

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

OFFICE OF  
THE ADMINISTRATOR

AAC - 102  
December 10, 1975

MEMORANDUM FOR MEMBERS OF THE AAC

FROM: *Caroline McGraw*  
(Caroline McGraw, Acting Executive Secretary

SUBJECT: AAC Meeting of December 17 -- AID Policy and Strategy  
Regarding the Urban Poor

The subject of the AAC meeting scheduled for December 17 will be AID Policy and Strategy Regarding the Urban Poor.

The attached issues paper, entitled "Issues and Approaches Regarding AID Attention to the Urban Poor," will provide the basis for discussion.

Attachment: a/s

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ISSUES AND APPROACHES REGARDING A.I.D. ATTENTION TO THE URBAN POOR  
(A Pre-Strategy Paper for A/AID and the AAC)

AA/TA:TA/UD

December 9, 1975

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- A. Current FY 1976 and FY 1977 AID Programs Dealing with Urban Problems and Especially with the Problems of the Poor Majority
- B. Preliminary Tabulation and Analysis of Field Responses to Questionnaire Airgram and Draft Policy Considerations
- C. AIDTO CIRCULAR A - 590: AID Policy and Strategy Regarding the Urban Poor

Some Considerations in Developing an AID Policy and Strategy Regarding the Urban Poor -- A Draft Statement (TA/UD, October 6, 1975, 40 pp.)

ISSUES AND APPROACHES REGARDING A.I.D. ATTENTION TO THE URBAN POOR

(A Pre-Strategy Paper for A/AID and the AAC)

I. Purpose of the Paper

Should AID help LDC's deal with the problems and potential of the urban poor with an explicit new effort in this direction? If so, what should be the main elements of an effective AID policy/strategy?

There is increasing concern about these questions on the part of the Congress and AID's leadership. In response to that concern the TA Bureau is leading an Agency process to develop answers to the questions. We hope to conclude the process with a formal policy determination to be submitted to the AAC and A/AID in March or April 1976. As part of the process we want to get A/AID's and AAC members' preliminary views on the general direction in which we are going plus any thoughts on more specific issues or approaches that A/AID or the AAC members may wish to share.

The purpose of this paper is to help A/AID and the AAC members to focus on the principal issues and on a tentative policy/strategy framework which has emerged from our analysis, AID/W discussions and field comments. We do not expect A/AID or the AAC to decide at this time on any particular issue or strategy statement. For that matter, many of the issues are

not of a nature that they can or should be resolved through this process although awareness of the various arguments is essential background. We do want A/AID and the AAC to be aware of the issues and policy framework and of the various arguments put forward and to give us comments in light of them.

## II. Legislative and other Background.

Our new legislation will specifically authorize us to work on problems of the urban poor. Section 106 provides for "programs of urban development, with particular emphasis on small, labor intensive enterprises, marketing systems for small producers, and financial and other institutions which enable the urban poor to participate in the economic and social development of their country."

The phrase "urban poor" was explicitly added to section 105 (Education and Human Resources Development). Section 103 was expanded and makes clear that AID's work in rural development includes urban places (such as market towns) in rural regions. The House International Relations Committee (HIRC) declined to add the phrase "urban poor" in sections 103 and 104. The amendments to sections 105 and 106 reflect interests of new congressmen from large cities.

Coincidentally, the IBRD recently has come out with a major policy pronouncement expressing determination to work

in this area in a major way and the UN is preparing a potentially significant conference on "Habitat" to be held in May 1976. AID is participating in the U.S. preparations for that conference.

As part of AID's current assessment of this area, we have just shared with our field missions a staff paper laying out a number of key considerations in developing an AID policy and strategy regarding the urban poor along with a deliberately wide-ranging list of potentially relevant programs and projects. The covering airgram contained a number of important issues and questions that arose during a series of Washington reviews of the staff paper. The draft paper and airgram are at Tab C and an analytical summary of field responses is at Tab B.

### III. AID's Current Activities.

AID's current activities aimed specifically at benefiting the urban poor (See Tab A). By far the largest effort is in the housing field, primarily a result of our large Housing Investment Guarantee Program (HIG). Most activity is concentrated in Latin America, of which the most significant non-HIG projects are included in major urban reconstruction programs in Peru and Nicaragua, stemming from natural disasters in the early 70s.

On the R&D side, TA/UD's modest program is beginning to bear fruit for the Agency. Joint TAB/Mission efforts in Nicaragua, Thailand and Ghana will demonstrate practical approaches to land use programming for intermediate-sized cities. USAID/Philippines and TA/UD will assist two key cities in the Bicol River Basin Development Program to increase their effectiveness in providing services for rural and regional development. A set of draft guidelines will soon be ready for use by LDCs and USAIDs in formulating projects to benefit the urban poor. A survey of the state-of-the-art on the critical but very difficult problem of popular participation in urban areas will be completed in a few weeks, and a state-of-the-art monograph is underway examining the role of urban centers in integrated rural development programs.

TA/OST is pursuing the development of building materials and housing designs which are very low cost yet strong and resilient.

As to the balance of the Agency's activities, we simply do not know (and we need to find out) to what degree our programs under Sections 103, 104 and 105 are benefiting the urban poor. However, in the field of population it seems likely that the urban poor have been major beneficiaries of much of our support for delivery systems.

IV. The Urban Poor, the Rural Poor and The Poor Majority

There is substantial overlap between the urban poor and rural poor. Efforts to sharpen the distinction between them have proven unproductive. A more useful conceptual framework can be constructed by starting with the overarching term "poor majority." Some of the poor majority live and/or work on farms. At the other side of the framework or continuum are those among the poor majority who live and/or work in big cities. In between the poor farmers and the big city poor are the millions of the poor majority who live and/or work in small cities, towns and villages. Depending on the problem being addressed, a large proportion of these in the broad middle portion of the poor majority continuum can be considered either rural or urban poor.

During the past several years AID has combined its interest in the poor majority and in food production and has focused most of its attention on the small farmer. Increasingly missions are broadening their rural development program support to include the off-farm segments of the rural poor. In doing so they get quickly into urban functions of rural development and into working with segments of the poor majority in market towns and small cities.

There seems little argument within AID about working

with the urban poor in rural regions. A remaining issue, however, is what should be AID's role in helping LDCs deal with development of the poor majority in the large cities.

V. Issues and Implications for Consideration:

The notion of an Agency policy on the urban poor has elicited some heated dialogue both in Washington and from the field. It is an area on which there clearly are strong views, ranging from great enthusiasm over prospects of the agency moving into this area to strong objections to any change in policy that could have the effect at diminishing the Agency's present focus on the rural poor. On the basis of field responses to date it would seem that the objections stem primarily from AID/W although response is mixed both in Washington and the field (see preliminary analysis of field responses, Tab B). Moreover, the diversity of views combined with the variety of specific country conditions suggest a differentiated Agency policy and strategy with respect to the urban poor in different continents and types of countries. Major issues and questions which must form a backdrop for AAC consideration of this subject area concern: (a) impact on existing Agency priorities, (b) inclusion or exclusion of large cities, (c) incidence of benefit between the urban and rural poor, (d) relevant problem areas, and (e) our relative

preparedness to respond. These are presented below as issues or questions with discussion.

A. Impact on priorities. Some argue that it is not prudent for AID to broaden its focus on the poor majority to include the urban poor just when our concentration on rural poor is beginning to bear fruit in terms of influencing the content of our field programs. On the other hand there are persuasive reasons for including also a focus on the urban poor.

The three main negative arguments are:

- 1) We will blur what is becoming a sharp and valuable focus on rural development and dissipate scarce resources.
- 2) The urban poor already are better off and possess greater political clout than the poor on farms and in rural towns and villages.
- 3) Many of AID's programs in population, health and production aimed at the rural poor benefit the urban poor.

ROCAP's cable 6413 (attached as part of Tab B) states this argument strongly.

On the positive side it can be argued that:

- 1) Most missions appear to welcome the opportunity to look into the program possibilities regarding the urban poor, in many instances seeing this complimentary to their efforts to assist the rural poor.
- 2) Large segments of the urban poor, especially in large cities, appear to be grossly under employed and very badly off, certainly no better off than the rural poor.
- 3) At least on the professional talent side, resources can be built up without significant cost to the program.
- 4) The Congress clearly has instructed us to address the matter.

B. The large city issue. It has been suggested by some that an AID strategy on the urban poor be limited to the small and intermediate sized cities, to the exclusion of the major metropolitan areas in which there already has been an over concentration of LDC and donor resources? Others have argued that big

city poor in some countries also warrant attention on the grounds both of equity and productive potential. These two positions are outlined below.

- 1) Some missions and AID/W offices hold to the view that focusing on small and intermediate size cities, which in most countries play a key role in rural development, would be highly complementary to AID's present focus on rural development and the rural poor. Moreover, they maintain that given the ebb and flow between these centers and their rural hinterlands it is largely academic to differentiate between the urban and rural poor at this level. Programs directed at the off-farm poor in these small and intermediate centers can be seen within the context of mission rural development strategies. Within these constraints a focus on the urban poor is welcomed and will not conflict with existing priorities.

level and municipal policies, and is said to generate levels of productivity far below its potential.

- C. Incidence of benefit. It is sometimes argued that assistance to the big city poor will make the rural poor relatively worse off and/or increase the rate of rural-urban migration. The counter argument also frequently is voiced.

Unquestionably, the rate of rural to urban migration is stimulated by the expectations of employment, higher incomes, broader educational opportunities, and greater span of life options in larger cities. The argument is made that any actions that enhance these attributes strengthen their pull on migration. Any actions that enhance these attributes in rural areas diminish the urban pull effect. Many programs are tailored to this logic.

