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**AID POLICY AND STRATEGY REGARDING THE URBAN POOR:  
OPTIONS AND RECOMMENDATION**

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**Bureau for Technical Assistance  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
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## I. PURPOSE

The purpose of this paper is to help the AAC members and A/AID make some clear decisions on AID's role regarding the urban poor.

The paper continues from and supplements previous papers and discussions and, therefore, is not comprehensive in its coverage. It reviews matters presented and discussed previously, defines key terms, sketches AID and other donor programs impacting on the urban poor, considers issues which still are unresolved and other matters, sets forth policy and strategy options for the Agency, and recommends a general posture for AID, including some guidance which can assist AID missions and Washington bureaus in planning and programming as the development realities of particular situations require.

In regard to development realities, the theme throughout this paper is that AID should avoid being trapped by arbitrary distinctions, such as rural-urban, rich-poor, politics-economics, and production-welfare, which often obscure reality. Rather, the Agency, within its resource constraints, should work on the key impediments to development of the poor majority which are revealed by analysis of specific country situations. The analysis should indicate what changes will benefit the poor majority and how AID can help effect desirable change.

The preparation of this paper has benefitted from the AAC meeting of December 17, 1975, on this subject, the papers and discussions and comments prior to that meeting; a few written comments after the meeting; the reports of two studies which were commissioned in order to respond to concerns expressed at the AAC meeting; additional information on other donor (bilateral and multi-lateral) programs directed towards the urban poor, and further recent discussions in the Agency.

## II. SUMMARY REVIEW

A series of meetings and papers during 1975 resulted in a staff paper, "Some Considerations in Developing An AID Policy and Strategy Regarding the Urban Poor - A Draft Statement," in October 1975. In that background paper the need for such a policy and strategy was discussed, guidelines for developing policies in this field were set forth, program suggestions were made related to the IBRD typology of countries according to stages of development, and components of an AID policy and strategy were suggested. Appended to the paper was an annotated list of illustrative activities helpful to the urban poor. That background paper was reviewed in AID/W and was sent to field missions for their reactions.

The results of those reviews and of further consultation were incorporated in a so-called pre-strategy paper, "Issues and Approaches Regarding A.I.D. Attention to the Urban Poor," December 9, 1975, which provided the basis for the AAC discussion of these matters on December 17, 1975. The paper discussed five major issues and questions regarding possible AID attention to the urban poor -- namely, its impact on existing Agency priorities, the inclusion or exclusion of large cities, the incidence of benefit between the urban poor and the rural poor, the relevant problem areas, and A.I.D.'s relative preparedness to respond. A framework for policy guidance was outlined, along with organizational and personnel implications and suggested next steps.

Habitat. At the beginning of the AAC meeting, there was a review of U.S. preparations for Habitat and AID's involvement in them. It was suggested that the proposed AID policy and strategy regarding the urban poor might contribute to the U.S. position when it is developed.

Other Considerations. The remainder of the AAC discussion focussed on the impact of a proposed policy and strategy on current AID program priorities, the "productive" and "welfare" aspects of development including the role of the informal sector in generating employment, and the "big city" urban poor in contrast with the "market town and small city" urban poor.

Impact. It was pointed out that present activities in rural development and in population and humanitarian assistance focus on, overlap, and otherwise include and benefit the urban poor quite directly. These activities involve relationships between rural and urban areas which are complex and require more analysis. Moreover and despite statements and efforts to the contrary, it was felt that much of the benefit of AID's programming in the three major priorities accrues directly or indirectly to people in urban areas. A better measure of the impact of current programming was needed, it was concluded.

Two divergent views were expressed. Some felt that, since AID could not be all things to all people, it would be better for AID to deal with the urban aspects of development in ways other than as a discrete program and without fundamental changes in program priorities and resource allocations. Others felt that AID concern with the

problems of urbanization should not be ruled out, not only because urbanization is a major part of the development process and because of the danger of ignoring important strong rural-urban linkages, but also because of the responsibility of the Agency (as a major donor and recognized intellectual leader in the development process) to avoid having too narrow a focus on development.

Production and Welfare. Because it is Agency policy to give primary attention to the productive aspects of development, there was concern expressed that an increased focus on the urban poor would divert Agency attention and resources to welfare-related activities. The pre-strategy paper did not deal with this matter per se, and the discussion did not produce any agreement on what activities might be considered "productive" and "welfare." It was decided that this matter needed further study, and should include the role of the informal sector in creating job opportunities.

Location. Another consideration was whether AID's focus on the urban poor should include those in large cities or be confined to those in market towns and small cities. It was recognized that in current Agency programming rural development programs encompass the poor majority in market towns and small cities and that the activities under the Housing Investment Guaranty program are concentrated in large cities.

While some members thought that AID should encourage other donors to be concerned with the development problems in large cities and not AID, given its limited resources, other members suggested deferring action and seeking additional resources for this purpose in FY 1979 and FY 1980. It was noted that conditions vary from country to country and that reaching the poor majority in large cities might be an appropriate and important objective in some instances.'

Conclusions. The AAC concluded that another paper should be prepared for its consideration addressing the following, inter alia: definition of the important words and phrases; the significance of rural-urban relationships for Agency policies and strategies; the role of PL 480, HIG, and Section 222A in any policy and strategy regarding the urban poor; and optional approaches to the problems of the urban poor, including but not confined to a limited "target of opportunity" approach within current resources, a "welfare" approach using Agency priority programs in health, population, education, and nutrition, as well as the housing program, and a "big city" strategy including assistance with employment, services, planning, and other factors requiring more resources and more time. These matters are dealt with in the remaining sections of this paper.

### III. DEFINITIONS

Following the last AAC meeting it was concluded that imprecise definition of a number of abstract terms was impeding discussion and analysis. The following definitions overlap and are arbitrary. They blur comfortable "either... or" distinctions, illuminate the inter-relatedness of the poor, and are workable.

Urban. The term includes big cities of over 500,000 people, small and intermediate cities of 50,000 to 500,000, and market towns of 2,000 to 50,000. (Excluded are villages and other places with fewer than 2,000 inhabitants.) These places have important economic and governmental links with each other (which hinder programmatic disaggregation) and perform functions which generally are defined as being urban.

Urban Development. This term includes the internal functioning of the urban place in all of its dimensions -- cultural, economic, political, and social -- and the external relationships of the urban place to the surrounding areas, other urban places, and the national economy. Consequently, the phrase, urban and regional development, is considered by some to be a more accurate term.

Rural. The term includes farms, villages, market towns, and regional centers (generally small or intermediate-sized cities) of agricultural areas. The population can vary in size from the single family on a farm to 500,000 people in an intermediate-sized city. All of these elements usually/linked closely by agricultural and non-agricultural economic interests.

Rural Development. This term includes the activities in and the relationships between and among rural places. While agricultural production is the centerpiece of most rural development, the term is much more inclusive, involving also related, supportive, and complementary off-farm, non-agricultural activities and the range of farm-urban linkages within rural regions. For the purposes of AID strategy and operations, rural development is a process by which the poor majority of the rural population is assisted to improve its level of living on a self-sustaining basis.

Agricultural production or employment. This refers to crop production, marketing, and storage in the form crops come off the farm. AID interest is primarily in the poor traditional farmers (especially those without effective access to markets, credit, and technology) and laborers who work on or off farms.

Traditional non-agricultural production. This refers to small-scale production using labor-intensive methods to provide goods and services for farmers or non-farmers in villages, towns, and cities of various sizes. The ILO, IBRD, and others are giving increasing attention to the underutilized development potential of this "informal" or "traditional" sector.

Modern non-agricultural production. This obviously includes the largely capital-intensive industries which characterize so much of the LDC industrial investment over the past generation. Under the current mandate, AID interest in this area has been virtually nil. However, a growing concern for agribusiness and for appropriate technology which usually is designed to be highly employment-creating could alter this situation.

Rural-urban linkages. Included are the activities which form the connecting tissue between cities, towns, villages, and farms. Consideration of these activities reveals how easy it is to be misled by arbitrary dichotomies, such as rural-urban, however convenient they may seem. Examples of such activities and functions are:

- seasonal migration of labor between farms and cities and between towns and cities.
- employment-and income-creating movement of agricultural commodities between farm and cities through marketing, storage, processing, and final consumption.

- the requirement of modernizing farmers for urban markets and the need of traditional producers (e.g., blacksmiths and tailors) in villages, towns, and small cities for farmer purchasing power.
- governmental organizations (e.g., agricultural extension systems and health delivery systems) to provide commodities and services from national, regional, and district centers to farms, villages, and market towns.
- macro policies, such as food grain price levels, which can reveal a conflict of interest between poor farmers and the urban poor.

Urban poor. This term includes those among the poor majority who live or work in urban places. Benchmarks have been developed in the Agency to determine what people in a country are or are not included in the poor majority target group (e.g., less than \$150 per capita income and a diet of 2,200 calories per day or less). Questions about amending these benchmarks to reflect urban realities -- e.g., income needed in a city to offset the lack of ready access to subsistence food which generally is available to the rural poor -- have

been raised. As the World Bank report argues, in identifying the urban poor and assessing their relative poverty, "the stress must be on a careful assessment of the actual bottlenecks and inefficiencies in the situation of the poor."\*

\*International Bank for Reconstruction and Development, "The Task Ahead for the Cities of the Developing Countries," World Bank Staff Working Paper No. 209, July, 1975, p. 39.

