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INFO

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TO: AID/W TOAID A 353

13 p.

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FROM:

USAID Office
CIVIL DEV

SUBJECT:

Urban Development PPP

REFERENCE:

DATE SENT

9/23/69

PRIMARY PROJECT PROPOSAL (PPP)

COUNTRY: **GUATEMALA**

Project No. 518-15-89-096.3

Project Title: **Urban Development**

U.S. Fiscal Year: **FY 1970 through FY 1972**

Annual Implementation Plan: **FY 1970 through FY 1972**

Grant Title or Project Financial requirements:

80W
OTHER AGENCY
State
INT

U.S. dollars	418,800.00
U.S. owned local currency	0
hosting country cash contribution	80,000.00
Other donor	0
Totals	498,800.00

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PHONE NO. **220** DATE **9/15/69**

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A. SUMMARY DESCRIPTION1. Necessity and Justification

Ecuador, though predominantly a rural country (64%) has been and will continue to experience an increasing population concentration in its urban centers. While the population of the entire country has increased at an average annual rate of growth of 3.4% over the 1950-1962 period, the urban population has increased at a rate of 4.5%. This has caused the following critical problems for the urban sector:

- a) Municipal governments can no longer meet infrastructure and administrative demands;
- b) Employment opportunities are lagging behind available work force (e. g. employment in modern manufacturing increased by 2% p. a. since 1957 as against an annual growth in work force of more than 3%).
- c) Real income of wage workers in manufacturing has been stagnant for at least a decade and in some cases is believed declining (e. g. using as index 1956:100; 1957:99.8; 1961:90.4; 1965: 94.4). ^{1/}
- d) Urban sprawl with associated breakdown in community organization and communications has caused total isolation of vast numbers of urban dwellers (e. g. urban Guayaquil has grown from 1,129 hct. in 1952 to 2,611 hct. in 1960).

These problems are particularly evident in Guayaquil, Ecuador's largest and most economically active city. Much of the population of Guayaquil ^{2/} is miserably housed, and poorly fed, clothed and cared for medically. Moreover the municipality and the nation lack funds to meet public urban needs such as water supply and sewerage or to make other significant efforts to improve living conditions in the slums.

Unless the poorer segments of Guayaquil's population are helped more to improve their living conditions and unless they feel that it is within their power, with a degree of outside help, to make significant improvements themselves, the social situation in Guayaquil will become increasingly explosive.

^{1/} Recent Trends in Ecuador's Manufacturing Sector, August 1968, Clarence Zuvekas, Chief Economist, USAID/E, page 18.

^{2/} In 1950 Guayaquil's population was estimated at 258,966; by 1962, it had grown to 510,864--total increase of 97.3%; annual % increase 5.82. It is estimated that some 300,000 people are currently living in the unurbanized peripheral slums of Guayaquil (los Barrios Suburbanos). An undetermined slum population also resides in the central city.

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2. Project Goals and Targets

The major goal of this proposed project will be to assist Ecuadorean entities in their efforts to deal effectively with the social-economic development problems associated with the growing urban centers of the country.

Of special concern will be to make a perceptible impact by way of bettering the living conditions and prospects of the poorer residents of Guayaquil, and possibly later, of other cities. This will be done by identifying relevant national and local institutions and assisting them to develop and implement strategies for:

- a) Increasing local entrepreneurship and employment for the poorer segments of the urban society;
- b) Increasing local self-help participation in programs of urban development;
- c) Improving the urban planning capacity of communities especially in dealing with the poorer segments of the community.

3. Minimum Level of Output

A statement of minimum levels of output would be premature at this stage. However, it might be said in general, that the main purpose of the project is not to provide welfare type care for the slum dwellers, but to increase their capacity to help themselves directly and through increased employment opportunities. To the extent any element of the community level work of the project is not moving in the direction of self-sufficiency, it will be considered ineffective and terminated. Help in urban planning and development, which will naturally go to the city and central governments rather than to the slum-dwellers, will be started gradually and on a small scale and will be continued and enlarged only to the extent that the Ecuadorean agencies concerned appear ready to play a more active and effective role in these areas.

4. General Approach and Plan of Action

It is anticipated that these kinds of self-help efforts will be fomented: self-help in protecting rights and interests and securing public benefits; self-help of a physical type, e.g. digging the ditches for sewer pipe to be laid by the city; and self-help in obtaining needed commodities at lower prices.