The counter argument is that the situation thus far is less clear cut. It asserts that there is no clear evidence that programs so structured can reduce the flow of rural to urban migration (only the Chinese have been successful at controlling rural to urban migration through government policy). Higher rural incomes, better education and improved regional transportation and communications may actually increase peoples aspirations and abilities to move to urban centers. Another argument is that employment in the large urban centers offers the only viable alternative to the poverty stricken marginal members of the rural population. Those who make this argument point to malthusian pockets of Central and East Java, of sections of India and of Bangladesh. They state that the proposition is true in any society in which no further division of the land is possible and in which there are no new lands to exploit. In a special case it also proved to be true in the recent Sahalian drought. Increased absorption of rural populations in the large centers actually lessen the pressures of poverty and the strain on resources in rural areas.

It seems to the T.A. Bureau that these questions of relative poverty, benefits and migration must be assessed on a case by case basis. As a matter of interest this is a more optimistic stance than that adopted by the IBRD study. With respect to slowing big city growth through raising incomes and amenities in other cities and in rural areas, the IBRD study holds out little hope for such a strategy except, perhaps, in Africa. Decentralization along these lines to achieve other objectives, such as national integration or reduction of regional income inequalities is quite a different matter. It is generally accepted that in the long term decentralization to achieve these and similar national objectives is a viable approach, although some short term sacrifice of growth in GNP may result.

- D. Relevant problem areas. Have the major problems of the urban poor in developing countries been sufficiently well identified to suggest useful areas of concentration and relevant approaches?
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Analysis by the LDC's, the IBRD, the United Nations and this Agency, while not definitive, have been sufficient to suggest a handful of inter-related areas requiring serious attention on the part of LDC governments, research institutions, and international assistance agencies. These include:

- 1) Employment and income generation in the informal sector. The problem is one of a host of macro and macro level forces constraining the expansion of job opportunities and productivity in the small scale informal sector of the urban labor market, while at the same time this sector holds out one of the few hopes for absorption of the un and under employed of the poor majority and expanding incomes within this group. Possible actions in this field at the micro and macro level are discussed in the draft statement sent to the field (Tab C) pp. 14-15, Appendix 1 and Appendix 2, pp. 5-6. IBRD analysis of this issue, which substantiates our own views on this matter are found
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in the World Bank Staffing Working Paper No. 209, pp. 51-57 (referenced at Tab C).

- 2) Policy changes and innovations at the macro level, e.g., taxes, credit, land tenure systems, pricing policies, and other measures which can impact either negatively or favorably on the urban poor. Macro level policy changes are particularly vital to progress in the informal sector of employment. See references noted in (b) above. This could prove to be a most cost effective area of assistance for the urban poor but would have to be an area of considerable analysis in field project design.
  
  - 3) Regional planning and rural development. The link between the urban poor and the rural poor is increasingly recognized. Regional planning in a rural development context can be a particularly useful general framework for dealing with the urban poor in rural regions. The opportunity for practical applications is mounting as many developing countries are moving rapidly in the direction of regional
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planning as a component of national development planning.

- 4) AID's traditional sectors of concentration, especially health, population, nutrition and education address critical problems for the poor majority, whether urban or rural based, and offer significant opportunities for analysis and selective action in urban areas if justifiable on grounds of incident of benefit analysis.
  
  - 5) Participation in cooperative and community institutions probably is as important for the urban poor as it is for the small farmers in gaining access to productive resources, services and local government processes. However, views on this proposition are mixed, experience is limited and LDC (like U.S.) political sensitivities on this point seem to be high. We need to concentrate enough resources on research and analysis to rapidly build up our understanding of the potentials and limitations of work in this area so that we can deal with it effectively at the strategy level.
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- 6) Improvement of presently low quality municipal administration probably can make as big a difference in access of the urban poor to jobs, essential services and governmental processes as can improved popular participation mechanisms noted above. Each seems essential, as does macro-policy reform. To be relevant, municipal administration must be attempted in novel ways because of lack of trained people, grossly inadequate finances, rapid change and unprecedented needs. In particular urban administration must be concerned with so-called "locational decisions" to avoid undersirable concentration of production, facilities, and services; with land use and infrastructure planning focused on enhancing the access of the poor to productive and beneficial opportunities; and with security of tenure for the land and property of the poor.
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E. AID's preparedness. Do we understand the urban poor situation well enough in most countries, including identifying strategic levers, to provide significant capital or technical help at this time? Is there a distinction to be drawn here between the short run level of our assistance to urban poor in rural regions as contrasted with the big city poor?

The field replies support TA/UDs general assumption that we have not adequately diagnosed the conditions of the urban poor in most countries, whether we are thinking in terms of rural area development or the big city poor. Other donors (IBRD, ILO or UNESCO) and some LDCs may have made diagnoses which AID can utilize, but in general, if we are going into this area of activity, we shall have to devote direct-hire and IPA positions in AID/W and the field plus contract dollars to beef-up our capacity for project-related analysis and to increase our knowledge of local conditions. Action programs should have a built-in and continuing research and evaluation component ,

giving special attention to the incidence of benefits. We are painfully aware, from U.S. experience with the urban poor, that well meaning programs that are ill-conceived and insensitively administered or implemented can do more harm than good.

In this regard we do not yet see among the urban poor a simple and logical single point of focus akin to what the grain producing small farmer has been in rural development strategies. By definition, urban centers are multi-dimensioned and more complex than rural areas and we doubt that such a single point of focus will emerge. The small scale, informal sector of urban employment may be as close as we shall come but this, in itself, is a complex area. One implication of this, drawn from the field responses regarding the big city poor, is that for the next several years AID should (aside from shelter projects and possibly potable water supply) focus on diagnoses, related small pilot projects, state-of-the-art studies, in depth situational analyses,

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and institutional development. This would all be part of selected mission-LDC dialogues about the whole question, looking toward development action projects.

By contrast, since the work with the urban poor in rural regions generally will be part of or complementary to rural development programs (about which we are coming to know a good deal in some countries), a bolder posture towards both capital and technical assistance is warranted in programs for the urban poor at this level.

Another implication of our lack of knowledge is that sector analyses and programs in health, education, nutrition and population will need some new questions and, possibly, tools to help explicitly address the needs of the urban segment of the poor majority, in big cities and smaller urban places. For example, national or regional planning exercises in any of these sectors should take into account the status of the urban poor compared to the rural poor or on farm poor

and deal with them in accordance with what is found about their status within that sector, i.e., low priority if they are relatively well off, as we have tended to assume in the past; high priority if they in fact rate near the bottom for the country.

A third implication is that AID not only should beef-up its own capacity but should coordinate with other donors to take advantage of and contribute to their sectoral or special analyses covering the urban poor. We should identify our areas of comparative advantage.

VI. Framework for Tentative Policy Guidance Derived from Issues and Implications

In summary, a monolithic approach or strategy for approaching the problems of the urban poor seems out of the question given the diversity of conditions and circumstances extant in the LDC's. While some sense of priority is needed as guidance to field missions, responses to the field airgram and draft policy paper indicate considerable mission potential to determine appropriate priorities within the local context if the Agency can produce a flexible set of guiding principles and assist with analysis, design and staffing requirements.

The policy/strategy framework which seems to be emerging can be outlined as follows:

1. Focus Agency attention on the urban poor in the small and intermediate sized cities with primary linkages to the rural sector. Within this context emphasize:
    - (a) Directly productive, employment creating activity, especially by small producers of goods and services.
    - (b) Basic urban services and infrastructure which improve the quality of life, income and productivity of the poor majority (including continuation of
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activities in AID's priority sectors of health, population, education and nutrition.

(c) Institutions required locally in support of (a) and (b), e.g., local and regional planning functions.

(d) Appropriate use of PL 480.

2. Where country conditions suggest that the development of a focus on big city poor is of strategic development importance, undertake selective activities. Depending upon the relative state of knowledge and readiness, these should be primarily, but not exclusively, of a pilot, analytical, or research and development nature. Emphasis in large cities should be on:

(a) Directly productive activity in the informal, small scale production sector.

(b) Sectoral activities which already are a matter of priority Agency attention, such as Health and Education. These would be undertaken depending upon the results of analysis of the relative conditions and access of rural and urban poor.

(c) Appropriate use of HIG and PL 480, generally in conjunction with sector programs.

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3. In all instances consideration should be given to the macro level policies and programs which impact on the poor majority.

#### VII. Organizational and Personnel Implications.

This new emphasis on the urban poor does not suggest any shifts in organizational charter. However, it does seem that PPC needs to take on a stronger field support function in the area of macro-policies bearing on employment, productivity and income of the poor majority. This calls for development and management of an outside response capability in this field.

In addition, most field missions that want to undertake serious work in this area will need an additional in-house generalist and/or a broad gauge contract expert to creatively manage the effort.

Regional bureaus which do not have staff working in this area will need to identify an imaginative generalist to back-stop missions and push forward regional strategy and program analyses in this area.

In addition to its coordinating and leadership role in R&D for the urban poor, the TA Bureau will need to assist missions and regional bureaus in strategy development, problem analysis and project design. To do this well, it will need to strengthen its stable of consultants and quickly fill the

several additional technical specialist positions recently approved for it. It will also need to develop general guidance in each sector on analytical and action tools to help deal with issues and project opportunities related to the urban segment of the poor majority.

VIII. Responsiveness to Congress.

What does AID need to do to demonstrate responsiveness to the congressmen interested in the urban poor?