#### IV. AID AND OTHER DONOR PROGRAMS IMPACTING ON THE URBAN POOR

The singling out of poor people as an explicit target of foreign aid is a relatively new phenomenon. For a number of reasons, the "poorest of the poor," the "poor majority," the "rural poor," and the "urban poor" are current in the development language, and programs and projects are being designed increasingly to deal with these particular segments of larger, needy populations.

AID already had begun to redirect its programming along these lines, and the process was accelerated and strengthened by the Congressional mandate contained in the Foreign Assistance Act which was passed in December, 1973. Other international assistance agencies also had begun to make similar modifications in their program priorities. The initial thrust emphasized the needs of the "rural poor," not only because of the nature and scope of their deprivation and of the need to increase food production rapidly, but also because of their number. Rural populations far exceed urban populations in most developing countries, except those in Latin America where the division is nearly fifty-fifty in many places. As a result, comprehensive, integrated, and other types of rural development programs and projects have increased their share of development assistance budgets.

The unprecedented rate of rapid urbanization has continued worldwide and has begun to claim increased attention. Some are focussing on reducing the natural increase in population, while others are concerned with stemming the tide of rural-urban migration. There are those who address the internal functional (management and housekeeping) problems of urban places, while others concentrate more on the external systemic (role and relationship) problems of cities in the overall national economy. Whereas urban places are viewed as the engines of development by some, others consider them to be more resource-consuming than resource-producing. It is recognized increasingly that there are strong relationships between rural development and urban development and that one cannot be dealt with to the exclusion of the other.

So it was that Robert McNamara, President of the World Bank Group, devoted a principal part of the address to his Board of Governors last September to urban poverty. So, too, did AID's consideration of what to do about the urban poor begin early in 1975. This is not to suggest that the urban poor have not been helped. On the contrary. Many past and present assistance activities, even though they have not been designed specifically for that purpose, have impacted on the urban poor. Depending on the nature and location of these activities, the impact has been much more direct in some cases than in others.

The Impact of AID Programs on the Urban Poor\*

At the December 17 AAC meeting it was suggested that more needs to be known about the impact on the urban poor of our present programs -- i.e., in the major areas of concentration. In subsequent staff level discussions the scope of this task became clear; it could be the subject of a major research effort. However, given time constraints for AAC consideration of the urban poor issue and the limitations on staff time, the decision was made to (a) attempt a limited study, and (b) seek outside help for this purpose through the Agency's Indefinite Quantity Contract mechanism. Proposals were solicited from five firms and a working group with representation from central and regional bureaus selected American Technical Assistance Corporation (ATAC) for the task. ATAC's final report is attached as Annex I.

It was expected that the ATAC study would be constrained by a number of limitations -- i.e., the very short time frame and, therefore, the need to rely largely on analysis of project documentation rather than on direct observational analysis; the need to draw in-<sup>that</sup>ferences from limited samples; and the fact/impacts on the urban poor had to be determined essentially on an intuitive basis since most Agency projects now are designed and are presented as being responsive primarily to the needs of the rural poor.

\* All AID programs are not included in this discussion. In addition, a fuller discussion of PL 480, HIG, and Section 222A programs is contained in part V of this report. Other issues were discussed earlier in the pre-strategy paper for the AAC meeting last December.

The study, noting these obstacles to definitive analysis, nonetheless produced useful insights into some current Agency programs which are relevant to this policy development exercise.

Despite the rural orientation of current programs, it appears that much of what is done is capable of impacting on the urban poor by influencing their current consumption, capital accumulation, access to services, or exposure to risk -- economic, physical and social. The magnitude and precise nature of such impacts could not be discerned through this study, although some insight was gained into the relative degree of these impacts by sector of project investment. This information came from ATAC's analysis of a representative sample of nine countries encompassing 138 recent and current projects. Based on an assessment in which scoring of project components produced project impact potential ratings of high, medium, low, or negligible, more than 40% of the sampled projects were judged capable of having a medium to high impact on the urban poor (Annex 1, Table III. 3. page III - 14\*).

These findings suggest that much of our current programming has the potential to impact beneficially on the urban poor and could be written-up and documented to take this impact into account.

These findings suggest further the sectoral activities which tend to generate the greatest impact on the urban poor--namely, special development problems and population planning and health.

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\*The figures reported in this table should not be taken literally since the actual impacts were not traced and measured. Some of the projects which scored highly, such as agricultural production projects, might or might not be capable of impacting on the urban poor, depending upon locational, price, and other factors which could not be assessed through this study.

More than 50% of the projects in both of these categories were judged to have a medium to high impact potential on the urban poor. The food and nutrition sector came next in order of impact ranking with almost 40% of those projects estimated to have a medium to high impact. Within each of the major sectors evaluated, projects with a greater emphasis on services, production, and infrastructure were assessed to have greater impact on the urban poor than those with primarily research, policy, and training components. Hence, a rough idea of sectors of greatest impact, the kinds of projects or project components that are capable of producing substantial impact, and general orders of magnitude is given.

The magnitude question was pursued further at an Agency review of the first draft of the ATAC study -- i.e., what is the current level of Agency programming in dollar terms that is capable of a meaningful impact on the urban poor? While the study was not designed specifically to answer this question, the data produced permit some crude approximations.

For example, assuming that the ATAC sample is a rough reflection of the Agency's current programming profile in dollar terms -- and there is some support for this in the ATAC report (see p. III - 12) -- the inter- and intra-sectoral proportions for relative impacts can be applied, for example, to the FY 1976 Congressional Presentation sectoral funding level to gain a crude and tentative estimate of the relative proportion of Agency dollar programming capable of a medium

to high impact on the urban poor. The extrapolation would be as follows:

Potential Expressed in Dollars for  
Medium to High Impact on the Urban  
Poor Through FY 1976 Appropriation  
Request: Extrapolated from  
ATAC Sample

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Sector	Percent of Dollar Funding from ATAC Sample*	FY 1976 Approp- riation Re- quest (\$ millions)	FY 1976 Urban Poor Impact Potential (\$millions)
Food and Nutrition	28%	534	150
Population and Health	90%	180	162
Education and Human Resources	13%	71	9
Selected Develop- ment Problems	75%	45	34

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\* Percentages obtained by adding high and medium percentages by sector from ATAC report, Table III. 4, page III - 15.

While it seems probable that there are actual or potential urban benefits from the programs aimed at the rural poor, who in the city benefits is not clear. Whether the urban poor are prime beneficiaries or only residual gainers from these urban benefits is simply unknown, and AID's experience with the rural poor gives little basis for optimism. The question can be dealt with only through on-the-spot analysis, probably over an extended period. In addition, questions have been raised about trade-offs on the benefits side suggesting possible conflicts of interest between the urban and rural poor in certain areas e.g., food grain and other pricing policies/ <sup>and</sup> redirection of infrastructure and institutional investment. These potential conflict areas, about which little is known, also should be an area for further analysis.

In conclusion, the findings of the ATAC study permit the Agency to argue that its current program profile has the potential to generate an appreciable impact on the urban poor and that new programming initiatives may not be required if it is the intent of AID and of the Congress simply that the urban poor should benefit from the program. However, this approach would call for more in-depth field analysis of urban impacts produced by Agency projects and would necessitate some recognition of urban impacts in project design, documentation and evaluation. It also might require adding elements to projects to take better advantage of the potential for benefitting the urban poor.

## The Attention of Other Bilateral Donor Policies and Programs to the Urban Poor

One aspect of other donor assistance to the urban poor was covered through a survey of OECD/DAC country bilateral aid agencies conducted by U.S. embassies and the U.S. DAC Mission. A review of individual country responses showed a growing but relatively low level of programmatic interest in the urban poor. (See Annex II.) Of the ten country responses, only that of the Netherlands indicated a specific current effort to reach the urban poor. Seven other countries suggested the probability of indirect benefits to the urban poor through their current programming.

More interest was indicated in future policy development and programming in this area. Two countries, the Netherlands and the United Kingdom, are keying their future urban poor policies and approaches to Habitat: United Nations Conference on Human Settlements. The Netherlands currently is reformulating its policy in preparation for Habitat, and the British are awaiting the outcome of Habitat as a basis for firming up or altering their now tentative plans to focus on sites and services and squatter upgrading in rural towns. Essentially, the United Kingdom looks to Habitat to assist in identification of viable means of project implementation in this difficult

field. Canada also is developing a policy and approach for working with the urban poor which emphasize squatter upgrading and sites and services programs. There was some conjecture on the part of the Swedish reporting officer that Sweden will be more involved in projects targeted for the urban poor.

Several countries indicated specific interest in AID's policy development efforts. The United Kingdom and Japan want to be kept informed of developments, and West Germany may initiate an evaluation of the impact of its programs on the urban poor as a result of AID's inquiry.

To summarize, with few exceptions the urban poor have not been a target group in past and current bilateral programs. Nonetheless, there is evidence of a growing donor country interest in developing specific policies and programs that deal with the problems of the poor in towns and cities.

The Impact of International Aid Programs on the Urban Poor \*

In the preparations for Habitat: United Nations Conference on Human Settlements, there has been a great deal of reporting of who is doing what to address the broad spectrum of problems of human settlements. The programs of international assistance agencies and particularly those in the United Nations system have been reviewed accordingly. While the urban poor seldom has been a primary focal point of these reviews, nevertheless, it is possible to get a good idea of the extent to which the problems of the urban poor are explicit targets and the incidence of direct and indirect benefit derived by the urban poor is indicated.

