

APPENDIX A

PROJECT DESCRIPTION: MUHALI ARCHITECTURAL AND ENGINEERING CONSULTANTS LIMITED OF ADF-KANO STATE LOW INCOME HOUSING PROJECT

I. Introduction

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Kano State is one of the oldest states in Nigeria with a population of over 12 million. It is also the commercial center of northern Nigeria and second largest commercial hub in Nigeria. The majority of Kano citizens are poor. Housing in Kano State, like most other states in Nigeria is a serious problem. The lower and middle-income sector is hardest hit. An area of extreme difficulty has been the low-cost housing sector. The typical first home-buyer type house is priced at between five-to-seven million Naira (US\$37,000 to US\$50,000) and is completely out of the reach of the average civil servant. The result is that many end up staying in informal settlements or ramshackle abodes in unhealthy environments that foster crime, delinquency and other major social problems. In addition, the remote locations of the settlements mean long and often stressful commutes for most workers, families and students. This also increases the financial and other pressures on family members. This project starts to address this problem at the community development level.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not make ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

The Grantee's total contribution to the project is reflected in their continued ability to cover the costs of the following:

- Grantee's operating costs during the project;
- Grantee-owned movable tools and equipment; and
- Grantees salaried workers.

It will be the Grantee's responsibility to pay for these items regardless of the actual final cost.

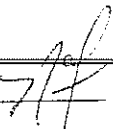
IV. Project Goal

The goal of the program to which this project contributes is to improve living conditions for the poor/low-income people in Kano State.

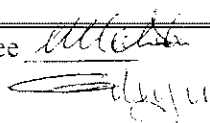
V. Project Purpose

The purpose of this project is to increase access to affordable housing for poor civil servants of the Kano State Government. The performance indicator at the purpose level is:

ADF



Grantee



Number of poor civil servants owning and inhabiting houses that satisfy the low-income housing minimum standards of Kano State Government increases from 0 to 67 by Year 1 of the project.

VI. Project Outputs

The project will have four key outputs. Those outputs and their performance indicators are as follows.

- A. A cost-effective production model demonstrated: 67 units of new, improved designs, low-cost housing units each costing under N450,000, developed and utilized; Each unit grouped into four-house units and maintained by owners. Each house is built to reflect incorporated lessons from Jigawa State Housing Project such as efficient lay-out, improved quality control and time tested sanitation facilities.
- B. The Grantee's capability to service the low-cost housing market enhanced
 - the Grantee is able to deliver 67 houses over the period from September 2005 to June 2006; and
 - initial plan for additional housing and basic infrastructure developed by end of project
- C. A homeowner's association established and strengthened to continue to provide services to the low-cost housing development in areas of delivery, maintenance and management to their respective communities; meetings with Grantee and community leaders to reach consensus on housing selection and allocation of housing convened by Grantee within 4 weeks of the start of the project.

VII. Major Activities to be Financed Under the Agreement

The Grantee will undertake the following activities generate the Project's expected outputs.

A. Construction

Initial foundation work, including purchase of input items such as laterite, cement, wood, nails and basic tools, for the 67 houses will be completed early during the implementation of the project. This will better position the grantee to complete the 67 units by the June 2006 deadline.

B. Selection Process for Homeowners

The ADF Partner, Diamond Development Initiatives (DDI) with the participation of the targeted community of beneficiaries (the low-income civil servants), will develop a selection criteria for the targeted beneficiary market that the Kano State Government's implementing agency, Kano State Housing Corporation (KSHC), will use to select eligible home buyers. A key provision of this eligibility will be residency of beneficiaries within the LGAs. A list of pre-qualified candidates will be submitted to the Project Management Team (PMT) by the KSHC as part of the selection process. KSHC will submit a profile of those pre-qualified along with their respective profiles to ADF for concurrence.

The Grantee will contract with experts to assist the buyers in forming a homeowners association. The association will be responsible for ensuring the maintenance of homes and fostering a sense of community in the housing project.

C. Training

The Grantee will receive training in the following:

- I. accounting and maintenance of basic book keeping;
- II. business and operations strategy;
- III. equipment and technology operation;
- IV. organizational sustainability; and
- V. Homeowner Association organizational and member training.

D. Evaluation

At the beginning of construction, a pre-completion quality evaluation will be performed by KSHC engineers and contracted experts. Within 7 days of project completion, a post completion assessment for compliance, quality and sustainability will be made by independent construction inspectors. The inspection will examine the quality of buildings, fittings, and infrastructure;

VIII. Roles and Responsibilities of the Parties

In-country Partner: ADF's in-country partner, DDI, will oversee implementation and monitoring and evaluation of the project.

African Technical Services (ATS), under contract with the KSG, will provide an advisory role to the project and with ADF's field team in the planning, and implementation of the low-cost housing scheme.

The Program Management Team, consisting of DDI, KSG and ATS, will provide the overall project management functions ranging from validating purchasing and invoicing to training and capacity building of the Grantee and the homeowners association and the members of the community.

The Grantee (Muhalli) will have the following roles and responsibilities:

- work with the PMT to mobilize labor from within the community;
- mobilization of community input on selection of the most appropriate housing designs and women's input on space allocations;
- hiring of the apprentice engineer and accounts' assistant;
- coordination with the DDI and Program Accountant on quarterly financial needs and preparation of monthly disbursement requests to trigger disbursements from the control account;
- preparation of monthly reports to ADF through DDI;
- coordination with the Construction Management Team on procurement of all necessary materials and inputs (after the initial procurement for start-up has occurred);
- making timely payment for all materials and casual laborers; and
- coordinate with the social scientist on organizing all community-level training.

IX. Monitoring and Evaluation

A. Independent Inspection

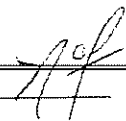
Upon completion of the units, two of the stakeholders – ADF and KSG -- will conduct independent inspections of the work to ensure full compliance with the quality control and architectural specifications. These inspections would be conducted immediately after construction and again one year after construction.

B. Monitoring

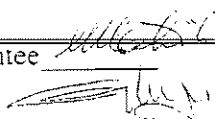
The ADF partner, DDI, will assume its regular intensive regular monitoring activities as specified in its cooperative agreement with ADF. This effort will be complemented by the monthly monitoring oversight from the ADF Representative's Office.

The Partner will also secure a Code of Ethics governing the entire Kano State Government on conduct of its officers and agencies with respect to contracting, procurement and other key potential areas of conflict of interest. This Code will be lodged with ADF for record-keeping.

ADF



Grantee



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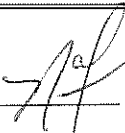
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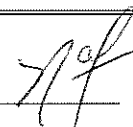
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