AID needs to show that it is giving serious attention to the issues and opportunities. The Agency can, we believe, made a good case by citing:

- this strategy development effort
- reassessment of agency definition of urban poor
- generally favorable and interested mission responses despite already excessive workloads,
- pilot projects already in a few countries.
- Washington/Mission/LDC dialogue and diagnosis expected in a few more countries this year.
- development of U.S. capacity in Intermediate Technology
- substantially improved U.S. understanding and capacity to help in this field as a result of TA Bureau's R&D projects and related strengthening of U.S. technical capacity.

- AID's positive contributions to the U.S. position on LDC issues at Habitat '76,
- U.S. leadership in development of international information network on urban development.
- Some ongoing sector projects of benefit to the urban poor.

#### IX. Next Steps

Following the AAC discussions and receipt of any views A/AID may wish to contribute at this time, the TA Bureau, with the help of other AID Bureaus and offices, will prepare an interim policy and strategy statement with a revised background paper for consideration by the AAC in early spring. This policy and background will augment the existing Agency Policy Determination on Urban Development (PD-54) and would serve as the general Agency guidance for dealing with the urban poor subject to annual review. We anticipate that our R&D work, field program experience and coordination with other donors, over time, will suggest other dimensions and modifications in our approach to this relatively new and complex area of international assistance. In addition, our future field experience will lead to a logical/regional and sub-regional differentiation in our approach to the urban poor.

Tab A

Current FY 1976 and FY 1977 AID Programs Dealing  
with Urban Problems and Especially with the  
Problems of the Poor Majority

UNITED STATES GOVERNMENT

# Memorandum

TO : AA/IDC, Mr. Lawrence Dash

DATE: August 7, 1975

FROM : TA/UD, William R. Miner 

SUBJECT: Current FY 1976 and FY 1977 AID Programs Dealing with Urban Problems and Especially with the Problems of the Poor Majority

The following information is in response to your request for data on current programs and budgets related to the urban poor.

The data are for projects which come under Section 106 of the existing Foreign Assistance Act, "Selected Development Problems." While the bulk of the priority programs in Sections 103, 104, and 105 are primarily rural-focused, nevertheless, some of the health, population planning, education, and other sectoral projects also benefit people in urban areas. No attempt, however, is made herein to determine the "urban" or "urban poor" dimensions of these efforts.

Most of the Agency's "urban" programs have been and continue to be in Latin America. Examples of current and planned efforts are the following:

El Salvador: continued support of a national cadastre program as a means of improving the revenue resource base. FY 1976: \$109,000.

Nicaragua: urban sector loan for Managua for infrastructural development and to encourage decentralization and upgrading. FY 1974: \$10 million; FY 1975: \$10 million; FY 1976: \$10 million. Technical assistance grant for a joint AID-OAS-UN reconstruction and planning effort. FY 1974: \$1 million.

Paraguay: technical assistance to help the Housing Bank devise ways of meeting the shelter needs of low-income groups. FY 1976: \$68,000.

Peru: reconstruction and planning assistance in the earthquake and flood disaster areas, including a loan for housing, infrastructure, small enterprises, and skills training for employment which permits a more comprehensive treatment of recovery problems. FY 1972: \$15 million.

Caribbean Region: technical assistance to the Caribbean Development Bank for developing a low-cost housing and a secondary mortgage market. Of a total of \$557,000 for the life of the project, \$175,000 in FY 1976 and \$50,000 in the Interim Quarter.

Two projects in Africa should be mentioned:



Cameroon and Gabon: technical assistance to help develop sound shelter policies for low-income groups, strengthen the implementing institutions, and establish an ongoing sites and services program. FY 1976: \$319,000; FY 1977: \$304,000.

Mauritania: extension of the water system in Nouakchott. FY 1976: \$335,000.

The Agency's primary effort, in terms of continuity and amount, has been in the Housing Investment Guaranty program, which is designed to guarantee repayment of loans from private U.S. lenders to housing institutions in developing countries. The statutory ceiling is \$930 million, and all except \$100 million of it was expected to be committed by the end of FY 1975.

Of the \$550 million for Latin America, only \$51 million was expected to be uncommitted by the end of FY 1975; \$100 million additional guaranty is requested for FY 1976. Of the approximately \$380 million for the rest-of-the-world, \$46 million was expected to be uncommitted by the end of FY 1975, and \$150 million additional guaranty is requested for FY 1976.

Applications for guaranties are expected from Cameroon, Ivory Coast, Kenya, Zaire, and Zambia; Philippines and Korea; Portugal; and Israel under the worldwide program. Under the Latin America authority, applications are expected from Bolivia, Costa Rica, Chile, Dominican Republic, Guatemala, Jamaica, Nicaragua, Panama, Paraguay, and the regional development banks.

Increasing attention is being given to finding ways of assisting with the shelter needs of low-income people and especially of the poor majority.

During the past two years, the Agency has developed also research and development type program in urban development. It seeks not only to improve the more traditional sectoral approaches to providing housing, planning, water and sanitation, and other essential facilities and services, but also to increase Agency and developing country capability to deal more effectively with the opportunities of rapid urbanization.

A demonstration project is just getting started for field application of practical approaches to land use programming and control which can serve as models for other intermediate-sized cities. Demonstration sites include Leon, Nicaragua; Chonburi, Thailand; and Tamale, Ghana. The aim is to help create an institutional capacity and a viable process for meeting the land use programming needs of these intermediate-sized cities. FY 1975: \$150,000; FY 1976: \$400,000.

A project planned for FY 1976 is to assist two key cities, Naga and Iriga, in the Bicol River Basin Development Program in the Philippines to (a) identify urban services and activities which are supportive of the development plan, (b) determine the gaps and weaknesses in existing services, (c) design and implement projects and programs which overcome these deficiencies and give due regard to potential environmental impact, and (d) establish evaluative and feedback mechanisms. FY 1976: \$250,000. Additional projects to identify and strengthen the urban functions in support of rural and regional development are planned for FY 1977. FY 1977: \$500,000.

Another project proposed for FY 1977 is to develop Agency capacity to initiate high-impact and integrated projects for the urban poor which, among other things, can lead to greater access to employment opportunities, low-cost essential services, and greater overall participation in the national economy. FY 1977: \$600,000.

Other proposed projects are designed to mobilize selectively and on a competitive basis highly qualified U.S. institutional and other resources to help improve the competence and resources of developing country decision makers and institutions to develop and implement needed policies and programs to address the problems and opportunities of rapid urban growth and development. FY 1977: \$1-\$2million.

Thus, the considerable and accelerating changes are less in the dollar levels and more significantly in the nature, content, and direction of the Agency's efforts in urban development. These changes also are responsive to increased developing country need, awareness, and activity in this field.

cc: AA/TA, Mr. Curtis Farrar  
Mr. Samuel Butterfield  
AA/PPC, Mr. Alex Shakow

Tab B

TA/UD  
AID/W

December 5, 1975

PRELIMINARY TABULATION AND  
ANALYSIS OF FIELD RESPONSES  
TO QUESTIONNAIRE AIRGRAM  
AND DRAFT POLICY CONSIDERATIONS

Contents:

1. Analysis
2. Tabulation
3. Sample country message from each of  
five response categories

## Analysis

Responses to AID/W's questionnaire airgram and draft issues and policy paper, as expected, varied greatly in content, degree of analysis and extent of information supplied. The general tone of results to date from 20 country missions and 4 regional offices ranges from great enthusiasm over prospects of the Agency adopting a policy for addressing the urban poor to strong objections to such a move.

A crude attempt at arraying the responses on the basis of certain relevant characteristics is shown in the attached table. Missions which adopted a positive posture towards an urban poor program are disaggregated into three categories: (a) those which favored such a move without reservation, (b) those which favored such a move if restricted to the small and intermediate sized cities important to rural development; and (c) those which favored an urban poor program in principle for the Agency but felt that current local conditions did not warrant mission activity in this area. Of the 23 responses, 16, or 70%, were in one of these three positive categories (10, 5 and 1 respectively). The remaining six countries were entirely neutral in their responses (4) and those which strongly opposed an Agency urban poor program (3). An illustrative response from each of the five categories is attached.

Only 16 missions attempted to characterize the major host country problems relevant to an Agency urban poor policy. Among these countries the priorities seemed to be directly productive activities (or DPA, productive activities in the informal, small scale sector of the urban economy), rural development, and AID's priority sectors of health, population, education and nutrition.

Several missions indicated they have projects in the wings which address the urban poor, 6 countries suggested the need for a detailed country analysis in this area, 4 missions advised that TDY assistance in analysis and project design would be required and 5 indicated a need for new staff positions to implement programs in this area.

The tabulation shown in the attached table involved no reading between the lines. In other words, no attempts were made to fill in blanks or answer out of context questions not

explicitly addressed in field responses. However, this analysis should be regarded as more suggestive than literal since the outgoing airgram was not set up explicitly as a scientific questionnaire.