Most of the UN family's efforts related to human settlements in the 1970s have been concerned with shelter, infrastructure, and services. There has been some emphasis on settlement policies and strategies, settlement planning, and institutions and management. Comparatively little attention has been given to land use and public participation. Except for some World Bank and UNICEF efforts, little attention has been given also to financial transfers.

A somewhat cursory review of more than 400 varied project activities in the 1970s, which twenty organizations in the UN system reported to be in the field of human settlements, revealed that nearly two-thirds (256) of them impacted on the urban poor. There were 40 project activities which appeared to have a direct impact on the urban poor, while 58

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\*The data in this section were compiled primarily from a report prepared for Habitat under the auspices of the United Nations Office for Inter-Agency Affairs and Coordination by a consultant, Peter Hansen, Senior Fellow at the University of Aarhus, Denmark. The report is entitled, "Analysis of Programmes of the Organizations in the United Nations System in the Field of Human Settlements," A/CONF. 70/PC/24, December 22, 1975, 132 pages. See excerpt in Annex III.

had an indirect impact. Another 158 project activities seemed to have a limited and quite indirect impact.

It is in the nature of some of the programs of these organizations to be more service-oriented and, therefore, more evidently impacting on the urban poor. For example, of 64 human settlement project activities cited by UNICEF, 42 showed some impact on the urban poor and 17 of them indicated a direct and immediate impact. By contrast, 18 of UNESCO's 29 human settlement project activities appeared to impact on the urban poor; of them, nine were research and study activities and five were institution building and training activities, whose impact on the urban poor probably has been more indirect and limited.

Of the 256 activities which seemed to impact on the urban poor, 45% (114) of them were in the category of shelter, infrastructure, and services. There were 60 (23%) in settlement planning, 33 (13%) in settlement policies and strategies, and 31 (12%) in institutions and management. There were nine each (3.5%) in land and public participation.

It is difficult to arrive at a dollar amount for these project activities. Data on some are partial; on others, not available. For the 40 activities which appeared to have a direct impact on the urban poor, the cost in the 1970's -- that is, actual and planned -- is nearly \$900 million. WHO, the World Food Programme, the World Bank Group, and UNICEF are the "big spenders."

A closer look at the policies and programs of several organizations is instructive.

ILO. While encouraging and favoring the integration of urban and rural development, the International Labour Office recognizes that "public policy must consciously focus on absorbing new additions to the urban labor force at tolerable productivity and income levels." Therefore, ILO's policy/strategy is to (1) encourage informal sector producers by overcoming negative policies, improving access to licenses, new materials, and credit; (2) use urban construction (especially of urban infrastructure) to generate economic development and promote employment; and (3) disperse urban growth to smaller towns and cities.

In terms of specific project activities, most of ILO's efforts are of a research, study, training, and institutional development nature, and result often in guidelines, policies, and plans. These were the characteristics of 18 (of a total of 22) human settlement project activities which ILO reported which seemed to impact on the urban poor. The impact of these activities therefore, tends to be less direct and immediate, although nonetheless important and significant. Included were activities within the broad program on employment planning and promotion with special reference to the World Employment Programme; the occupational safety and health program to improve the working environment, living environment, and skills and aptitudes for work; and the workers' education program.

World Bank Group. Prior to and since McNamara's address last September, a number of task forces and other units have been engaged in an extensive effort to develop policies, strategies, programs, and project activities related to the urban poor. A number of staff working papers have been issued and project development is underway. However, a definitive policy/strategy document has not yet been completed for action by President McNamara and his Board of Governors.

As Annex III indicates, World Bank urbanization project lending began in earnest in FY1971, although it was recognized that earlier lending for other purposes had impacted substantially on urban areas. The primary but not exclusive focus has been on large metropolitan centers and primate cities. Transportation, land, infrastructural facilities and services, and housing have been the principal sectors of activity.

All of the 18 human settlement project activities cited by the World Bank seem to impact on the urban poor -- that is, three directly and immediately, three more indirectly, and twelve in a much more limited way. Looked at another way, eight of the activities are in shelter, infrastructure, and services; five are in settlement planning; three are in institutions and management; and one each is in settlement policies and strategies and in land.

During FY 1971 - 1975, total Bank loan amounts (total project costs include also local government contributions) were \$15.3 billion for 780 projects. Of those amounts \$167.5 million was for 16 urbanization projects as follows:

3	Sites and services projects in Tanzania, Zambia, and El Salvador	\$26.1 m.
3	Urban transport projects in Iran, Tunisia, and Malaysia	58.4 m.
10	Comprehensive urban development projects in Botswana, Kenya, Jamaica, Nicaragua, Indonesia, Korea, India, Senegal, Turkey, and Guyana.	83.0 m.

In addition, there was other bank lending amounting to \$7.3 billion for 8 projects which totally or partially were located in urban areas or provided services to urban areas. They were for regional transport, power, telecommunications, water supply and sewage, education,

industry, tourism, and development finance institutions.

In FY 1976-1977 the Bank expects to approve 16 more urbanization projects, four of which will be in urban transportation, and 180 more projects (\$3-4 billion in loans) located in or providing services to urban areas. These latter projects will be in the same categories as for similar projects in FY 1971-1975.

The draw-downs on loans for lower income shelter projects in the urban sector have been slow. Not surprisingly problems have been encountered in implementing projects for the poor, and there is not a relevant body of experience on which to rely. Consequently, the Bank has built explicit monitoring and evaluative mechanisms into the implementation of its urban projects.

It was noted earlier that a series of sector policy papers and staff working papers have been prepared on a range of subjects since 1971, and further papers are planned for FY 1976-1977. A case study of Djakarta also was completed. Research has been carried out or is underway on spatial policies and strategies, strategic planning for rapid urban growth, housing and households, urban transport, public land management, and public finance and administration. Filmstrips have been prepared for Habitat, and a handbook or manual on standards of site and service design is planned. Finally, the Economic Development Institute has offered annually since 1973 a nine-week course on managing urban growth and a ten-week course on municipal water management.

Cost information is not available for a number of these project activities; however, on the basis of the data available, the total cost probably would exceed \$4 million.

Technical assistance is provided by the Bank staff in the normal course of project preparation. Technical assistance and training elements are added to project loans, and the Bank acts as executing agency for the UNDP in studies which are likely to lead to Bank financing. Of \$20 billion in UNDP-financed studies in process, three studies in Morocco, Pakistan, and Tunisia amounting to \$1.5 million are related directly to human settlements, and most of the 30 other studies have some indirect effects on settlements.

Housing finance assistance is offered through the International Finance Corporation. Seed capital to new private sector housing finance institutions catering to lower-middle- and middle-income groups has been made available to or is under consideration for institutions in a number of countries, including Colombia, Lebanon, Bolivia, and the Philippines, among others. Ongoing activities amount to \$1.8 million; under consideration are projects amounting to \$900,000.

The foregoing indicates the nature and extent of the World Bank Group's involvement in project activities impacting directly and indirectly on the urban poor. A sizable, conscious effort is underway and is likely to grow with the advent of a new policy/strategy.

IDB. The Interamerican Development Bank, by contrast, has vacillated for several years in its commitment to an urban development policy and program. While much of its lending probably impacts on urban areas and directly or indirectly on the urban poor, the latter result has been more accidental than intentional.

A principal contributing factor for this apparent inaction is the IDB's unhappy experience with housing loans, the last one of which was made in 1968. Until then, 47 loans totaling \$350.8 million had been made to build 352,951 housing units. (An additional 28,204 units were constructed as part of agricultural projects.) The IDB withdrew from this kind of activity because it felt that it was pursuing incompatible goals -- namely, increasing low-cost housing on the one hand, and creating self-sustaining financial institutions to expand further the housing supply on the other. The IDB concluded that low-income housing was to be equated more with income redistribution than with economic growth. In addition, there were significant arrearages by sub-borrowers.

This position has been reconsidered periodically; most recently, early this year. It was concluded that a better approach (than to become involved again in financing low-cost housing) would be to use IDB money as seed capital to build institutions which, in turn, would be paid financial charges by the beneficiaries of their loans. In reaching this conclusion, it was noted, among other things, that low-income

housing in cities would encourage rural-urban migration; that housing projects are complex, difficult to execute, and require auxiliary services and facilities in order to be successful; and that, in any case, this would be an ineffective use of concessional funds, since it could provide only a "drop in the bucket" in comparison with the need.

A new Interamerican Bank for Housing is being organized with the cooperation of the Federal Home Loan Bank Board, and it is likely that the IDB will offer its financial assistance.

### Summary and Conclusion

Making the urban poor a specific target for international assistance is a recent occurrence. AID and other bilateral donors have a number of past and present programs and projects which impact on the urban poor, sometimes quite directly and often indirectly and in an unplanned manner. However, AID and several other donors are considering policies and strategies which might address the needs of the urban poor more deliberately.

Most multilateral donors also have not made the problems of the urban poor explicit targets, and the direct and indirect benefit derived by the urban poor from donor activities has tended to be incidental to their primary purpose.

The World Bank Group has taken the leadership in focussing on the needs of the urban poor, not only through the issuance of a series of sector policy and other papers on various related subjects, but also with a deliberate and substantial increase in the number of projects and in the amount of resources directed towards the problems of urban poverty. A new policy/strategy is being developed to give greater direction and focus to this dimension in Bank lending and other activities.

