	321,536	83,000
TAYBEH	1,103,000	1,377,375	1,404,000
AIN AL-BASHA	853,000	1,090,492	1,063,000
ZARQA	3,705,000	1,374,449	3,959,000
SALT	464,000	806,000	657,000
OLD TOWN-N	88,000	944,517	476,000
MANARA-4	692,000	1,156,288	1,008,000
TOTAL	9,116,000	13,495,142	12,396,000

تلفون: ٤/٦٦٧١٢٦ ص.ب. ٧٦٩٣ تلکس: ٢١٦٩٣، ٢٢٠٦١، ٢٣٤٦٠ اسکان جو العنوان البرقي اسکان فاکسبیل: ٦٧٨١٢١ شارع مجلس الامة العبدل - عمان - الاردن
Jordan - Amman-Abdali Parliament Str. Facsimile: 678121 Cable Add. ISKAN Telex 21693, 22061, 23460 ISKAN JO P.O. Box 7693 Tel.: 667126/4



The JHB was assigned as well to carry out the appraisal of sub projects in conjunction with the WB, the aim of such process would be to ensure that the agreed standards have been applied in a technically sound manner, the costs are reliable, it would be affordable to the target groups, and that sub project would yield an acceptable financial and economic rate of return. Further, the JHB would follow up work progress through HUDC's reports and on site occasional site visits. This would also be the case during the marketing phase of the project to ensure that sales are progressing according to the plans.

3- JHB's PROJECT OPERATION PLAN

The operation plan, as being prepared by the JHB, covers aspects related to its role as a financier of the project through providing loans to the HUDC and its beneficiaries. Furthermore, the plan deals as well with aspects related to JHB's appraisal and monitoring role including a preliminary program for the operation phase of the project. The JHB's project operation plan is as follows :-

3.1 JHB's Loans Programs :

3.1.1 JHB's Direct Loan

The JHB's direct loan to HUDC, to cover its own share in financing recoverable costs, was set at JD 9.6 million as a loan ceiling that should not be exceeded at any time during the project. This ceiling includes up to JD. 1.67 million to be allocated for project's beneficiaries as building materials loans , the remaining was to cover 55% of the recoverable sub project's civil works costs and 80% of land costs. Later in 1992 JHB's share covering civil works recoverable costs was reduced to 20% , the remaining 80% was to be covered from the WB loan proceeds, as an initiative from its own management in respond to the economic situation that affected the Country in the aftermath of the Gulf crisis.

The plan to follow covers JHB's finance provided to HUDC to cover JHB's share of the civil works classified under recoverable items, whereas, BMLs are dealt with in the next section.,

The following table shows actual amounts financed by JHB to HUDC up to mid June- 95 excluding BMLs as well as HUDC's estimates for future disbursements by JHB to complete the project :

SITE	ACTUAL DISB. UP TO 15/6/95	ESTIMATED DISB. AFTER 15/6/95	TOTAL DISBURSEMENT
SALLAHIDIN	193,530	13,940	207,470
SHALLALAH-N	441,432	34,600	476,032
KHAZAN	487,354	43,560	530,914
BEIT-RAS	1,286,127	92,630	1,378,757
MARQAB	262,265	58,590	320,855
OLD TOWN-S	181,465	13,100	194,565
HAMLAN	53,696	21,510	75,206
TAYBEH	1,110,049	126,935	1,236,984
AIN AL-BASHA	939,094	173,500	1,112,594
ZARQA	2,214,486	368,250	2,582,736
SALT	540,594	274,250	814,844
OLD TOWN-N	219,237	40,780	260,017
MANARA-4	245,749	28,870	274,619
TOTAL	8,175,078	1,290,515	9,465,593