FIELD MESSAGES ON AID POLICY AND  
STRATEGY REGARDING THE URBAN POOR

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<u>Mission</u>	<u>Cable Number</u>	<u>Date</u>
Dare Es Salaam	4958	Nov. 3, 1975
San Salvador	TOAID A-105	Dec. 3, 1975
Nouakchott	2299	Nov. 7, 1975
Guatemala	6413	Nov. 14, 1975
Monrovia	TOAID A-116	Nov. 14, 1975
Nairobi	9924	Nov. 14, 1975
Arusha	TOAID A-20	Nov. 17, 1975
Ouagadougou	2891	Nov. 18, 1975
Dacca	5690	Nov. 19, 1975
Bangkok	24502	Nov. 20, 1975
San Jose	4902	Nov. 19, 1975
Kabul	TOAID A-160	Nov. 18, 1975
Addis Ababa	13539	Nov. 19, 1975
Bogota	11265 (LOU)	Nov. 21, 1975
Santo Domingo	5220	Nov. 24, 1975
Asuncion	4633	Nov. 21, 1975
Managua	4514	Nov. 21, 1975
Accra	7731	Nov. 21, 1975
La Paz	8253	Nov. 22, 1975
Cairo	11842	Nov. 21, 1975
Bangkok	TOAID A-337	Nov. 24, 1975
Amman	TOAID A-147	Nov. 18, 1975
Rabat	5641	Nov. 21, 1975
Kabul	7561 (LOU)	Nov. 19, 1975
Kabul	TOAID A-160	Dec. 3, 1975
Ankara	TOAID A-71	Nov. 24, 1975

FIRST OUT TABULATION OF FIELD PERFORMANCES (TA/AD)

Country	Favorable Unqualified	Favorable but Small and Intermediate only	Favorable in Principle but un- tially in country X	Neutral Response	Unfavorable w/negative lecture	Problem Area Emphasis	Projects in Winns	Country Analysis Required	AID/W TBY Help	Addition Staffing Required
Algeria	X					DPA	X	X	X	
Angola	X									
Costa Rica	X					DPA/Economic	X	X		X
African R.	X					DPA				
El Salvador	X					Priority AID Sectors		X	X	X
Guatemala	(X) ----- X					DPA/Priority Sectors Admin		X		X
Guinea			(X) ----- X							
India					X	Rural Poor				
Kenya		X				DPA				
Laos		X				Rural Development				X
Malawi	(X) ----- X					Housing/DPA				X
Mali	X					Priority AID Sectors				
Morocco		X				Rural Development		X	X	
Niger	X					Proj. ident. and design & Rural Development		X		
Nigeria			X							
Senegal				X		Rural Development				
Pakistan					X	Rural Development				
Rajasthan					X					
Tanzania	X					DPA	X			
Togo	X									
Tunisia	X								X	
Uganda				X						
Zambia					X	R&D/Women				

**FAVORABLE - UNQUALIFIED**

MEMO

DEPARTMENT OF STATE

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TO -	AID/Washington	TOAID A- 105	X
	USAID/Guatemala	UNN	X
	ROCAP/Guatemala	USCAP A- UNN	X
	USAID/Tegucigalpa	UNN	X
	USAID/Managua	UNN	X
	USAID/San Jose	UNN	X

15

DATE SENT  
NOVEMBER 18 1975

FROM - USAID/San Salvador

SUBJECT - AID Policy and Strategy Regarding the Urban Poor

REFERENCE - (a) AIDTO CIRC A-590  
 (b) TOAID A-109  
 (c) Education PRP and Family Planning, PP

Mission wishes to commend and wholeheartedly support the new policy initiative that emphasizes the poor, wherever and wherever they are. Mission's airgram (ref b) did attempt to indicate that flexibility was required in response to the Congressional mandate and that various types of programs could help the poor majority. We believe that a country's development effort should be supported through any effective program approach, as long as it is evident that the poor are assisted, directly or indirectly, wherever they may be.

The Mission will attempt to respond to some of the issues raised in reference (a). Obviously, as our efforts during the recent past years have been directed away from the urban poor, and as there has been no one in the mission delegated the responsibility to review and analyze the problems of the urban poor as program possibilities, our response in all honesty must be limited. As we move in this direction, it is essential that staff be provided to deal with this sector. Following are some Mission thoughts on the totality of issues raised in ref (a).

1. The distinction between urban and rural sectors is essentially an arbitrary one in small countries such as El Salvador. The urban population of San Salvador is 562,000; Santa Ana, 144,000 and San Miguel 109,000. From the center of San Salvador, a 15 minute automobile ride will take one into the rural areas. During the coffee harvesting season, the "urban" population flows into the rural areas seeking work. Conversely, after the season concludes, these and segments of the "rural" population will flow

PAGE	PAGE
21	OF 3

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
ADOM:AGoldstein/ideC	ADOM/ USAID	318	11/12/75	Edwin A. Anderson, DOM

A. I. D. AND OTHER CLEARANCES  
 Cleared in draft:  
 FO: PFCox  
 CRNO: TJBrown

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into the city seeking work. Further, as the geographic or physical size of the city is limited, programs to help the "urban" poor spill over to the rural poor. As the movement into urban areas is a real phenomenon, it does not seem realistic to deal with this problem by attempting to improve rural conditions - generally a long-term effort - to stop this flow, while ignoring the fact that the flow is continuing while urban conditions deteriorate.

2. There are government programs directed towards the urban centers, through Central Government Ministries. These include health services, education, road construction, water works, electric power, and telecommunications. These responsibilities are those of the Central Government and not the municipalities.

There are 260 municipalities in El Salvador, and total municipal revenues amounts to approximately \$7.2 million or only about \$2.00 per capita per year. In addition, there is a transfer of approximately \$400,000 per year to the municipalities from the Central Government. In effect, Salvadoran local government is on a starvation diet.

Given mission staff and time constraints, we are unable to be more specific on urban programs, budgets, national policy, etc. Even this limited information is available only because Harlan A. Hobgood, AID/W, arrived in El Salvador for a few days TDY on request of the National Planning Office, to review the possibility of developing a municipal development banking system in El Salvador. For a number of reasons, no further action on program development was taken by the GOES or AID in this matter.

3. As far as the mission is aware, there is a paucity of information on urban problems in El Salvador. A logical first step, therefore, would be a survey of the situation in some depth, if desired by the host country. As indicated previously, although there are only three major cities in El Salvador, there are many other smaller population centers and we know little or nothing about the latter. Prior to any major mission decision on program needs, resource requirements, etc., additional knowledge is essential. We must be careful not to draw conclusions on the urban problem based solely on our review of the situation in San Salvador.

4. The mission's family planning program was initiated primarily in the urban sector, mostly in San Salvador, and only within the last couple of years has it moved into the rural sector with considerable success. However, we have found that there is considerable and effective communications between the urban and rural poor, such that urban habits are quickly accepted by their rural brethren. The mission's proposed FY 76 program in Fundamental Education, will deal initially with the urban population in a few selected "cities" but because of nearness of cities and villages to rural areas, the rural population will be included. Again, as one moves into the smaller cities, it becomes more difficult to distinguish between urban and rural population.

5. Thus, urban programs can be designed within the context of on-going sector activities. However, specific programs probably would be required to deal with urban problems, e.g. municipal banks and small industry training; in El Salvador's situation, the Mission would not envision large capital assistance. The need probably could be met through expansion of programs in the health, nutrition and education sectors particularly, as well as in specific programs designed to increase urban employment.

6. In conclusion, the Mission supports the effort to help the poor wherever and whoever they may be; indeed, we do not believe the rural and urban poor can be separated. At the same time, this Mission's knowledge of the national urban situation is somewhat limited, and there would be no way to enter into specific urban projects without additional permanent staff and some TDY assistance. Conversely, we do have the capability to introduce the urban poor into our proposed programs in health/nutrition and population.

CAMPBELL

FAVORABLE BUT SMALL AND  
INTERMEDIATE SIZED CITIES ONLY



Department of State

TELEGRAM

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PAGE 01 ACCRA 07731 220819Z

22-11  
ACTION AID-59

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AIDAC

EO 11652 NA  
SUB: AID POLICY AND STRATEGY REGARDING URBAN POOR

REF: AIDTO CIRC A-590

2-3-Y-7  
EM

THIS RESPONSE REPAIR IS IN NO WAY BASED ON SYSTEMATIC REVIEW  
CONSIDERATION QUESTIONS POSED REPAIR. WE HAVE HOWEVER  
CONSIDERED MATTER GENERALLY OF WHAT POLICY SHOULD BE REGARDING  
URBAN POOR. RESULT THIS APPRAISAL IN RESPECT GHANA  
SPECIFICALLY AND MOST LDC'S, WE BELIEVE, GENERALLY IS AS  
FOLLOWS:

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1. THERE IS VERY LARGE NUMBER OF URBAN POOR HERE, PROBABLY  
BETWEEN ONE-AND-ONE HALF AND TWO MILLION, AND NOT MANY  
RESOURCES ARE BEING DIRECTED AS SUCH TO IMPROVE THEIR  
CONDITIONS OF LIFE AND THEIR PROSPECTS.
2. DIMENSIONS OF THE PROBLEM ARE SO VAST, THOUGH, IT WOULD BE  
UNREALISTIC FOR AID, PARTICULARLY GIVEN RESOURCE AVAILABILITY,  
TO UNDERTAKE ANY MAJOR EFFORT IN THIS DIRECTION. ANY  
SIGNIFICANT REALLOCATION OF AVAILABLE RESOURCES, EITHER THOSE  
PROVIDED BY AID OR BY OTHER DONORS, WOULD MEAN LESS RESOURCES FOR  
RURAL AREAS.
3. ONE CONSEQUENCE OF IMPROVING URBAN LIFE WOULD UNDOUBTEDLY  
IN SOME DEGREE BE AN INCREASE IN MOVEMENT OF PEOPLE FROM



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TELEGRAM

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PAGE 02 ACCRA 07731 220819Z

RURAL AREAS TO CITIES. BY ORIENTING OUR PROGRAMS TO RURAL AREAS WE MAY IN SOME MEASURE HOPE TO SLOW URBAN MIGRATION.