The project would involve an expansion of community level group motivation experiences and leadership training along the lines of, if not under, the Leadership Training project. (See Civic Development PROP, TOAID A-284.) This would be followed up, as in some cases under Civic Development (so far predominantly in rural areas), with assistance to the members of communities in organizing themselves to do whatever needs to be done. Sometimes such organizational efforts will take on a formal structure, as in the case of cooperatives. In other cases, they might be

more informal and ad hoc, as in the case of neighborhood improvement efforts or movements to protect property rights or request public assistance.

Consumer cooperatives may be an approach to consider, but their feasibility and desirability in the urban context needs to be investigated further. CLUSA has been requested to study the feasibility of this question.

The VESPRA (slum leaders training) program in Puerto Rico could serve as a model in many aspects for the self-help promotion effort. (See Meridan Bennett, VESPRA, A Voluntary Program for Puerto Rican Slums, Report to OEA, May 1967.)

The primary assistance to increasing employment opportunities could be through a government-to-government loan for small business credit, but grant assistance will be provided: 1) to identify and work out promising small business possibilities; 2) to provide motivation through achievement-oriented training using the techniques developed by David McClelland, (see McClelland and Winter Motivating Economic Achievement, Free Press of Manhattan); 3) to provide such technical assistance as may be needed to get businesses started or to help them expand or keep going; and 4) to provide the training needed to run businesses well, in such fields as bookkeeping and procurement, and possibly specific production techniques.

The urban planning effort will start with some limited assistance to the National Planning Board in its initial study of urban problems in Guayaquil. It is hoped that this experience will ultimately help the National Planning Board to focus on broader concerns for the orderly growth of cities and ways it could relate to these problems. If the agencies involved in this initial effort prove responsive, support will be increased to include such things as materials and equipment, training for officials, more extensive technical assistance and help (largely loan) in implementation of specific plans.

B. ENVIRONMENT

We believe that the problem described in the Necessity and Justification section is sufficiently evident and widespread in the developing world to obviate the necessity for further analysis at this time. An extensive as well as intensive exposition will be supplied in the PROP. Urban Leadership in L.A. Report of Bageton Institute of Politics to USAID, April 1964.

It is understood that the issues associated with an urban development program may not be attractive to the more traditional sectors of the Ecuadorean society. AID's involvement will ultimately depend on the cooperation and participation demonstrated by the Ecuadorean entities concerned.

C. STRATEGY

1. General Frame of Reference

Since the submission of the Land Reclamation IRR in March of 1969, USAID/E has been taking further steps in the identification of various aspects of the problems of urban development. Attached to this PPP is a listing of documents indicating the course the Mission has been following in the development of a program. One of the critical issues that must be kept in mind in this strategy is the political implication of an urban development program for Guayaquil.

This Mission has had a continuing dialogue with the Municipality since 1964 and has seen at least eight Mayors pass through the Municipal Palace. We are well acquainted with Mayor Bucaram and have been involved in several minor projects with him since his election in mid-1967. Although an honest, industrious individual, he is most zealous in guarding what he considers the political aspects of his administration. It has been determined that anything that may touch the political aspects of his administration must be dealt with in a very cautious manner.

An example of this problem was the reorganization of the Comité de Rehabilitación y Urbanización de Barrios Suburbanos of Guayaquil, formerly an autonomous agency of the central government. In July of 1967 it was established to develop the physical and social infrastructure of Barrios Suburbanos. It was given 10% of the service monetary surcharge, which last year amounted to S/. 50,000,000. By November 1968 this entity was abolished by the National Congress in a political move backed by the Mayor; its functions and resources were absorbed into the Municipality of Guayaquil.

As a result of this concern, the Mission has had only low-keyed discussions with principal professionals associated with the Municipality, such as the Director of City Planning and members of the Faculty of Architecture of University of Guayaquil (onetime advisors to the Municipality). During these discussions, urban planning technical assistance was both requested and offered. The assistance considered would be to help the Municipality review a proposed General Plan (see D. Driver's Report, May, 1969). It had been hoped that the individuals contacted would bring this interest to the attention of the Mayor for official negotiations. Unfortunately, the individuals were not able to discuss the matter with the Mayor.

More recently a representative of the National Planning Board visited us to determine the Mission's interest in further discussion on a Tudor-type proposal for Guayaquil. During the session it was made clear that we wanted to reconsider the urban development alternatives for Guayaquil in light of the amount of time elapsed since the completion of the study, and the rapid growth of the city. As a direct result of this concern the National Planning Board has appointed a commission to study the

urban problems of Guayaquil.