رد: ١/٦٦٧١٢٦ ص.ب ٧٦٩٣ فاكس ٢١٦٩٢، ٢٢٠٦١، ٢٣٤٦٠ اسكان جو العنوان البرق اسكان فاكسيلي: ٦٧٨١٢١ شارع مجلس الامة العبدل - عمان - الاردن
Jordan | Amman-Abdali Parliament Str. Facsimile: 678121 Cable Add. ISKAN Telex 21693, 22061, 23460 ISKAN JO P.O.Box 7693 Tel.: 667126/4

The estimated amounts to be disbursed after 15/6/95 are assumed to cover 100% of the remaining recoverable civil works costs, this assumption is subject to reaching an acceptable agreement with HUDC without affecting the JHB's rights as set in the Subsidiary Loan Agreement. Further, the above estimation includes JHB's share in the partial financing of HUDC's administrative expenditures during the future operational phase.

The principal payment of this loan is scheduled to be repaid semi-annually, in mid February and August of each year commencing from February-1993. Five installment out of twelve have been paid so far totaling JD 2.49 million. The basis for determining each installment depends on loan balance on the due date divided by number of the remaining unpaid installments. Seven installments remain to be repaid totaling JD 7.0 million in addition to interest accrued which is paid separately.

3.1.2 UDP3 Beneficiaries' Loans :

The JHB extends loans for UDP3 beneficiaries for purchasing land and core units, in addition to building materials loans (BMLs) for the construction or extension of these units. The total amount of BMLs - considered as part of JHB's direct loan (3.1.1 above)- is most likely to exceed JD 1.67 million (representing 55% of total loans) as specified in the Subsidiary Loan Agreement. In this case an agreement should be reached with the Government and HUDC to enable JHB extending building material loans exceeding the above ceiling without affecting its rights. In the meantime, loans allocated by JHB for purchasing land and core units, are financed from JHB's own resources.

The following table shows numbers and amounts of loans extended by JHB to projects' beneficiaries classified according to loan purposes covering the period from the beginning of sales in 1989 up to May-1995.

LOAN PURPOSE	NO. OF LOANS	AMOUNTS OF LOANS
LAND PURCHASE	549	1,682,985
CORE UNITS PURCHASE	95	518,415
HOUSING UNIT CONSTRUCTION (BML)	103	550,000
TOTAL	747	2,751,400

It follows from above that total loan sales covering land and core units purchase up to May-95 amounts to JD 2,201,400 representing 68% and 74% of total numbers and values of total sales respectively. These percentages exceeded so far what was achieved in the previous projects, as only 62.5% of units in UDP2 were sold through loans representing 60.4% of total sales value. This is an indication of the increasing dependence on loans from the JHB for attaining land core units, and is most likely to continue to dominate sales pattern during the operation phase of UDP3.

In the meantime, building material loans up to May-95 amounts to JD 550,000 representing 16% and 25% of total numbers and value of overall loan sales extended by JHB.

The JHB's operation plan will consider housing loans under two categories : land & core units purchase loans and building material loans.

3.1.2.1 Land & Unit Purchase Loans :

The percentage of total sales up to April -95 did not exceed 11% of total UDP3 units and only 21.5% of units handed over to HUDC representing 47% of the overall units under UDP3. Sales rate is expected to rise sharply during the period until the end of this year as the remaining 53% of units will be completed during this period, and thus will be ready for marketing.

The following table shows JHB's projections for loans to be extended to HUDC's beneficiaries during the future operation phase of the project :

YEAR	SALES PROFILE	TOTAL SALES	LOAN SALES
JUNE-DEC-1995	30%	8,550,000	4,095,000
1996	55%	10,725,000	7,507,500
1997	15%	900,000	2,047,500
TOTAL	100%	19,500,000	13,650,000

The estimated sales profile is based upon profiles experienced in previous projects, while percentage of loan sales is assumed to be 70% of total sales being the average achieved for units sold so far according to HUDC's marketing reports.

3.1.2.2 Building Material Loans :

The total estimation for building material loans is most likely to exceed preliminary projections as incorporated during the appraisal process, this is due to policy change adopted by the HUDC in the due course of the project reflected in the partial cancellation of core units that were proposed to be constructed within all sub projects.