4. THE EXTENSION OF AID'S CONCERN TO PERMIT INCLUSION OF URBAN POOR IS NEVERTHELESS LOGICAL AND DESIRABLE EVENT IN SELECTED SITUATIONS. HOWEVER, IN GHANA WE SHOULD NOT PRETEND TO UNDERTAKE COMPREHENSIVE EFFORT AT RESOLUTION OF PROBLEM BUT WE SHOULD BE ABLE, AS AND WHERE APPROPRIATE, TO INCLUDE URBAN ELEMENTS IN OUR PROJECTS. AS AN EXAMPLE, IN CASE OF INTERMEDIATE TECHNOLOGY WHERE ONE PRIMARY PURPOSE IS TO IMPROVE PRODUCTIVITY OF SMALL FARMERS BY PROVIDING THEM TOOLS THEY PREVIOUSLY DID NOT HAVE, IT IS ENTIRELY POSSIBLE THAT GREATEST POTENTIAL FOR PRODUCING SUCH TOOLS WILL BE FOUND IN URBAN AREAS.

5. IN SUMMARY, TO EXTENT THIS MISSION'S MAIN EFFORTS IMPINGE UPON OR HAVE BENEFITS FOR URBAN POOR, THIS WILL BE PRIMARILY SPIN OFF EFFECT FROM PROJECTS AIMED PRIMARILY AT A RURAL AREA GOAL, E.G., RURAL HEALTH MANAGEMENT PROJECT.

6. ONE OF OUR PROJECTS, DISTRICT PLANNING AND RURAL DEVELOPMENT, IS FOCUSING IN VERY LOGICAL WAY ON SMALLER URBAN COMMUNITIES BECAUSE OF THEIR IMPORTANCE AS SERVICE CENTERS, BOTH AS SOURCES INPUTS AND AS MARKETS FOR SURROUNDING RURAL AREA. GROWTH OF SUCH URBAN CENTERS IS ABSOLUTELY ESSENTIAL ELEMENT OF PROGRAM TO DEVELOP RURAL AREAS. IT IS DIFFICULT SEE HOW ANY RURAL AREA CAN DEVELOP IN ABSENCE SUCH GROWTH POLE.

7. SEEMS PROBABLE THAT CONCENTRATION MAIN EFFORTS ON RURAL AREAS WILL PROVIDE GREATER IMPROVEMENT FOR GREATER NUMBER POOR PEOPLE DUE REQUIREMENT GREATER PER CAPITA INVESTMENTS IN SOCIAL OVERHEAD AND IN PRODUCTION FACILITIES TO EMPLOY AND SUSTAIN PEOPLE IN URBAN SETTING. SINCE CAPITAL SCARCE FACTOR THIS IS CRITICAL POINT.

8. AT LEAST IN GHANA, THERE IS ONE SAFETY VALVE FOR THE URBAN POOR WHO COME TO FIND LIFE TOO DIFFICULT IN THE CITY. THIS IS THE SOCIOLOGICAL PHENOMENON OF RETENTION OF CLOSE TIES BETWEEN INHABITANTS OF URBAN AREAS WITH THEIR EXTENDED FAMILIES IN THE TOWN AND VILLAGES FROM WHENCE THEY CAME. EVERY CITY DWELLER HAS HIS OWN VILLAGE TO WHICH HE NORMALLY MAKES REGULAR

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PILGRIMAGES THROUGHOUT THE YEAR, THUS HE PURPOSEFULLY RETAINS A FALL-BACK OPPORTUNITY OF RETURNING TO HIS VILLAGE.

INTERESTINGLY STUDIES HERE SUGGEST MANY URBAN DWELLERS INCLUDING RELATIVELY POOR MAKE REMITTANCES ON REGULAR BASIS TO EXTENDED FAMILY IN VILLAGE.

G. MINISTRY ECONOMIC PLANNING HAS APPROACHED IBRD FOR ASSISTANCE PROBLEM URBAN POOR AND MISSION FEELS THAT BANK IS PROBABLY MORE APPROPRIATE ENTITY THAN AID FOR SUBSTANTIAL HELP THIS AREA. ✓  
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FAVORABLE IN PRINCIPLE BUT  
UNTIMELY IN COUNTRY X



Department of State

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AIDAC

P.O. 11652: N/A  
SUBJ: AID POLICY AND STRATEGY REGARDING THE URBAN POOR

REF: AIDTO CRIC A-500

1. WE BELIEVE THAT AIDIS RENEWED INTEREST IN URBAN PROBLEMS IS OVERDUE. WE ALSO RECOGNIZE THAT URBAN PROBLEMS HAVE WIDELY DIFFERING IMPLICATIONS IN THE VARIOUS LDC' WITH RESULTING LOCAL PERCEPTIONS.

2. IN TANZANIA THE SITUATION IS AS FOLLOWS:

- A) OVER 90PERCENT OF THE POPULATION IS ENGAGED IN AGRICULTURE.
- B) URBAN SLUMS ARE SMALL AND NOT POLITICALLY EXPLOSIVE AT THIS POINT IN TIME.
- C) THE SMALL NUMBER OF URBAN POOR ARE BELIEVED BY TANGOV TO HAVE A STANDARD OF LIVING WELL ABOVE THAT OF THE RURAL MAJORITY.

3. THE RESULT IS A CONCENTRATION OF RESOURCES ON THE RURAL AREAS WHICH WE AGREE IS VERY APPROPRIATE. URBAN AFFAIRS HOWEVER ARE NOT NEGLECTED. THERE IS A MINISTRY OF LANDS, HOUSING, AND URBAN DEVELOPMENT. TANZANIAN HOUSING PROGRAMS ARE KNOWN THROUGHOUT AFRICA FOR THEIR INNOVATIVE NATURE. WHETHER TANZANIA WILL BE READY FOR URBANIZATION AS IT OCCURS IS ANOTHER MATTER.

NEUTRAL RESPONSE



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PAGE 01 TUNIS 07182 011424Z

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ACTION AID-31

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E.O. 11652: N/A  
SUBJECT: AID POLICY AND STRATEGY REGARDING THE URBAN POOR

PBR

REFERENCE: (A) AIDTO CIRC A-590; (B) TUNIS 6864

GC

1. HISTORICALLY URBANIZATION IN TUNISIA HAS TAKEN PLACE MAINLY ALONG COAST, WHERE LONG-ESTABLISHED CITIES SERVE AS URBAN GROWTH CENTERS. THEIR RELATIONS WITH AGRICULTURE-BASED ECONOMY OF INTERIOR HAVE FLUCTUATED. AT TIMES INTERIOR WAS RELATIVELY DETACHED FROM CONTROL AND INFLUENCE OF COASTAL CITIES AND POLITICS; AT OTHER TIMES RELATIONSHIPS AND INFLUENCES WERE STRONG. DURING TIMES OF STRONG INFLUENCE, URBAN COASTAL AREAS GENERALLY ATTRACTED POPULATION FROM INTERIOR. TUNISIA NOW IS (AND FOR AT LEAST HALF-A-CENTURY HAS BEEN) INSUCH A PERIOD. RURAL EXODUS TO COASTAL AREAS IS OF MAGNITUDE WHICH CONCERNS GOT FOR TWO INTER-LINKED REASONS: INCREASING INABILITY OF THE LARGE URBAN CENTERS (TUNIS, SFAX, SOUSSE, ETC) TO ABSORB RURAL IN-MIGRANTS ECONOMICALLY AND SOCIALLY, AND EROSION OF HUMAN AND SOCIAL RESOURCES IN AGRICULTURAL COUNTRYSIDE.

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2. GOT HAS LAID DOWN NUMBER OF POLICIES TO COPE WITH PROBLEM. MAINLY THEY INVOLVE ACTIONS IN INTERIOR AND COASTAL HINTERLANDS TO INCREASE QUALITY OF ECONOMIC AND SOCIAL LIFE THERE. EITHER AS PART OF ITS OFT-ENUNCIATED RURAL DEVELOPMENT POLICY, OR THROUGH COROLLARY ACTIONS, GOVERNMENT: (A) SEEKS TO EXTEND RAGNE AND QUALITY OF SOCIAL INFRASTRUCTURE IN COUNTRY-SIDE, INCLUDING REMOTE AREAS OF DISPERSED POPULATION, AND (B) MAKES EFFOTT TO INCREASE AND DIVERSIFY RANGE OF ECONOMIC ACTIVITY IN RURAL



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PAGE 02 TUNIS 07182 011424Z

AREAS IN ORDER TO REDUCE ECONOMIC MOTIVATION FOR RURAL EXODUS. CONCERNING (A), CONSTRAINTS INCLUDE PROBLEM OF WIDELY DISPERSED POPULATION BASE IN RURAL AREAS TO BE SERVED, INFLEXIBILITIES IN ADMINISTRATION AND MANAGEMENT, AND LACK OF SUFFICIENTLY TRAINED TECHNICAL STAFF TO CARRY OUT SOCIAL PROGRAMS. CONCERNING (B), CONSTRAINTS INCLUDE SLOWNESS OF LAND REFORM, LACK OF UNTAPPED SOURCE NEW ARABLE LAND AVAILABLE FOR CULTIVATION, PROBLEMS OF ORGANIZATION AND SUPPORT OF VARIOUS AGRICULTURE EXTENSION AND SERVICE FUNCTIONS, AND LACK OF ECONOMIC BASE FOR ENCOURAGING INDUSTRIAL GROWTH IN INTERIOR OR OTHER EMPLOYMENT GENERATING ENTERPRISES.

3. URBAN/RURAL DEVELOPMENT ISSUES MERGE IN TUNISIA AT LEVEL OF SMALL INTERIOR VILLAGE OF SAY 2,000 TO 7,000 POPULATION. IF WAY CAN BE FOUND TO PROMOTE PRODUCTIVE ENTERPRISES AND PROVIDE EFFECTIVE SOCIAL SERVICES AT THIS LEVEL, GOV EFFORTS TO STEM RURAL EXODUS CAN BE STRENGTHENED. AT MOMENT PROSPECTS ARE NOT ENCOURAGING BUT FOCUS ON THIS PROBLEM IS ONE ELEMENT USAID RURAL DEVELOPMENT STRATEGY NOW IN DESIGN STAGE.