Insofar as projects impacting on the urban poor require large donor capital transfers, except in guaranty arrangements, the World Bank Group clearly is the place for LDCs to turn. The World Bank staff papers, ILO studies and the like provide important analysis and information regarding the urban poor. The U.N. system is capable of supplying useful technical assistance, as part of World Bank projects or through UNDP financing. The ILO, the World Bank, and AID are making the major contributions, among donors, to the state of the art in dealing with the urban poor.

## V. OTHER CONSIDERATIONS

Several of the questions raised during and after the December 17 AAC meeting on the urban poor concerned the applicability of PL 480, Section 222A (the so called Moss Amendment), and the HIG authority in the Foreign Assistance Act in the context of any new Agency policy on assistance to the urban poor. Other questions dealt with employment and productivity in the informal sector, large cities, and USAID interest in programs for the urban poor.

All three special authorities in the legislation are highly relevant to future Agency programs for the urban poor, and the HIG and PL 480 authorities already are playing significant roles in this respect. Each of the questions is considered in more detail below.

USAID Interest in Programs for the Urban Poor. The field responses to AID's airgram on the urban poor and the Congressional Presentation for FY 1977 show that twelve missions currently are undertaking or are interested in projects or subprojects which can impact directly on the urban poor. Six of the twelve are interested in doing so only as part of their rural development programs. Six have projects aimed at least partly at the urban poor in the FY 1977 Congressional Presentation. Six of the twelve are positively interested in a HIG program and three more indicate potential interest. Two of the twelve may be involved in the Production Credit Guarantee experimentation and four of the twelve are involved in TA/UD pilot projects related to intermediate-sized cities, the urban poor and urban functions in rural development. At

least two of the missions are interested in having voluntary agencies work in this area. Six of the interested country missions are in Latin America, two in tropical Africa, two in North Africa, and two in Asia.

The implication of this analysis is that six missions which are trying hard to engage in rural development see the need for that effort to include the urban poor in rural regions. Six others see value in engaging in assistance to the poor majority wherever located.

Each of the missions sees value in linking with Washington-managed programs if they are focused effectively on the urban poor. Most of twelve also see a need for careful analysis of poverty in their host country as part of any first steps to deal more broadly with the poor majority who are not small farmers.

These twelve can provide a nucleus of countries for AID to learn more about the situation and opportunities of the urban poor and to try some innovative programs.

The field responses are summarized in the following table:

**USAID's CURRENTLY INTERESTED IN PROGRAMS IMPACTING ON THE URBAN POOR**

COUNTRY	COUNTRY PROGRAM	HIG PROGRAM	TA/UD PROGRAM	VOL. AG. PROGRAM	PCG PROGRAM
Philippines <sup>1/</sup>	Yes <sup>2/</sup>	--	Yes	?	--
Thailand	Only within current projects	Yes	Yes	Yes	--
Bolivia	Yes	Possible	--	?	Yes
Peru	Yes <sup>2/</sup>	Yes	--	?	--
Costa Rica	Yes <sup>2/</sup>	Yes	--	?	--
Dominican Republic	Yes <sup>2/</sup>	Yes	--	?	--
Nicaragua <sup>1/</sup>	Yes <sup>2/</sup>	Yes	Yes	?	Yes
El Salvador	Yes	--	--	?	--
Ghana <sup>1/</sup>	Yes <sup>2/</sup>	--	Yes	Yes	--
Liberia <sup>1/</sup>	Yes	Possible	--	?	--
Tunisia <sup>1/</sup>	Yes	Yes	--	?	--
Morocco <sup>1/</sup>	Possible	Possible	--	?	--

<sup>1/</sup> Focus is on urban poor as part of rural development.

<sup>2/</sup> Included in 77 CP (Mostly 103, 104 and 106 but only 105 in D.R., Peru and El Salvador).

<sup>3/</sup> PCG (Productive Credit Guaranty) is to be tried in Honduras, and in four of the following: Bolivia, Nicaragua, Columbia, Paraguay and Chile.

PL 480. Last year's amendments to the PL 480 legislation effectively focus PL 480 programs on the problems of the poor, with much of the legislation addressed to increasing food production and directly emphasizing the small farmer. However, language in the legislation aimed at improving food transport and storage facilities for small farmers and improving nutrition and family planning assistance programs can be construed to encompass the urban poor. In fact, the draft GAO report of February 26, 1976, on the impact of U.S. development and food aid in selected developing countries, noted critically the tendency of the Chilean PL 480 program to exclude the urban poor as a consequence of concerted efforts to focus on rural populations.

The intent of the new legislation, as articulated in the GAO report, is to reach the most needy without regard to geographic location. In this same vein, the new legislative language covering utilization of proceeds from PL 480 food sales is all-encompassing with respect to the poor majority: "The United States shall emphasize the use of such proceeds for purposes which directly improve the lives of the poorest of (recipient country) people and their capacity to participate

in the development of their countries."

Present PL 480 programs include a number of projects reaching the urban poor, such as expanded food-for-work programs (some urban infrastructure development is included), programs in conjunction with health and family planning clinics, and feeding center programs. There are many advantages to continuing in this mode and expanding such programs in the context of an Agency approach to the urban poor. The Agency is experienced in these areas, and the projects usually have a good training component, require relatively short lead time, and are easily measurable in terms of their relative success -- that is, the immediate physical results are evident or measurable. Given the marginal or subsistence nature of such programs, workers or participants tend to withdraw as soon as better options become available. This is another indicator of success.

<sup>is</sup>  
It/ understood that the PL 480 program can accommodate projects aimed at the urban poor without cutting into programming for rural-oriented projects. Apparently some country programs are in the process of phasing out and there is also some current programming slack within the Congressional minimum of 1.3 million tons for PL 480 programs.

One implication of expanding PL 480 in this direction is the need for more definitive identification of the most needy groups, whether urban or rural, within a given country context. This need is emphasized also in the conclusions of this recent GAO report on food aid impacts.

HIG. The Housing Investment Guaranty program, the largest of ongoing Agency resources for assisting lower income people in urban areas of developing countries, has been evolving since the Agency adopted the shelter policy in August 1973 (revised in October 1974). The new HIG amendments in the FAA reflect the low-income emphasis of the HIG program and set forth specific constraints and guidelines for carrying it out. The amendments stipulate further that HIG loans shall be coordinated with and complementary to other Agency developmental programs.

The language in the current legislation refers to "housing and related community facilities." This has been interpreted by the Office of Housing and GC to include guaranteed financing of basic facilities, such as power, water and sewer lines within a community or housing project area, while excluding guarantees for basic trunk lines. Although it is not without restrictions, the HIG legislation is sufficiently broad to cover basic slum and squatter upgrading as well as sites and services. Indeed,

all new HIG projects since July 1, 1974, have been programs directly providing housing for families earning below the medians income level in their respective urban areas. To illustrate the Office of Housing is engaged in an integrated sites and services project in the Cameroons and another is scheduled for the Ivory Coast. In Korea a squatter upgrading HIG program was begun which <sup>could</sup> become a positive model for other countries in this very complex area.

However, the difficulty and complexity of these programs cannot be overstated. They are technically and administratively difficult to manage; host governments are not very receptive to them; and when they are accepted the preferred location usually is the large metropolitan centers or capital cities. In a few cases HIG financing has been supplemented by grant money to cover the start-up costs of lower income housing proposals.

AID and other donors have opted to develop shelter programs targeted to the urban poor, using principally the sites and services/squatter upgrading approach. In recent months AID has had considerable contact with the World Bank to consider ways of participating jointly in the design and financing of such programs, including utilizing HIG and Bank financing. Such joint undertakings can make maximum use of scarce existing human resources, insure a consistent urban strategy among donor organiza-

tions, and strengthen the opportunity to support new major urban policies in developing countries. More attention needs to be given to the packaging of these approaches, in order to encourage host governments to alter their perceptions with respect to minimal shelter approaches and squatter settlements.

Two strategies, not necessarily mutually exclusive, have been suggested and are worth considering to strengthen the HIG program in the context of a new Agency urban poor policy initiative. First is the concept of packaging HIG programs with other Agency programs -- i.e. in health, population, nutrition, education and human resources, and employment creating activities, such as the PCG program and PL 480, Title II. There are developing country circumstances in which HIG projects could complement and in turn be strengthened by other Agency programs for the poor majority, either mission-or centrally-sponsored. Korea and Thailand would be good cases in point if the AID programs there were not so close to termination. Other opportunities exist in Ivory Coast, Tunisia, and Peru. A shelf project along these lines has been proposed by SER/H and provides a basis for further Agency evaluation and development of this concept. Responses to the Agency circular questionnaire indicate that there are some missions ready to

explore such approaches.

A second strategy would remove selected HIG projects from a shelter sector orientation and fit them into the context of Section 103 projects and strategies. As such, HIG projects would become another instrument in the development and implementation of rural development activities, such as area development programs. Projects would be scaled and adapted to housing needs of the off-farm poor in the small and intermediate towns and cities as appropriate within the overall area development scheme. Under these circumstances missions probably would help to overcome the locational biases (favoring large cities) for HIG-financed shelter projects.

Both of approaches will be treated further in discussion of the proposed options below. However, a third issue also should be noted for future Agency and Congressional consideration -- namely, the appropriateness of HIG programs in AID graduate or near-graduate countries. Korea is again a case in point. Because of the strong correlation of urbanization with development, frequently a country begins to experience its most severe urban problems, including massive urban poverty, coincident with the phaseout of the U.S. AID program in response to the relatively high level of development

that country has achieved. Perhaps, as with science and technology and other centrally funded programs, these countries should be given special status and be permitted to receive aid in the form of HIG loans for experimental or demonstration programs, including also integration with other Agency efforts designed to be of high benefit to the poorest urban dwellers.