During the first session of this commission USAID/E submitted an extensive list of questions which the National Planning Board agreed to consider. Later in July the National Planning Board's representative in Guayaquil discussed with Mayor Bucaram and the City Council the possibilities of a cooperative study effort of Guayaquil. Though all agreed to this idea, the Mayor was somewhat cool on the idea of restudying urban programs he considers already acceptable and in progress.

The National Planning Board continued to encourage USAID/E to contract the services of a competent urban planning consultant with experience in Latin America. USAID/E selected PADCO (Planning and Development Collaborative) to assist the National Planning Board in its efforts to integrate various physical proposals that have been developed for Guayaquil, identifying future development patterns. PADCO's project will be completed and submitted to the National Planning Board in early December of this year.

In addition to establishing meaningful communication with officials of the municipality and the Ecuadorean Government, the Mission has been trying to update its thinking on the kinds of role it might play in Guayaquil. What kind of skills and background materials do we need to explore alternatives? To this end, Dan Driver of USAID/Panama lent support and developed a report on the actual urban planning situation (See attached report v/9/69). AID/W Engineering obtained the services of Daryl Roberts, hydrologist, who suggested certain modifications to the Tudor proposal (See attached report v/13/69). In addition, the Mission made a 3-month contract with a US civil engineer to review alternative solutions for Guayaquil's Suburbanos. In early July Dr. Mangin was contracted to make recommendations on how a program might be designed to study the low-income settlement patterns of Guayaquil (Mangin, July 4, 1969).

At present, under the auspices of the U.N., a study is being conducted on marginal urban areas in Latin America, including Guayaquil. The information should be made available to the National Planning Board in early 1970.

At the conclusion of the recent visit by Mr. Patrick Crooke, U.N. specialist in low-income areas, it was recommended to the National Planning Board that when the above study and the PADCO effort are concluded, all of the Board's efforts be directed toward establishing a central planning group in that city that would have as its objective the development of Guayaquil. When these three steps have been completed the U.N. would be interested in providing technical assistance to this group for a period of up to 12 man-months.

In addition to the above urban development concerns, the Mission is currently focusing on other facets of an urban strategy. The Mission will be seeking ways to encourage labor intensive industrial development, establishing credit for artisans and developing other methods for improving the employment situation of low-income groups.

2. Suggested Strategy

It is difficult to anticipate the direction an urban development program might take given the political implications. At present USAID/E is anticipating the following strategy:

a) Initial Ecuadorean review of urban problems in Guayaquil under the sponsorship of a commission composed of national and local entities. USAID/E is lending limited technical assistance in the collection of data in order to assist the commission^{to} focus on relevant urban issues.

b) Upon the commission's determination of priorities, USAID/E would study how it might be able to help the City and the National Planning Board implement a program specifically for Guayaquil. USAID's involvement might include a mixed program of some physical development efforts (e.g. loan money for partial dike, drainage ditches, potable water, and other aspects of urbanization), coupled with urban planning technical assistance and in-country training.

The National Planning Board, during this phase, would be developing a cadre of urban specialists capable of assisting other cities in their search for solutions to urban problems. This assistance would not only consider the physical aspects but socio-economic as well.

c) At the same time USAID would seek ways of assisting institutions concerned with the creation of viable community organizations that can confront the problems of low-income neighborhoods. Closely associated with this effort would be developing ways to improve the economic conditions of members of these neighborhoods.

d) A long-range concern of AID would be to assist in the development of a capacity in Ecuadorean entities:

- i) to channel production resources to those lower-income individuals and groups who could improve their earning capacity;
- ii) to deal with the problems of urbanization by carrying out technical assistance programs with municipalities (e.g. urban planning, municipal administration, public works planning) as well as making funds available for municipal development programs.

3. Future Implications of Proposal

As the efficacy of any of these or other possible approaches is demonstrated, efforts will be made, through the Ecuadorean Government and private institutions, to employ them on a broader scale throughout urban Ecuador. In addition to devising trial programs, AID's input will consist of financing personnel and materials needed to carry out pilot projects. Resource inputs by the Ecuadorean Government and private institutions will be sought wherever feasible. During the experimental stages of this program one of the objectives will be to convince Ecuadoreans of the value of nonconventional methods. The stage of the program involving broader application of proven methods will involve substantial Ecuadorean contributions of money and personnel.