4. GOVERNMENT HAS INCREASED OVER LAST FEW YEARS NUMBER OF MUNICIPALITIES (COMMUNES) WHICH EXERCISE MODICUM OF CONTROL OVER MUNICIPAL AFFAIRS WITHIN CONTEXT OF DELEGATION AND PROVINCE. GOV ALSO HAS MAINTAINED PACE OF ORGANIZATION OF CELLS OF DESTOURIAN SOCIALIST PARTY (PSD) EVEN IN REMOTE RURAL AREAS. EXISTENCE OF PARTY CELL THEORETICALLY GIVES INDIVIDUAL SENSE OF PARTICIPATION IN REGIONAL AND NATIONAL AFFAIRS, AND CAN SERVE TO VENTILATE FELT NEEDS OF POPULATION.

5. IN LARGER CITIES, POVERTY EXISTS, BUT NOT ON OVERWHELMING SCALE, AND ECONOMIC AND SOCIAL TEMPO OF CITIES APPEARS RELATIVELY GOOD. ABSORPTION RURAL EXODUS IN URBAN ECONOMY AND MILIEU IS, HOWEVER, NAGGING PROBLEM. PROBLEMS INCLUDE LACK OF SKILLS AMONG RURAL MIGRANTS, HOUSING, SOCIAL SERVICES AND JOBS.

6. THERE IS GROWING INTEREST BY TUNISIAN SOCIAL SCIENTISTS IN AREA WHERE SOCIOLOGY, DEMOGRAPHY, URBAN AND RURAL DEVELOPMENT, ECONOMIC HISTORY, AND POLITICAL AND ADMINISTRATIVE SCIENCES OVERLAP. ESPECIALLY NOTEWORTHY ARE SCHOLARS ASSOCIATED WITH CENTRE D'ETUDES ET DE RECHERCHES ECONOMIQUES ET SOCIALES (CERES); SEE CENTER'S REVUEU TUNISIFNNE DE SCIENCES OCIALES, WHICH



# Department of State

# TELEGRAM

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PAGE 03 TUNIS 07182 011424Z

FREQUENTLY CARRIES ARTICLES ON MATTERS RAISED IN REFCIRC. USAID HAS HAD CONTACTS WITH CERES ABOUT MATTERS OF JOINT INTEREST. ANOTHER ENTITY, GROUPE 8, HAS PUBLISHED UNDER GOT AUSPICES NUMBER OF EXCELLENT STUDIES, USING MAPS AS ANALYTICAL AND EXPOSITORY DEVICE. TUNISIAN SOCIOLOGIST ASSOCIATED WITH CERES, DR. ABDELKADER ZGHAL, CURRENTLY IS IN FRANCE TO SERVE AS EDITOR OF THIS YEAR'S ANNUAIRE DE L'AFRIQUE DU NORD, WHICH WE UNDERSTAND WILL BE DEVOTED TO RURAL AND URBAN DEVELOPMENT. IT IS LIKELY THAT TUNISIAN SCHOLARS WILL INCREASINGLY FOCUS ON REGIONAL - RURAL AND URRAN - DEVELOPMENT, AND THAT USAID, THROUGH COLLABORATION WITH GOT UNITS CONCERNED WITH RURAL DEVELOPMENT, WILL BE ABLE TO ESTABLISH SCHOLARLY LINKS WITH THEM.

7. IT IS IN CONTEXT OF PROPOSED RD PROJECT THAT USAID INTENDS TO COLLABORATE IN MATTERS BEARING ON URBAN DEVELOPMENT. PLACES LIKE SILIANA, MAKTHAR, AND ROHIA ARE URBAN ENTITIES OF DIFFERENT SIZES AND DEGREES OF DIVERSITY WHICH HAVE ROLE TO PLAY IN DEVELOPMENT OF SOUTHERN SILIANA PROVINCE, AND WHERE APPROPRIATE DEVELOPMENTAL INTERVENTIONS MUST BE PROGRAMMED TO ENSURE SUCCESS OF ANY RD EFFORT IN THAT ZONE. IN ADDITION, USAID DEVELOPING PID FOR PROJECT IN NON-FORMAL TRAINING FOR WOMEN. PROJECT BEING DEVELOPED IN COLLABORATION TUNISIANNATIONAL WOMEN'S UNION (UNFT) WHICH MAINTAINS APPROXIMATELY 300 WOMEN'S CENTERS IN BOTH RURAL AND URBAN AREAS. USAID HAS ALSO PROPOSED SMALL EXCESS CURRENCY PROJECT IN COMMUNITY DEVELOPMENT (SEE REF B) IN CONJUNCTION SUBURBAN HOUSING DEVELOPMENT PROGRAM FINANCED IN PART BY PREVIOUS H.I.G. AND NEWLY CONTEMPLATED H.I.G. FOR FY 1976.  
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Department of State

TELEGRAM

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PAGE 01 GUATEM 06413 142215Z

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ACTION AID-59

INFO OCT-31 DES-05 FB-07 IGA-01 L-03 1070 W

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UNCLAS GUATEMALA 6413

AIDAC

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F.O. 11652 NA

SUBJ: AID POLICY AND STRATEGY REGARDING THE URBAN POOR

REF: AIDTO CIRC A-590

SUMMARY - WHILE SEVERAL OF ROCAP'S ACTIVITIES IMPACT ON URBAN POOR, WE ARE CONCERNED THAT EFFORTS TO STUDY AID'S ADDRESS TO URBAN POVERTY WILL DILUTE OUR APPROACH TO THE HIGHER PRIORITY PROBLEM OF RURAL POVERTY. WE BELIEVE HIGHER PRIORITY ATTACHES TO THE RURAL PROBLEM BECAUSE THE URBAN POOR HAVE GENERALLY GOTTEN MORE ATTENTION FROM GOVERNMENTS.

1. IT SEEMS ALL AGREE THAT MANY AID EFFORTS NOW SUPPORT IMPROVEMENTS IN THE LOT OF THE URBAN POOR, AND THAT THE RURAL AND URBAN DEVELOPMENT FRAMEWORK INVOLVE OVERLAP.

SEE E.G. PAGE 22 OF HOUSE COMMITTEE PRINT "IMPLEMENTATION OF NEW DIRECTIONS IN DEVELOPMENT ASSISTANCE";

PAGE 104 (PART 2), HEARINGS BEFORE THE SUBCOMMITTEE ON FOREIGN OPERATIONS ON FOREIGN ASSISTANCE AND RELATED AGENCIES APPROPRIATIONS FOR 1976; PAGE 2, REPAIR.

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PAGE 02 GUATEM 25413 142215Z

2. IN THE CASE OF RORAP, OUR PRESENT AND PROJECTED PROGRAM SIGNIFICANTLY IMPACTS ON URBAN AS WELL AS RURAL PROBLEMS. EXAMPLES INCLUDE OUR NUTRITION PROJECT WHOSE BENEFITS ARE BY NO MEANS TO BE WITHHELD FROM THE URBAN POOR, THE CURRENT HIG PROGRAM WHICH CONTAINS A SUBSTANTIAL LOW COST HOUSING ELEMENT, OUR SUPPORT FOR ECONOMIC ANALYTICAL ACTIVITIES BY SIECAI, OUR SUPPORT OF THE AGRIBUSINESS ACTIVITIES OF LAAD, OUR PROPOSED WHOLESALE MARKETS LOAN, OUR TRANSFER OF TECHNOLOGY PROJECT, ETC.

3. OF COURSE, RORAP IS NOT A BILATERAL MISSION AND ITS PROGRAMS ARE RESPONSIVE PRIMARILY TO THE US INTEREST IN FURTHERING REGIONAL INTEGRATION. IT IS CLEAR IN ANY EVENT THAT URBAN POOR DIMENSIONS CAN BE FOUND IN MANY OF THE ONGOING AND PROPOSED PROGRAMS OF BILATERAL MISSIONS AS WELL. //

4. THE URBAN POOR HAVE HISTORICALLY RECEIVED GREATER ATTENTION BY GOVTS: BECAUSE THEY ARE GEOGRAPHICALLY CONCENTRATED, THEY ARE MORE EASILY ORGANIZED; THEY LIVE NEAR POWER CENTRES AND THE ELITE. THUS, THEY ARE USUALLY FAR MORE POTENT POLITICALLY THAN THEIR RURAL COUNTERPARTS. THEY ARE ALSO MUCH EASIER TO REACH WITH SOCIAL SERVICES. SUSTAINED MIGRATION TO THE CITIES TENDS TO CONFIRM THIS GENERAL THESIS.

5. AGAINST THIS BACKGROUND, WE ENDORSE THE CURRENT AGENCY FOCUS ON THE PROBLEMS OF THE RURAL SECTOR. WE THINK THIS FOCUS IS EASILY SUSCEPTIBLE TO BEING DIVERTED OR DILUTED, AND SHOULD BE PROTECTED AND EMPHASIZED. THE ELABORATION OF POLICIES AND STRATEGIES WHICH HAVE AS THEIR FOCUS THE URBAN SECTOR (AND THE POOR WHO LIVE IN IT), AND THE PERHAPS INEVITABLE DEVELOPMENT OF AN AGENCY INFRASTRUCTURE TO PURSUE SUCH POLICIES AND STRATEGIES, RUNS THE SERIOUS RISK OF DIVERTING OUR ATTENTION, EFFORTS, TIME AND MONEY FROM THE IMPORTANT AND DIFFICULT PROBLEMS OF THE RURAL SECTOR.