Section 222A -- Productive Credit Guarantee Authority (PCG).

This fairly new program is a limited guarantee authority covering loans to marginal borrowers in LDC's. Its purpose is "to stimulate the participation of the private sector in the economic development of less developed countries in Latin America." To foster this goal, Section 222A of the FAA of 1974 authorizes the Agency to issue credit guarantees to "organized groups or individuals residing in a community" to carry out "agricultural credit and self-help community development projects for which they are unable to obtain financial assistance or reasonable terms." This program, now in AID, was suggested at the December 17 AAC meeting as a possible mechanism for assisting the informal sector of the urban economy and for opening other productive activities to the urban poor.

Section 222A is a relatively broad authority which can be used to assist with development projects of direct benefit to the poor majority, urban and rural. While the agricultural credit

provision is interpreted by LA/GC to apply exclusively to projects located in rural areas, self-help community development projects aided under the PCG program may be located in rural or urban communities. The principal eligibility criterion for a project in the latter category is that it be supported by a community or group and have as its purpose improvement or development of the community or group. This interpretation forces the integration of local business ventures with community interests -- a constraint, but one complementary to overall agency interests with respect to equity consideration and participation of the poor in development.

The PCG program is experimental in that it is limited during a trial period to five countries in Latin America. The first pilot project is to be in Honduras where a \$3 million program is being developed to provide "a joint guarantee of productive credit loans to small farmers, small businessmen, and community groups." Of five other Latin American countries who have requested participation in the experimental program -- namely, Chile, Colombia, Nicaragua, Paraguay and Bolivia -- four will be selected.

The intent of Congress was to expand this program if the experimental efforts proved successful.

As such, PCG should be regarded as a potential Agency resource which could be employed constructively in an Agency policy initiative focusing on the urban poor.

Should the Agency adopt such a policy (e.g., as covered in the options below), opportunities should be sought within the five-country experimental program to work selectively with projects directly beneficial to the urban poor. A request now for an increase in the geographic scope of the program would be premature, pending successful implementation of the five pilot programs. However, a constructive step could be taken by informing the Congress of prospective plans for future expansion in connection with any Agency policy for assistance to the urban poor.

Employment and Productivity in the Informal Sector. Increased employment and productivity should be a significant ingredient of programs to assist the urban poor. However, the problem of duality in the urban economy (formal and informal sectors) makes this at least as complex as the problems of agricultural dualism which led this Agency ultimately to focus on the small farmer. A question was raised at the AAC meeting about the feasibility of AID working with the informal sector.

Despite extensive industrialization drives on the part of the developing countries and international development agencies, urban economies have in the main been unable to absorb significant numbers into high-wage occupations or to provide the required levels of urban employment. Large numbers -- by some estimates, 50 percent and more -- of the urban work force are forced into low-wage informal sector activity including small family enterprises, service occupations, and commerce. Still more telling, urban unemployment remains at dangerously high levels -- in many instances as high as 15 to 20 percent of the work force.

The failure of industrialization efforts to have a greater impact on unemployment and urban poverty is attributable to several factors, perhaps the most significant of which is the widespread use of imported technology. The case of Kenya is typical.

Kenya inherited from the colonialist economy a structure which produced consumer goods for a number of high income Europeans. An informal economy co-existed with it which produced for the consumption of subsistence level Africans. After independence this structure remained intact. The high ratio of capital to labor in the expanding industries of the modern sector, largely in Nairobi and Mombasa, still contrasts sharply with a labor-intensive "informal" sector using local technology and low levels of investment. In spite of impressive aggregate economic growth records, led by the growth of export substitution and other industries, the modern sector has failed to provide sufficient employment opportunities for burgeoning urban population.\*

The so-called informal sector of the urban economy recently has been singled out by scholarly articles, the IBRD, ILO, and others as especially adapted to the needs of the urban poor. Reasons cited are: (1) ease of entry, (2) reliance on indigenous resources, (3) family ownership of enterprises, (4) small scale of operation, (5) labor intensive and adopted technology, (6) skills acquired outside the formal school system, and (7) unregulated and competitive markets.\*

While this sector seems to provide the most plausible basis of livelihood for the urban poor, at least for the foreseeable future, it also is fraught with problems. At the December 17 AAC meeting questions were raised about the nature of these problems and the prospects for AID's meaningful involvement in this sector. In response to

PADCO, Guidelines for Formulating Projects to Benefit the Urban Poor in the Developing Countries, Volume I, prepared for AID's Office of Urban Development, Bureau for Technical Assistance, February, 1976, p. 6.

these inquiries, TA/UD contracted with Developing World Industry and Technology (DEWIT) to prepare a report to include a working definition of the small-scale enterprise sector of the urban economy (hereinafter -- the informal sector), an appraisal of its problems, and suggestions for dealing with them through international development agency programs. (See Annex IV)

DEWIT indicates that the dynamic nature of the informal sector is such that a working definition is elusive. It will vary over time, from country to country and even between cities within a given country. Moreover, borderline cases between formal and informal sectors are many.

Nonetheless, within the context of the seven characteristics already noted, and with appropriate caveats, the ILO suggests as a working definition of the urban informal sector

... the population of very small-scale enterprises, with the scale specified in terms of numbers of employees ... depending on the national context. This is extended to include household enterprises, the latter being those in which most of the workers are family members of the head of the enterprise...\*

\*Harold Lubell, "Urban Employment Policy Issues Emerging from ILO Research on Urbanisation and Employment," (Geneva: ILO, February, 1976), WEP 2-19 (E-1409-1: 39), p. 17.

As noted in the DEWIT paper, the sector would include mechanic and repair shops, bakeries, rice and corn mills, noodle shops, shoe and leather ware manufacturing, ceramics, tailoring, upholstering, carpentry, metal work, small-scale construction and saw mills, among a host of other similar enterprises. Basically this sector produces traditional commodities, lacks standardization and quality control, uses indigenous raw materials, and sells to a low-income mass market on a highly competitive basis. Within this sector it is difficult to earn more than family subsistence due to competition and to income sharing -- business relations often conform to social as well as economic rules of conduct. These enterprises are not protected by government regulation and policy. On the contrary. They often are discriminated against by government, either deliberately because the sector is deemed undesirable and reminiscent of underdevelopment and backwardness, or unwittingly through import substitution and pricing policies favorable to formal sector, capital-intensive enterprise. Informal sector enterprises do not have access to the banking system, nor do they depend upon foreign imports or technology. These generalizations serve both to define the urban informal sector and to point out its problems, many of which are spelled out in more detail in the DEWIT study.

The study suggests that there are a number of practical approaches open to international development agencies wishing to help overcome these problems and expand employment and productivity in the informal sector. These are exemplified in fourteen profiles of programs which have succeeded in terms of addressing one or more of the problems noted and of increasing employment and productivity. These profiles, primarily from developing countries, include:

(a) subcontracting and government procurement systems, (b) market development, (c) new channels for technical assistance, (d) provision through intermediaries of common facilities, integrated services, and assistance in upgrading technology, organization and management, (e) new enterprise identification and development, and (f) support to community self-help efforts in enterprise development.

However, the informal sector is a difficult area to work in precisely because of its informal nature, including its lack of formal linkages with government, the banking system, and development agencies. Working with it at the project level would require (a) devising and implementing appropriate training and technical assistance, (b) creating new financial and developmental institutions or adapting existing ones, (c) developing new enterprise forms and technologies that can more effectively serve the needs and emerging capabilities of the urban poor, and (d) inducing or responding to grass root initiatives in the formulation and implementation of programs.

An area not addressed in the DEWIT report which is of singular importance to the informal sector is macro level national policy. While it has been demonstrated in the DEWIT paper that work in the informal sector at the project level is feasible and potentially productive, if it is to have a multiplier effect and lasting impact, corrective and facilitative measures must be taken at the national level. The following passage from the TA/UD report, Guidelines For Formulating Projects to Benefit the Urban Poor ..., illuminates this point:

Among the most important instruments for bringing about increases in employment and/or productivity will be the basic policies which affect levels of demand, choices of technology and/or individual productivity -- for example, export and import policies, labor policies, domestic credit policies, policies which affect the competitiveness of individual industries, foreign and domestic borrowing policies, policies concerning user charges for public services, basic policies and policies concerning the delivery to the poor of essential services which affect individual productivity. Very often, action at the policy level will be at least as important as (often a prerequisite for) achievement at the project level. \*

Unfortunately there is much more controversy about approaches feasible and desirable at this level than at the micro or project level. Learned

\*PADCO, Guidelines ..., op. cit., Chapter IV, "Projects to Increase Employment and Productivity."

authorities often are in conflict (it is reminiscent of conflicts over economic growth strategies), and it is clear that considerable new research is needed in this area. Moreover, at the country level the macro problems impinging on the informal sector should be well understood before micro level projects are initiated. The benefits of a conscious policy at the national level to foster the informal sector is aptly demonstrated in the case of Peru reported in the DEWIT study.

Thus, while opportunities for international interventions are open, particularly at the project level, the informal sector reveals itself as complex and sensitive. Any agency wishing to work with it would be well advised to proceed cautiously, employing considerable analysis and research and development. Pilot projects should be accepted as high risk and should be integrated with overall research and development efforts in this field.