Based upon the existing level of building material loans intake of JD 550,000 extended up to May-95, gives rise to 25% being the percentage of building loans to land and core units purchase loans.

The following table shows JHB's projections for building loans during the future operational phase of the project based upon the continuation of existing trends :

YEAR	LOANS PROFILE	NO. OF LOANS	AMOUNT OF LOAN
JUNE-DEC 1995	30%	270	1,440,000
1996	45%	405	2,160,000
1997	25%	225	1,200,000
TOTAL	100%	900	4,800,000

It follows from the above table that estimates for building material loans of JD 4,800,000 when added to JD 550,000 extended until May-95, makes the estimated total amount loans JD 5,350,000 thus exceeding original estimates of JD 3.1 million by JD 2.25 million. This as mentioned in 3.1.2 above needs to be considered and agreed upon between parties concerned.

The total amount of building material loans extended by JHB did not exceed so far 10% of the total estimates, the bulk is still to come as shown in the above table, this is due to the delay in the project implementation plan. The closing of WB's loan in 15/6/95 implies that the JHB cannot withdraw 45% of building material loans extended to project beneficiaries from WB's loan proceeds. This necessitates an agreement to be drawn between JHB and the concerned parties in order to enable JHB financing 100% of building material loans from its own resources without its partial dependence on amounts orient from WB loan proceeds.