6. WE SUPPORT THE ADMINISTRATOR'S RESERVATIONS ABOUT ADOPTING AS A PRIORITY A FOCUS ON THE URBAN SECTOR. SEE PAGE 301, HEARINGS, SUPRA. HE NOTED (PAGE 104) THAT

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# Department of State

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PAGE 03 GUATEM 06413 142215Z

AID CAREFULLY SELECTS OPPORTUNITIES TO ADDRESS THE NEEDS OF THE URBAN POOR IN AGENCY PRIORITY SECTORS THROUGH PROJECTS SUCH AS FUNDING SITES AND SERVICES FOR LOW-INCOME HOUSING IN URBAN AREAS, CONSTRUCTION OF PUBLIC MARKETS, CREDIT PROGRAMS FOR SMALL INDUSTRY, ETC. WE SHOULD CONTINUE TO DO SO. NEVERTHELESS THE DEVELOPMENT OF POLICIES, STRATEGIES AND ADMINISTRATIVE INFRASTRUCTURE (IN AID/W AND THE FIELD) TO ENSURE THIS SELECTION, OR EXPAND IT, MAY EASILY OUSCOPE OUR AND OUR COUNTERPARTS' FOCUS ON A CONSTITUENCY THAT HAS UNTIL RECENTLY GONE BEGGING.

7. IN SHORT, WE SUPPORT A POLICY AND A STRATEGY WHICH ACKNOWLEDGE AND RATIFY WHAT AID DOES NOW, AND WHICH DO NOT PROPOSE CHANGES. WE OUGHT TO HAVE MADE FAR MORE PROGRESS ON THE RURAL POVERTY PROBLEM BEFORE WE CONSIDER SUCH A SHIFT. UNTIL THAT TIME, THE URBAN SECTOR'S CLAIM ON OUR SCARCE RESOURCES SHOULD BE LIMITED. HARRISON. MELOY

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Tab C

1. AIDTO CIRCULAR A - 590: "AID Policy and Strategy Regarding the Urban Poor
2. Some Considerations in Developing an AID Policy and Strategy Regarding the Urban Poor -- A Draft Statement (TA/UD, October 6, 1975, 40 pp.)
3. The Task Ahead for the Cities of the Developing Countries, World Bank Staff Working Paper No. 209, July 1975 (77 pp.). Because of bulk and logistics, the World Bank paper was not included in this circulation. It is available from TA/UD (ext. 22968-9) on request and has been circulated previously to all bureaus and offices in connection with discussion and drafting of the Circular Airgram and TA/UD "Draft Statement" above.

REF ID: A66888

# DEPARTMENT OF STATE

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TO - AIDTO CIRCULAR A-- 590

FROM - AID/W

SUBJECT - AID Policy and Strategy Regarding the Urban Poor

REFERENCE -

### I. Action Requested

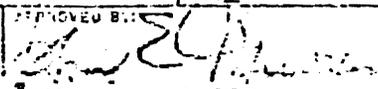
AID/W is developing a policy and strategy regarding the urban poor. Your views are needed. Please send an airgram or cable reply to reach Washington NLT November 20. AAC discussion of the issues will take place in late November or December.

### II. Discussion

The "poor majority" in developing countries obviously includes poor people regardless of where they are located on the national landscape. AID's focus under the congressional mandate on both food production and the poor majority has led us, correctly, in the past several years to concentrate first attention on the small farmer. Clearly, this approach must remain the core of our program. However, we must also be concerned, as a number of missions are now, with that substantial proportion of the poor majority who work or seek work off the farms. This means that AID's policy and strategy need to encompass the problems and opportunities of the poor majority in towns and small cities, and also in great metropolitan centers. The amendments proposed for the FAA this year by the House International Relations Committee as part of sections 103, 105 and 106 underscore this point. During the course of the House

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DRAFTED BY SHB/ctf/field/AA TA:DLion/LA/DR:md	OFFICE AA/TA	PHONE NO. 28475	DATE	APPROVED BY  J. Murphy, A/AID
AA/LEG:D.Merrill(draft) CC:KVanmarner(draft)	AA/ASIA:MAlder(draft) ASIA/CCD:AJacobs(draft)	AFR/DP:Rhuesman(draft) AFR/DP:EDonoghue(draft)		

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International Relations Committee markup, the point was clearly made that in carrying out the Congressional mandate, appropriate concern should be given to programs that effect the lives of urban as well as the rural poor. This concern results, in part, from the inputs of new members of the Committee from large urban areas in the United States.

For some months AID/W has been sorting through the conceptual and programming implications of various strategies regarding the off-farm elements of the poor majority, viewed in either the rural development or urban development framework. There is, of course, substantial overlap between the two frameworks. We are now at a stage in which field mission inputs are necessary before we proceed further with AID policy and strategy regarding the urban poor segment of the poor majority.

A draft of a preliminary paper entitled "Some Considerations in Developing An AID Policy and Strategy Regarding the Urban Poor," is attached for your use. It discusses many, but not all of the elements and issues as well as some broad choices for action which should be scrutinized. It has been developed as a preliminary paper by the TA Bureau's Office of Urban Development (TA/UD) with the collaboration of an AID/W working group.

From the same group you will also find attached for your information a deliberately wide-ranging list of notional programs and projects, a number of which are likely to prove relevant in specific countries under our broader focus on the poor majority, whether from the framework of urban development or of rural development. Also attached is the World Bank Staff Working Paper No. 209, "The Task Ahead for the Cities of the Developing Countries." In addition, your attention is called to the present AID policy determination on urban development, PD-54, and to Shelter Sector objectives, PD-55.

Activities impacting on the portion of the poor majority of concern in this paper can be funded under Section 103 through 107 and Sections 221, 222 and 223 (Housing Investment Guarantees) of the FAA, depending on their nature and the location of the segment of the poor majority which will benefit. In this regard the House and Senate versions of the FAA contain a proposed Section 106 which would provide among other things that to the extent authorized by Sections 103, 104 and 105 of the FAA, assistance may be provided for "Programs of Urban Development, with particular emphasis on small, labor-intensive enterprises, marketing systems for small producers, and financial and other institutions which enable the urban poor to participate in the economic and social development of their country."

The following points may help provide a context for your consideration of AID policy and strategy regarding the urban poor:

1. Any AID policy and strategy must be broad enough to relate to the varying circumstances encountered from one country to another. However, this does not imply that AID will carry out programs to assist the urban poor in all AID assisted countries.

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2. We will rely on field mission initiative for country-level policy application as well as for mission-managed project identification and development.
3. We do not expect much increase in field projects under the final policy guidance until FY 1978.
4. We do not envision a general, massive capital assistance program for large metropolitan centers which will divert AID attention and resources away from rural development. Housing guarantee will be a significant component of the capital resources available to support of programs to assist the urban poor.

I know that you have tight deadlines and a heavy workload. I also recognize that this is a new subject for policy and program attention for many of you. Therefore, I would like you to feel free to be selective regarding the questions and issues which you address in your response. Within that guideline the following questions are posed.

- 1) What is your perception of the host country problems regarding the urban poor?
- 2) How are your host country's policies and resource commitments apportioned between rural and urban sectors. In your opinion are the development resources of your country appropriately balanced between program and policies for rural areas and projects targeted especially for the urban poor? What implications does your assessment have for an AID strategy in your country?
- 3) What is the desirable strategic mix of policies/programs which affect the urban poor directly as contrasted with those which affect this group indirectly through the rural sector. To what extent could they be mutually reinforcing?
- 4) To what extent are data and research on urban problems available in your host country? What are priority areas for research, and what is the research capacity? Is research on problems of the urban poor an acceptable area of AID involvement? One issue of potential importance is the different demographic and economic rates at which LDC urban centers may have been growing. Different growth patterns by size of urban centers may have varying implications for LDC or AID policy and strategy re. the poor majority. What in your judgment are the implications of the different growth rates by size of urban centers for the relative emphasis that should be placed by the LDC's and by AID on programs in big cities, medium and small urban centers?
- 5) Does your assessment of your host country's priority needs lead to the conclusion that a shift of AID resources to include a focus on the urban poor is needed? If so, what degree? Should it be done within current levels? What would be your judgment as to the extent to which AID activities in your host country designed to help the urban poor should be within the context of nutrition, health and education, as compared with directly productive

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activities or other sectors? What is your appraisal of the relative needs for capital projects, Housing guarantees and technical assistance? In this regard, should AID marshal its capital development efforts into a few large projects (such as a substantial housing investment guarantee credit) in order to provide sufficient leverage for promoting the kinds of urban policies in which AID is interested or can significant urban policy changes and development be achieved with technical but no capital assistance, or through small carefully targeted and easily replicable projects?

- 6) If your country has or is contemplating a new Housing Investment Guaranty credit, what do you think about combining this resource with some of the resources from the three priority areas (e.g., non-formal job training, paramedic clinics, rural production-urban consumption cooperatives) in an effort to develop a more comprehensive approach to addressing the problems of the urban poor?
- 7) To what extent does your host government's and your mission's present and planned program strategy already benefit urban poor, either across the board or in different size urban places? If possible, cite specific examples.
- 8) How significant to their present problems in your host country or in general is the lack of cooperative type or community institutions in which the urban poor participate and through which they try to gain access to productive resources, services and local government processes?
- 9) What points in the preliminary staff paper and the IBRD Staff paper do you feel merit special AID attention in developing a policy/strategy paper?
- 10) What types of additional mission or backstop staffing, if any, would you require if your program expands into this area?
- 11) What have we overlooked? What other comments, proposals or questions do you wish to put forward?