The current foreign aid legislation urges AID to assist small producers of nonfarm goods and services with special attention to appropriate technology. In addition, Section 222A appears to be well adapted to work in the informal sector, and opportunities should be sought in current pilot country programs to promote and to evaluate carefully such efforts. The recent Agency field conference on agriculture and rural development in Latin America identified off-farm employment as a problem meriting attention. It would appear, therefore, that work in the urban informal sector could be <sup>a</sup> highly rewarding new area of activity for the Agency. It is one of the few significant options

open to the urban poor for gainful employment, although wages and profits still are at subsistence levels for most workers and entrepreneurs. There is considerable scope for improvement through macro and micro level action, although the sector is fraught with unknowns and there is considerable controversy over macro level approaches. The Agency should proceed cautiously.

The Big City Issue. Two alternative propositions have been suggested at various times during discussion of an AID urban poor policy which are not regarded as legitimate in terms of the realities of urban poverty, urban systems, LDC perceptions, and the Agency's leadership role in the international development community. The two mutually exclusive propositions are that the Agency (1) focus its urban poor policy initiative solely on the large cities, or (2) concentrate entirely on the urban poor in small and intermediate-sized cities -- i.e., in an effort to remain within the framework of the Agency's rural development orientation.

Both of these alternatives are rejected in the formulation of options for Agency consideration. To adopt a policy focused only on the large cities or ignoring the large cities would be a needlessly disjointed approach overlooking the realities of the continuous and highly interdependent urban system and its linkages with the

rural structure.

There are several reasons for this conclusion. Poverty is ubiquitous throughout the urban system. Incidence of poverty is an important question which can be answered satisfactorily only through country level analysis. However, there is considerable evidence and professional opinion supporting the perception that while poverty in many rural-based smaller cities and towns is not that distinct from rural poverty, it is equally true that conditions in many large cities can and do spawn extreme poverty and human deprivation.

Moreover, it is highly probable that the majority of the urban poor resides in large cities. Latin America already is more than 50 percent urban; 80 percent of the urban population resides in centers of greater than 100,000 population and 67 percent in centers greater than 250,000. Similarly in India with a relatively low 15 percent level of urbanization, the percentage of urban population in cities greater than 100,000 population has been rising steadily and by 1971 had reached 57 percent. Even so, this is not a sufficient basis for concentrating only on large cities. Such an approach would neglect the urban poor elsewhere in the urban system, many of whom are virtually indistinguishable from

the rural poor. It also would conflict conceptually with strategies emerging in many developing countries that seek to strengthen the role of small and intermediate-sized cities in rural and regional development, particularly since they are regarded increasingly as the most likely points of intervention in the strong migratory flows from the rural areas.

Another reason for not adopting a policy focussed only on or ignoring the large cities is the currently strong temptation to bypass or neglect the major urban centers in development assistance strategies. These centers remain something of an enigma, being at once voracious consumers of national resources and critical engines of development. Their neglect by international development agencies will not solve this dilemma or diminish their importance to the poor -- urban or rural -- as markets for their products, sources of direct and indirect employment, and sources of additional revenues, both regular and seasonal. On the contrary. Such a posture could impede the development of imaginative and badly needed approaches to the problems of the poor in large cities by reinforcing official lethargy where it exists in LDC's and by distracting those who might otherwise focus on these problems.

In conclusion, an AID policy and strategy addressing the problems of the urban poor should not discriminate on the basis of city size per se. Some policy approaches may result in more extensive activities in small and intermediate-sized cities than in metropolitan centers, and this orientation should flow from the substance of the policy/strategy and not from a deliberate city size bias in AID's approach.

## VI. OPTIONS

The following options have been developed and are presented within the context of existing legislative authority and with due regard for Agency priorities, policies, guidelines, resources, strengths, and opportunities. They seek also to reflect the increasing attention which is being given to the urban poor in international development assistance programs.

In setting forth these options, it is assumed that the necessary flexibility will be exercised in their possible future implementation. A monolithic policy or strategy is not intended; both would be "nonoperative" in today's world. Moreover, if the collaborative style of development assistance has any meaning, then host country situations must be principal determinants of how policy is interpreted and strategy is applied. These policy and strategy options are intended to give direction; they are not designed to dictate or to be applied rigidly.

Three options are presented--namely, work within the present policy focus on rural development and the rural poor; selective program development for the urban poor not now encompassed in rural development; and expanding the poor majority target group to include a significant urban poor component.

Option 1: Work within present policy focus on rural development and the rural poor

The Agency would take account of the urban poor to the extent that they affect the success of the Agency's rural development and other existing policies and strategies. The test of any effort targeted on the urban poor would be the degree to which it would help meet Agency priority goals.

Under this option the Agency would continue to distinguish between elements of the poor majority on the basis of location and to operate under the assumption that the rural poor, which group includes some portion of the urban poor, clearly are worse off than the poor in other urban places. This approach effectively would exclude programming for the large city poor except for special programs, such as HIG and PL 480. No change would be required in present Agency policies.

An assumption supporting this option is the apparent incidental benefits to the urban poor which current Agency programming is capable of producing, even though supposedly targeted on the rural poor. The other side of this assumption is that this option could imply a need for more rigorous targeting of current programs (e.g.,

in health, nutrition and family planning) to reach the intended target group more effectively.

In implementing this option, the Agency would:

1. Take account consciously and deliberately in Agency programming of the impact on the urban poor of existing and planned projects.
2. Give due recognition to the fact that existing PL 480 and HIG programs and limited centrally funded research efforts are designed with the urban poor as the primary target group.
3. Support the recent HIG initiatives to develop squatter upgrading and minimal shelter projects and the initiatives of TAB and SER/H to develop a more integrated approach to the urban poor within the purview of Agency policy.
4. Respond to the changed language in Sections 103, 105, and 106 in the current foreign aid legislation (i.e., the inclusion of the urban poor) by giving greater attention to the market towns and small cities in rural regions, including off farm rural employment and productivity by small producers in the formal and informal sectors.
5. Initiate pilot efforts to explore and/or promote:
  - (a) Increased use of HIG and PL 480 in market towns and small cities in rural regions

- (b) Greater attention to the off farm poor in rural regions in health, nutrition, family planning, and other Agency programs
- (c) Research and development efforts to help carry out Sections 106 and 107 (appropriate technology) in urban places.

This option would be responsive to the letter of new legislative language about the urban poor. No new legislation or funding would be required.

Option 2: Selective program development for the urban poor not encompassed in rural development

The Agency would address selectively the problems of the urban poor, without regard to location, as a legitimate part of U.S. development assistance. This would continue the evolving changes in rural development programs noted in Option 1 without altering the Agency's major focus. Minor recasting of Agency policy would be required for implementation of this option.

Under this option the following changes would take place:

1. The increased attention to the off farm poor in rural market towns and small cities noted in Option 1 would be pressed.
2. The Agency would be receptive to proposals from the LDC's and USAIDs who believe that the development priorities in their country require increasing attention to the poor majority in cities. Funding would be permitted for analytic efforts, pilot projects, and institution building activities as well as central R & D. As part of these projects the Agency would be receptive to proposals which would

- (a) Link tools, such as HIG, PL 480, education, health, nutrition, and family planning, in creative ways to benefit the urban poor.

(b) Help develop ways to deal with small producers in urban areas (per Sections 103, 105, 106, 107 and Section 222A)

(c) Help develop or strengthen participative organizations of the urban poor.

3. A stronger urban component would be added to the Agency's field and central research and development efforts. The rationale for doing this would be to explore some of the unknown aspects of current efforts -- e.g., the nature and functioning of rural-urban linkages and the complex problems of relative poverty -- which would contribute to better project design and more effective modes of intervention and analysis. This experimental approach would be confined to a few aspects or dimensions of urban poverty problems which offer promise of early significant payoff.

Several arguments underlie this policy option. First, current legislation and Agency programming provide for activities which do not have the rural poor per se as the primary target. Examples are HIG, PL 480, and many projects carried out under the rubric of "Special Development Problems." Second, there are a number of countries in which social and economic conditions indicate a clear and legitimate need to assist the urban component of the

poor majority. Examples are: countries in which the demographics are such that the bulk of the poor majority is urban; countries in which poverty is so universal that to distinguish between urban and rural poor is immaterial; and countries in which other social, political, or economic factors contribute to singularly severe problems and consequences of urban poverty. Third, a respectable number of USAID missions, for one or more of the above reasons, have indicated a need and readiness to devote attention to the problems of the urban poor, in most instances beginning with a careful country-level analysis.

This option would seem to require no legislative changes and would be responsive to Congressional concerns vis-a-vis the urban poor. While this option could justify additional funding, its initial implementation probably would not require it. The funding level in Section 106 probably would rise some over time. The approach suggested in this option would need to be discussed with Congress.

\*Nutrition legislation, apparently limited explicitly the rural poor, could require some adjustment, subject to GC interpretation.

**Option 3: A significant urban component within the  
poor majority target group**

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This option would add more balance to U.S. development assistance efforts by building in a strong urban component to complement the existing rural thrust. The poor majority target would remain and would include also the urban poor.

There is increasing recognition of the dimensions and significance of the phenomenon of unprecedented rapid urbanization. While some of the presumed causes and effects are being addressed in current Agency programs, those efforts are essentially unidimensional in nature. That is to say, they have an essential and almost overwhelming rural bias.