Planning for this program is not far enough advanced at this time to give reliable details concerning required financial inputs. This aspect of planning will be taken care of after the National Planning Board's commission has developed a course of action which would also provide USAID/E with needed information on which to base its strategy for future involvement.

4. Alternative Approaches

The purpose of the program is to develop alternative approaches to the existing inefficient, inadequate systems of urbanization.

5. Cooperating Country Leadership

One of the goals of this program will be to involve and interest Ecuadoreans in innovative techniques that respond to the needs of the lower income groups. Thus this program will need to design innovative educational techniques that help develop local leadership as well as technical personnel needed to implement urban programs.

6. Cross Relationships

The comprehensive concern of this effort will require the resources of many of the divisions of the Offices of Social and Economic Development. Technicians from relevant divisions will be called upon for assistance during program design and implementation.

D. PLANNED TARGETS

E. COURSE OF ACTION

More detailed information on this project will be submitted in a PROP to be completed within the next three or four months. During this time plans will be

refined, certain of the above-mentioned alternatives eliminated, the approach to others constructed in more precise details and/or perhaps modified, and new approaches developed. In other words, the project is fundamentally still in the pre-planning stage though some efforts along the lines described above will probably be started before overall plans for the project are presented in PROP form.

The USAID/E strategy to be developed must recognize the necessity for developing new and innovative assistance techniques in dealing with a set of complex, sensitive issues.

ANNEX A: PRELIMINARY PROJECT FUNDING (OBLIGATIONS IN \$000)

~~UNCLASSIFIED PROJECT FUNDING (OBLIGATIONS IN \$,000)~~

PROP Dates

Original

Rev. N°.

Project N°. 51-15-899-096-3

Table 1

Page 1 of 2

COUNTRY: Ecuador

Project Title: Urban Development

Fiscal Years	Ap	L/G	Total	Cont ^{1/}	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	PASA	CONT	U.S.	CONT	U.S.	Ag.	Dir
Prior through Act. FY 1969			-		-	-	-	-	-	-	-	-
Oper. FY 1970			96.8	67.5	11.0	-	59.4	3.6	-	-	14.7	8.1
Budg. FY 1971			172.0	139.0	12.0	-	124.0	6.0	-	-	15.0	15.0
B + 1 FY 1972			150.0	120.0	14.0	-	110.0	6.0	-	-	10.0	10.0
B + 2 FY _____												
B + 3 FY _____												
All Subs.												
Total Life			418.8	326.5	37.0	-	293.4	15.6	-	-	39.7	33.1

^{1/} Memorandum (nonadd) column

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Table 1

Exchg rate: \$1 = 2/

Project N°.

Fiscal Years	AID-controlled	Other Cash	Other	Food for Freedom Commodities 6/		
	Local Currency U.S.- Country- owned owned 3/	Contribution Cooperating Country 4/	Donor Funds 5/ (\$ Equiv.)	Metric Tons (000)	CCC Value & Freight (\$000)	World Market Price (\$000)

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Prior through
Act. FY 1969

Oper.
FY 1970

8.0

Budg.
FY 1971

24.0

B + 1
FY 1972

48.0

B + 2
FY _____

B + 3
FY _____

All
Subs.

Total
Life

80.0

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ANNEX B: MANPOWER ANNEX
MAN-MONTHS

Position Title	FY 69				FY 70				FY 71			
	US	E	US	E	US	E	US	E	US	E	US	E
	DH	DH	CONT	CONT	DH	DH	CONT	CONT	DH	DH	CONT	CONT
1. Specialist IV	-	-	-	-	-	12	-	-	-	12	-	-
2. Specialist III	-	-	-	-	-	12	-	-	-	12	-	-
3. Urban Planning Spec.	-	-	-	-	-	-	18	-	-	-	36	-
4. Urban County Org. Spec.	-	-	-	-	-	-	6	-	-	-	9	-
5. Urban County Org. Spec.	-	-	-	-	-	-	-	12	-	-	-	48

Position Title	FY 72				FY 73				FY 74			
	US	E	US	E	US	E	US	E	US	E	US	E
	DH	DH	CONT	CONT	DH	DH	CONT	CONT	DH	DH	CONT	CONT
1. Same as above	-	12	-	-	-	-	-	-	-	-	-	-
2. Same as above	-	12	-	-	-	-	-	-	-	-	-	-
3. Same as above	-	-	36	-	-	-	-	-	-	-	-	-
4. Same as above	-	-	12	-	-	-	-	-	-	-	-	-
5. Same as above	-	-	-	48	-	-	-	-	-	-	-	-

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