Cable Room: Please send to List G--Send only one copy of attachments to each Mission

Add(without attachments):

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FFP  
OPA  
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ANNEX III

ACTIVITIES FOR NEW POINTS OF INTERVENTION

ACTIVITIES FOR THE NEW POINTS OF INTERVENTION

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Of nine underlying factors of urban development, three emerged as having the most influence, not only on the functioning of the urban environment, but also on the linkages in national development. They are: perception and leadership, manpower, and information.

According to the analysis, they create primary bottlenecks in and constrain the urban development process. Consequently, they have been selected as the critical points of intervention or targets for Agency action.

The most serious bottleneck is perception and leadership. This refers to perceptions and attitudes on the part of leaders and resource allocators at all levels in developing countries. It includes sensitivity to urban problems, awareness of the city as a complex subsystem within the national environment, understanding of the essential interactions between the city and its hinterland (metropolitan or region) and other cities, and a comprehension of the vital role of leadership in addressing the

the problems of urban development.

Manpower, the second problem area, refers to a cadre of skilled professionals and para-professionals in developing countries which understands the basic factors and linkages in urban development and the role of the several professions and disciplines (such as planning, law, administration, finance, and others).

The third problem area, information, is the substance from which other factors (especially the two factors mentioned above) derive much of their sustenance. It includes basic information on urban conditions, problems, and resources in developing countries, access to the literature (case studies and comparative analyses as well as conventional wisdom) and to the results of practical experience and technological breakthroughs, and the institutional capacity to use what is available and to produce and share additional data.

These points of intervention for Agency action were arrived at by a deliberate process of eliciting developing country needs and suggestions, analyzing that information, drawing tentative conclusions, and then testing those conclusions with international urban specialists and with urban specialists and others in the field missions and headquarters of the Agency.

In the specific activities outlined below, there is acceptance of the fact that concentration on these three factors necessarily requires long-term developmental activities. They must be complemented and sustained, however, by other activities which in the short run will address pressing operational problems.

The starting points are (1) an introspective analysis of relevant aspects of the Agency's own experience and (2) an analytical accounting of elements of the U.S. domestic urban experience having educative value for the Agency and other countries. The outreach element is geared largely to (3) development of an international network of resources and (4) encouraging innovative international collaboration. These aspects of the program will offer considerable "feedback" benefit to U.S. domestic programs.

#### Specific Activities

1. Analytical Accounting of U. S. Experience in Urban Development.
- 

It is accepted that the United States must approach this field with humility and with few exportable models. Nevertheless, there is much in selected areas of U.S. experience that can be instructive to developing countries -- for example, urban renewal, model cities, costs and benefits of high-rise development,

new towns, land use, civic participation, urban finance, environmental impact, waste disposal, water supply, and urban transport.

Information of this kind is in demand. It would provide an appropriate backdrop for an Agency thrust in urban development. It would be useful in confronting shibboleths widely held within the Agency (e.g., "The U.S. has nothing to offer in this area.") and in developing countries (e.g., "If it's Western, it should be emulated."). It would help those who studied in the USA in prior years to catch up on experiences, revisions, and re-directions in U.S. urban approaches and programs which were current during their study here. The results would be of value to the Agency and to U.S. institutions, could encourage other countries to share similar experience, and would provide A.I.D. with a quick and valuable contribution to an information network.

This project would involve an analytical accounting of the U.S. experience in specific areas, including a description of the approach, a discussion of its merits, faults, attendant circumstances, and present status, a consideration of possible applicability in developing countries, and bibliographic references. Work would be carried out under contract by an appropriate U.S. institution with possible professional consultative assistance

where appropriate from selected developing countries.

A workshop or seminar with participation from developing countries would be convened to disseminate the results directly. The results also would be made available through other channels.

The problem area, perception and leadership, would be addressed by this project by making available information of considerable importance and interest. In addition, the project would complement activities 2 and 3 below. Being a one-time investment, it represents an extremely low-risk undertaking for the Agency.

2. Formulation of Urban Development Guidelines for A.I.D. Investments.

*Not done  
at present  
in 1971*

The past and present investments of A.I.D., both capital and technical, have had an impact on urban development. What that impact has been is not known empirically. Approaches to Agency programming have not always dealt adequately with externalities, nor has Agency and other experience been monitored and evaluated in this way.

In order to determine if appropriate sector analysis and project guidelines can be developed to take account of urban development considerations, it is proposed that this be a topic of an early A.I.D. Spring Review. In this forum the feasibility and scope of the project would become an Agency-wide exercise.

The exercise would address initially the critical factors of perception and information; subsequently the manpower factor also would be addressed by this project.

3. Development Research on Practical and Adaptable Approaches to Land Use Analysis and Planning in Urban Development.

*Japan means what?*

This project is based on several considerations: (a) the need for information on and access to operationally significant intermediate approaches; (b) the need to produce short-run results which also would support long-term efforts; (c) the fact that land use <sup>decisions have fundamental impact on</sup> is one of those critical processes at a very basic level of decision making and operation in urban development; and (d) the cross-sectoral impact of land use which can demonstrate, operate on, and increase perception of the linkages in urban development.

Sound application of land use analysis and planning can produce great benefits; lack of it can lead to substantial and sometimes irretrievable loss through locational errors. It is just coming of age in developed countries and it is grossly underused or misused in developing countries.

Land use analysis and planning can be a powerful tool in environmental control, migrant assimilation, area development, urban finance, urban growth patterns, economies of location, and income distribution. As a basic element in the planning process, it can lead to information critical to decision making. It can serve also as an intermediate planning device in medium-sized and small cities where planning skills often are at a minimum.

This project would contract for research and development work into practical, adaptable approaches to the application of land use analysis and programming in developing countries. Project workshops with other donors and LDC representatives would be used to share the results and help foster international collaboration in advancing the state-of-the-art. The research would be complementary to the formulation of urban development guidelines for A.I.D. investments and the analytical accounting of U.S. urban experience.

#### 4. Consortium for International Urban Development.

It is proposed to make 211(d) grants to several institutions to create a consortium of expertise in the U.S.A. and develop a strong U.S. node in a network of resources in urban development.

A consortium would make available the variety of disciplines and approaches which are essential to effective urban development, greater program options for A.I.D. and other participant trainees in urban development, greater flexibility in U.S. technical assistance response capability (e.g., for sector analysis), and a greater number of ready-made linkages with institutions in developing countries. The consortium would have demonstration value as a pilot sub-network. It is felt that cooperation between institutions in urban development is <sup>? particularly important</sup> [potentially great] because of the relatively nascent state-of-the art, the clear recognition of the need for multidisciplinary, cross-sectoral approaches, and the small number of U.S. professionals focusing on urban development in developing countries (which already constitutes a kind of informal network).

<sup>with US institutions</sup> The role of the consortium would be to conduct research related to areas of Agency focus in urban development, develop a capacity for technical backstopping (e.g., USAID mission needs), experiment with curriculum design in urban development with institutions in developing countries, provide training and guest teaching opportunities for professionals from developing countries, exchange students and professors with these institutions, conduct workshops and seminars, and attempt consciously to foster an international network of information and other resources.

The consortium institutions would be required also to develop and administer a program of mini-grant research and backstopping directed primarily toward institutions and professionals of developing countries, including also candidates for advanced degrees who are studying in the U.S.A. and elsewhere. The purpose would be to help generate information needed for policy decisions in specific operational problem areas, maintain and reinforce student involvement in and commitment to their own countries, and develop a cadre of skilled professionals in developing countries.

This activity adds a continuing element of outreach to the three critical areas of concentration, perception and leadership, manpower, and information. It is related closely to the development of an international network of information and resources and the encouragement of innovative international collaboration in urban development (see further, project 6).

5. Fostering of Institutional Capacity in Developing Countries for Problem Solving in Urban Development.

*- 7 of this effort from the 1st part about 9/25/51*

As the A.I.D. effort gains momentum and outreach, it is proposed that a General Technical Support program be developed for specific urban development institutions in developing countries, in order to foster growth in institutional capacity

*about 9/25/51*

and network linkages. Grants to a limited number of institutions in developing countries would provide for augmenting professional staff with needed disciplines and outside expertise, training fellowships for staff improvement, sponsorship of local, regional, and international conferences and workshops, research funding in critical areas, and equipment for research and information sharing.

These grants could be administered under a contractual arrangement with one or more of the consortium institutions, strengthening further the linkages in the network of resources.

The critical factors of perception and leadership, manpower development, and information would be served through this project. It would be related to the development of an international consultative mechanism for network development (see proposed project 6). Some donor organizations already have indicated an interest in such collaborative efforts and would be involved appropriately.

6. International Consultative  
Mechanism for Network Development.

Part of the rationale for the foregoing activities is to find ways of overcoming a principal constraint everywhere -- namely the lack of established channels for systematic development

and exchange of experience, information, research, and curriculum planning in urban development.

The climate among donor organizations for specific and collaborative arrangements for network development is excellent. Most major donors are engaged concurrently in in-house urban development policy analyses; the IBRD and OAS already have made policy determinations. Last year informal efforts were made to coordinate urban development activities using the UN Centre for Housing, Building, and Planning as the clearinghouse.

The rudiments of a network of donors exist. It is proposed that A.I.D. take an activist role among donor agencies, seeking to create a consultative mechanism for the joint development of an international network of resources.

\* \* \* \* \*

Substantial improvements can be achieved in urban development with a relatively modest Agency investment in a program which is keyed to critical points of intervention. The foregoing activities would require technical assistance expenditures of approximately \$600,000 in FY 1973 and \$2.0 million of FY 1974. No new capital resources are recommended at this time. Some repackaging of capital assistance earmarked for urban areas would be in order eventually -- that is, along urban development sector lines and/or in terms of investment guidelines that might be developed.