This option would indicate that the Agency is looking at the development process in a more holistic way, seeking to address critical impediments without regard to geographical location. Resource and other constraints, including also developing country readiness and commitment, will mean selecting and focussing on a limited number of problems in any case. However, urban problems would not be excluded by definition; rather, the urban poor would be a part of the target group.

This option would require additional legislative authority and increased appropriations, in order to support large-scale efforts characterized more by operational programs than by pilot and research and development activities.

## VII. RECOMMENDATION

We recommend that the Agency adopt option II.

This recommendation is based on four main considerations:

1. A few country missions have concluded that poverty issues and development requirements call for attention also to the severe problems of the urban poor.
2. We need to assure AID officers that the Agency is seriously interested in effective targeting and reinforcing of program tools which are likely to have the urban poor as main beneficiaries. These are legitimate areas for attention of selected USAIDs. HIG, PL 480, and Section 106 projects need such affirmative reinforcement if their potential is to be realized.
3. As a major intellectual force in the development field, AID needs to help address the key issues of poverty, if it has the capacity. The issues centering on the poor majority in urban places and the relationship between rural and urban poverty (complimentarities and conflicts) are certainly key issues. We do have the capacity to work on them. In addition the evolving situations in LDCs require us to develop criteria and better tools with which to structure our actions properly in different circumstances.
4. We need to know more about a number of issues and about appropriate program tools to use to decide whether AID should make or propose to the Congress a major program change to concentrate substantial resources on the problems of the poor majority in cities.

With these considerations in mind, option I seems to be an unnecessarily inadequate response, option III seems to be premature, and, therefore, option II seems to be an appropriate approach for now.

### Programming Implications

We suggest that AID phase its approach during FY 1977 and FY 1978 as follows:

FY 1977 - (a) Accelerate implementation of present policy regarding the off-farm aspects of rural development (a number of country mission initiatives are already underway), (b) Begin or accelerate field project identification of analytic and pilot projects (including HIG and PL 480) dealing with the poor majority in a few cities, and (c) Discuss our plans with Congress now and, if necessary, ask for additional resources for FY 1978.

FY 1978 - Begin funding pilot projects and analytical efforts.

Thus, over the next two fiscal years AID's focus on the poor majority would be reflected not only in improvement and expansion of work with small producers of crops but also in dialogue, analyses, and pilot projects about the landless laborers and the small producers and their families in market towns, small cities, and in a few large cities in an increasing number of countries.

Wherever this work is undertaken, it normally will be accompanied by analytical efforts to increase LDC and our understanding of the practical significance for policy and program of such things as the different poverty problems in cities, towns, and villages; the degrees of access to services and resources among the poor in places of different size; the dynamics of migration in and out of towns and cities; and conflicting interests of different groups among the poor majority. Among other things, we would help execute these research and development efforts in ways to increase LDC institutional capacity to continue such analytical work.

We would expect to link HIG (especially "sites and services") and PL 480 with community work in other development areas, such as the small producer sector, H/N/FP, and education, and in regional planning and land-use and related local development programming. This should increase SER/H's and FFP's attention to market towns and small cities and increase the rest of AID's attention to possible policy and program leverage that can be gained in a number of sectors through collaboration with SER/H and FFP at the country level. A number of such efforts, with appropriate monitoring and evaluation built in, should be pursued over the next two fiscal years. Projects along the lines of those proposed in SER/H's memorandum of March 2, 1976, would be included, however funded and managed. Larger H/N/FP or education efforts aimed at the poor majority could include pilot projects for the urban poor in situations which analysis has shown to be particularly bad.

Agency policy, priorities, and resources, and other constraints, including LDC readiness and commitment, will mean selecting and focussing on a limited number of problems in any case.

The different interests and requirements of particular developing countries would be an important basis for selecting the nature and location of AID efforts. While further analysis of each situation would be required, candidate countries are known already as a result of field responses to TA/UD's earlier inquiry and from HIG, PL 480, and other programs.

#### Organizational and Personnel Implications

Our recommendation does not suggest any shifts in organizational charter. However, as mentioned in our December paper, 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-gauged contract specialist to manage the effort.

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

TAB will continue to assist field mission and regional bureau efforts as required in strategy development, problem analysis, and project design, in addition to its coordinating and leadership role in research and development for the urban poor. This will require strengthening its stable of consultants and filling quickly the additional technical specialist positions recently approved. TAB or PPC will need to develop general guidance on analytical and action tools to help deal with issues and project opportunities related to the urban segment of the poor majority in each sector.\*

#### Next Steps

The final Agency decision on this matter needs to be transmitted to the field via airgram as soon as possible, and a new policy determination needs to be prepared.

The Agency conclusions need to be included in the U.S. position papers for Habitat, and interested Congressmen need to be apprised of them.

\*Guidelines for Formulating Projects to Benefit the Urban Poor in the Developing Countries, a study cited earlier which PADCO, Inc., completed recently for TA/UD, is an excellent example.

## **ANNEXES**

TABULATION OF BILATERAL DONOR RESPONSES TO CIRCULAR INQUIRY  
ON PROGRAMS AND POLICIES FOR THE URBAN POOR

<u>COUNTRY</u>	<u>PROGRAMMING TARGETED FOR URBAN POOR?</u>		<u>COMMENT</u>
	<u>CURRENT</u>	<u>PROPOSED</u>	
Belgium	No	No	Focus of programs is on agriculture and on rural poor. Emphasize infrastructure, Education and Health. Some pre-fab housing and water supply projects in urban areas. These projects were less than \$19 million, or 3% of Belgium aid totals for 1975.
Canada	No	Yes	CIDA has policy paper under preparation in area of housing and energy as one of seven GOC development aid priorities. Will include provision for slum and squatter upgrading and sites and services. Some of current CIDA programs reach urban poor indirectly, <u>e.g.</u> through contributions to multilateral agencies and bilateral programs in education for Africa.
Denmark	No {see comment}	No	Danish aid programs focus on health, education, and rural development which Danes consider their areas of greatest competence. However, some of these programs have assisted the urban poor, <u>e.g.</u> , programs in vocational training, low cost housing and population control.

<u>COUNTRY</u>	<u>PROGRAMMING "TARGETED" FOR URBAN POOR?</u>		<u>COMMENT</u>
	<u>CURRENT</u>	<u>PROPOSED</u>	
France	No {see comment}	No	French grant and loan program in urban development focuses on urban planning, infrastructure, transportation and modest income housing. Some of this assistance, as well as French aid in health and education, has some indirect impact on the urban poor.
Japan	No {see comment}	No	Japan does not follow sector approach in its programming so impact on urban poor difficult to assess. Some refugee relief programs in Southeast have direct impact on urban poor. GOJ interested in evolving AID strategy for urban poor and wishes to be kept informed.
Norway	No	No	Focus of Norwegian aid programs is on "grass root" level in countryside, emphasising health, fishing, education, and rural development. There is some impact on the urban poor through Norwegian "Peace Corps" programs, vocational schools, and disability and redemption centers, some of which are located in urban areas. Norway also contributes 50% of its aid to multilateral agencies.

<u>COUNTRY</u>	<u>PROGRAMMING "TARGETED" FOR URBAN POOR?</u>		<u>COMMENT</u>
	<u>CURRENT</u>	<u>PROPOSED</u>	
The Netherlands	Yes	Yes	<p>Development Cooperation Ministry's {DCM} general policy with respect to the urban poor is to {1} increase direct aid to poorest groups; {2} distribute aid equally among urgent needs of present and future generations; and {3} encourage self-help. Current Dutch urban poor policy is being reformulated in connection with Habitat preparations. Future programs are to be directed less to housing construction and more to sites and services.</p> <p>Current project portfolio of urban poor oriented projects spans a wide range of LDC's and includes social work, health, slum clearance, water, sewage, manpower, planning, and metropolitan development. Such projects now about 3% of DCM aid budget and growing.</p>
Sweden	No {see comment}	No {see comment}	<p>Traditional Swedish approach has been rural development although a small amount of aid has gone to low cost housing. Swedish reporting officer conjectured that GOS will be more involved in projects for urban poor in future but there are no policy revisions in process now.</p>

<u>COUNTRY</u>	<u>PROGRAMMING "TARGETED" FOR URBAN POOR?</u>		<u>COMMENT</u>
	<u>CURRENT</u>	<u>PROPOSED</u>	
United Kingdom	No	No	Overseas Development Ministry (ODM) has not specifically allocated funds within its budget for the urban poor. However, a recent white paper on overseas development concludes that sites and services and squatter upgrading schemes are essential to implement the UK policy of aiding the poorest sectors of the poorest countries. ODM looking to outcome of Habitat conference to formalize priorities for assisting urban poor although currently leaning towards squatter upgrading and sites and services in rural towns. ODM supports World Bank paper on "Task Ahead for the Cities of the Developing Countries" and also plans to draw on AID's urban poor policy paper in further development of the U.K. urban poor strategy. Note: ODM expressed dismay over difficulty of implementing programs targeted for urban poor while policy formulation is all too easy.

COUNTRY

PROGRAMMING "TARGETED FOR URBAN POOR ?  
CURRENT                      PROPOSED

COMMENT

West  
Germany

No

No

The West German Economic Cooperation Ministry (ECM) has opted to focus on rural programs in the coming years, arguing that programs directed to the urban poor are "self-defeating," serving only to attract more poor to the cities. While not so targeted, ECM programs in urban water supply, housing, and mass transit programs are thought to have some impact on the urban poor and ECM reports they may wish to assess this impact in the future. Cable noted also West German private humanitarian organizations receiving government support have many projects targeted for the urban poor.