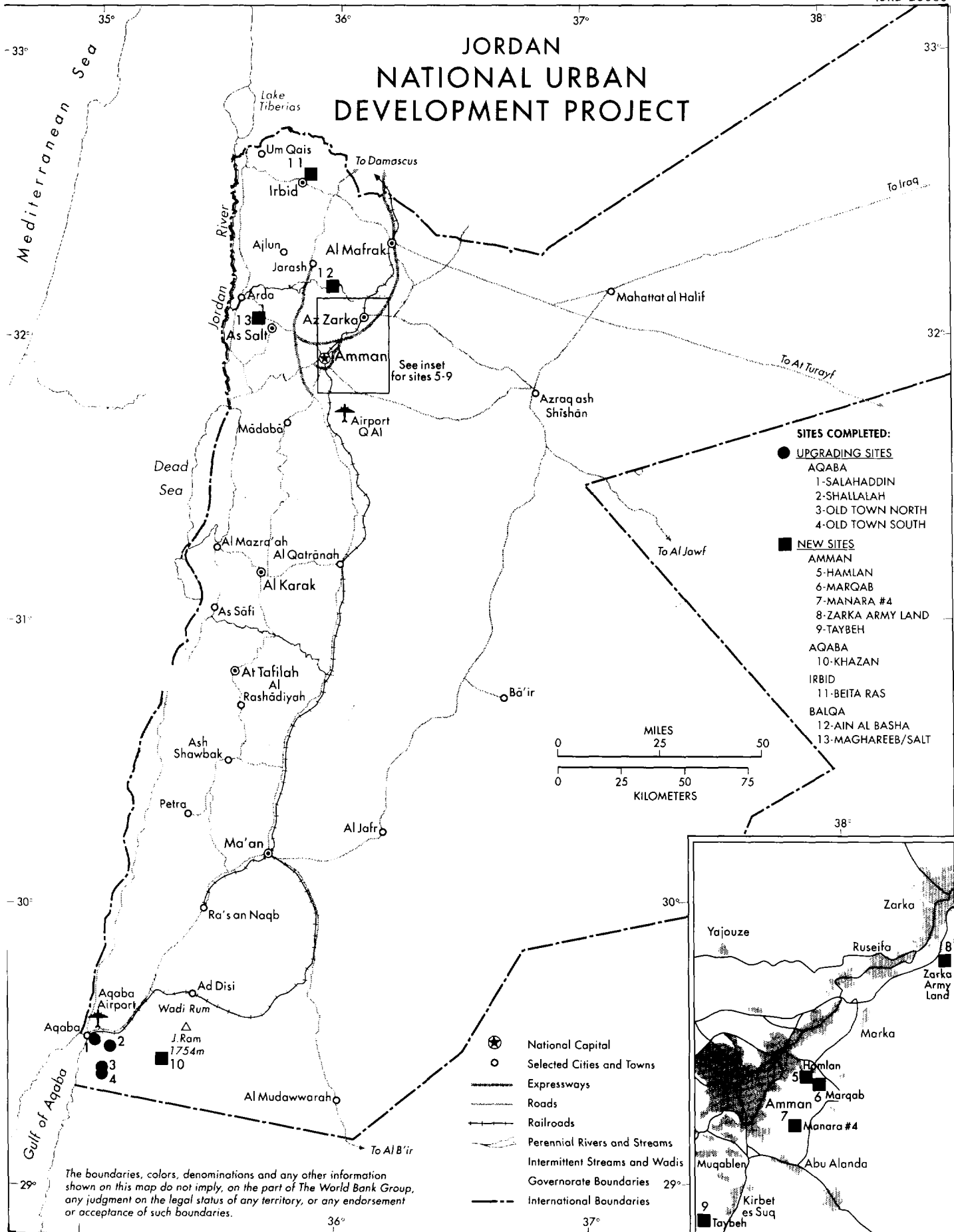
3.2 JHB's Project Monitoring

The JHB will continue to monitor work progress in project's sites until the final completion and handing over and the full operation of all infrastructure services. This will be carried out in coordination with HUDC, through work progress reports prepared by sites supervision staff in addition to occasional site visits by the JHB's staff.

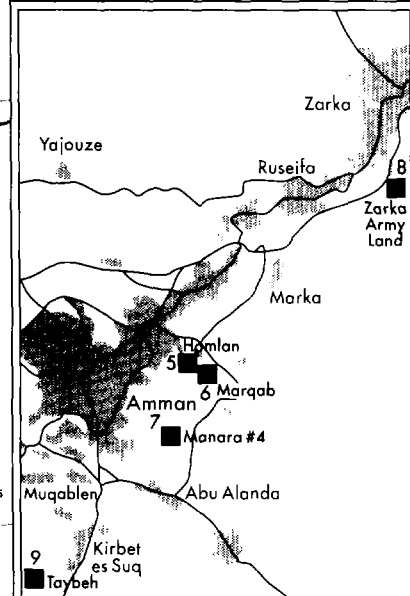
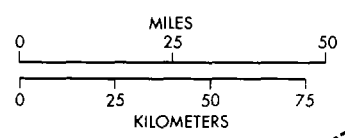
Furthermore, the JHB will follow-up the marketing process of the project through the monthly and quarterly progress reports in addition to occasional site visits to ensure that marketing is progressing according to plans prepared by HUDC.

The JHB's staff will continue to coordinate with branches that are assigned to grant loans to HUDC's beneficiaries to ensure that their needs are well served, their access to loans is eased, and that procedures are kept to the minimum acceptable norms.

JORDAN NATIONAL URBAN DEVELOPMENT PROJECT



- SITES COMPLETED:**
- **UPGRADING SITES**
 - AQABA
 - 1-SALAHADDIN
 - 2-SHALLALAH
 - 3-OLD TOWN NORTH
 - 4-OLD TOWN SOUTH
 - **NEW SITES**
 - AMMAN
 - 5-HAMLAN
 - 6-MARQAB
 - 7-MANARA #4
 - 8-ZARCA ARMY LAND
 - 9-TAYBEH
 - AQABA
 - 10-KHAZAN
 - IRBID
 - 11-BEITA RAS
 - BALQA
 - 12-AIN AL BASHA
 - 13-MAGHAREEB/SALT



- ⊙ National Capital
- Selected Cities and Towns
- Expressways
- Roads
- Railroads
- Perennial Rivers and Streams
- Intermittent Streams and Wadis
- Governorate Boundaries
- International Boundaries

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