Table 2 (continued)

World Bank Group

Area of activity Cross reference to Table 1	Title	Short description	National	Regional	Global	Main aspects	Duration and/or completion date	Co-operating organizations		Costs (in \$ million)	Source of funding	
								United Nations system	outside United Nations system		Regular budget	Extra-budgetary
I-IV VII	1 Urbanization project lending: planned FY76-77 loans	<p>The Bank is expected to approve about 16 urbanization projects in the FY76-77 period. Annual lending during this period is expected to be about double that of the entire FY71-75 period. About a quarter of the 16 planned projects will be urban transport oriented and the rest comprised in whole or in part of sites and services or squatter upgrading efforts. Sites and services projects result in the provision of new tracts of urbanized land in convenient locations with the basic supporting economic and community services needed to produce viable low-income communities. Squatter upgrading involves providing these services to already existing settlement areas. Urban transport projects may include transport planning, urban transit improvement and traffic restraint schemes.</p> <p>Project lending usually includes financing for technical assistance and training, ranging from 2 to 5 per cent of the total loan amount.</p> <p>Information collection is also an integral part of project work. Two types of efforts can be distinguished: description of settlement and other urbanization processes in the national macroeconomic context as part of ongoing country economic work, sometimes in the form of a separate urban sector report (see Spatial Policies and Strategies - below); and examination of specific cities or regions with the objective of identifying potential projects.</p>	X			Eco soc tech	Projects for FY76-77 approval now being considered or appraised	hh/	hh/	11/	All	
I-IV VI	2 Urbanization project lending FY71-75 loans	<p>While projects expected to begin in FY76-77 are still in the appraisal and approval stages, 16 other projects approved in the FY71-75 period are now under way. Total loan amounts are given in commitment deflated 1974 dollars (millions) and refer to total loan amounts; FY76-77 disbursements cannot be separated from the totals. It should be noted that total project cost includes local government contribution in addition to Bank loan amounts shown here.</p> <p><u>Sites and Services</u></p> <p>United Republic of Tanzania Zambia (Lusaka) El Salvador (San Salvador) <u>Subtotal</u></p> <p><u>Urban Transport</u></p> <p>Iran (Tehran) Tunisia Malaysia <u>Subtotal</u></p>	X			Eco soc tech	1976-1979 (see below)	See foot-note hh/		\$167.5 (FY71-75) 11/	All	
							1977 1978 1978			\$6.0 14.1 6.0 <u>26.1</u>		
							1977 1977 1976			31.7 13.6 13.1 <u>58.4</u>		

hh/ Excludes Bank Group activity in rural settlements. While rural development projects funded by the Bank do not include the building of housing, they do generally include infrastructure for settlements within the development area and sometimes also provision of materials for self-help housing.

11/ A very large number of international and other agencies are involved in the preparation, implementation, supervision, and follow-up, including further studies, of Bank projects. It is not possible at this time to anticipate all the organization that will be involved in FY76/77 lending. However, the following partial listing, based on recent project experience demonstrates the range of United Nations agencies with which co-operation is maintained: UNDP, UNICEF, WHO, UNCTAD, ILO, UNEP, UNIDO, UNESCO, INCO, FAO, UNHCR, WFP, ICAO, IBCO. Bank project work has also involved co-operation with a wide range of non-United Nations agencies including IIB, AIB and other regional banks, OECD bilateral aid organizations, and university research groups and foundations.

11/ Bank staff time is not evaluated for this activity.

ANNEX III

Table 2 (continued)  
World Bank Group (continued)

Area of activity	Cross reference to Table 1	Title	Short description	National	Regional	Global	Main aspects	Duration and/or completion date	Co-operating organizations		Costs (in \$ million)	Source of funding	
									United Nations system	outside United Nations system		Regular budget	Extra-budgetary
I-IV VI	2	Urbanization project lending FY71-75 loans (continued)	<u>Comprehensive Urban Development</u>					1978			2.3		
			Botswana (Francistown)					1979			11.3		
			Kenya (Nairobi)					1977			11.3		
			Jamaica (Kingston)					1976			5.7		
			Nicaragua					1977			17.6		
			Indonesia (Djakarta)					1978			4.2		
			Korea					1977			15.8		
			India (Calcutta)					1977			7.2		
			Senegal					1976			2.1		
			Turkey (Istanbul)					1976			5.5		
			Guyana						82.0				
			<u>Subtotal</u>						<u>167.5</u>				
I-III VI	3	Other bank lending for urban areas: planned FY76-77 commitments	Of the more than 400 projects that the Bank is expected to approve in FY76-77 (total est. loan amount: \$7.9 billion for the two years), roughly 40 per cent or about 180 projects, in addition to the 16 expected urbanization projects described above (\$3.4 billion in loans), will be urban in nature by virtue of being located in an urban area or of providing services to urban areas. These figures are projections based on preliminary estimates for lending outside the urbanization programme, roughly adjusted to exclude non-urban elements on the basis of past project content. As above, amounts are in commitment deflated 1974 dollars (millions).										
			Regional Transport (urban component) Power (all) Telecommunications (all) Water Supply and Sewage (urban component) Education (urban component) Industry (urban component) Tourism (all) Development Finance Corp. (all) <u>TOTAL Estimated Urban Lending (except urbanization)</u>	X	Eco soc tech	Projects for FY76-77 approval now being considered or appraised		See foot-note 11/	430 950 800 425 60 900 100 700 <u>3,800</u>	All			
I-III VI	4	Other bank lending for urban areas: approved FY71-75 loans	Of the 780 projects approved by the Bank in the 1971-75 period (\$15.3 billion in loans), projects or roughly per cent in addition to the 16 urbanization projects described in above, will be urban in nature by virtue of being located in urban areas or by providing services to urban areas. As above, amounts are in commitment deflated 1974 dollars (millions).										
				X	Eco soc tech	Ongoing (project completion dates vary)	See foot-note 11/	See foot-note 11/	11/	All			

11/ Bank staff time is not evaluated for this activity.

Table 2 (continued)  
World Bank Group (continued)

Area of activity	Cross reference to Table 1	Title	Short description	National	Regional	Global	Main aspects	Duration and/or completion date	Co-operating organizations		Costs (in \$ million)	Source of funding	
									United Nations system	outside United Nations system		Regular budget	Extra-budgetary
I-III VI	4	Other bank lending for urban areas: approved FY71-75 loans (continued)	Regional Transport (estimated urban component) Power (all) Telecommunications (all) Water Supply and Sewage (estimated urban component) Education (estimated urban component) Industry (estimated urban component) Tourism (all) Development Finance Corp. (all) <u>TOTAL Urban Lending (except urbanization)</u>								985 2 147 699 655 129 1 204 132 1 341 <u>7 290</u>		
I-IV VI	5	Urban policy papers	A series of sector policy papers on urbanization, sites and services projects, housing, urban transport, water supply and sewage, and other sectors (education, health, power, tourism, industry, population planning, telecommunications) has been issued by the Bank beginning in 1971. Further papers on urban land, urban employment, and technical assistance and credit to small enterprises (informal sector) are planned for FY76/77. These papers suggest approaches to and standards for future investment and development and in a sense therefore present "norms and standards" for settlement policies and strategies and for settlement planning.				X Soc eco	Ongoing			11/		
I-IV VI	6	Bank staff working papers	The Bank publishes staff working papers for public distribution; these cover topics such as urban migration, informal sector employment, urban development issues in developing countries, and a city case study. (Djakarta)				X Soc eco	Ongoing			11/		
I-IV VI	7	Research on spatial policies and strategies	As mentioned under (1) above, separate reports on a country's urban areas are sometimes required in the course of country economic work. Such studies have been prepared for Iran, Mexico, Pakistan, Zambia and other countries. These and future urban sector surveys constitute a source of basic data about cities with regard to shelter, infrastructure and services, land, and institutions and management as well as spatial policies and strategies.  A comparative study of employment decentralization is also planned. The first phase will review past experience in a number of countries and elaborate a conceptual framework for more detailed case studies.				X Soc eco	Continuous			11/	All	
I-IV VI	8	EMI Urbanization Course	Through the Economic Development Institute the Bank Group has offered since 1973 a 9-week course on managing urban growth which has been attended by 50 senior officials of national, regional, and municipal governments in developing countries (25 per course). The course focuses on the use of systematic analysis in making decisions at the programme and project level in the areas of transport, shelter and water and sewage. Participants study individual cases and use the techniques learned to solve assigned problems.				X Soc eco	Phase I: Dec 1976; Phase II: Two years	May be sought	May be sought	50 n.a.	All n.a.	n.a.
I-IV VI							X Eco tech	Offered 1973, 1975, 1976 and hopefully thereafter on an annual basis			500 11/		

11/ \$10,000 per participant.

Table 2 (continued)  
World Bank Group (continued)

Area of activity	Cross reference to Table X	Title	Short description	National	Regional	Global	Main aspects	Duration and/or completion date	Co-operating organizations		Costs (in \$000)	Source of funding	
									United Nations system	outside United Nations system		Regular budget	Extra-budgetary
I-IV VI	9	UNDP-financed technical assistance	<p>In addition to providing technical assistance through its own staff during the normal course of project preparation and including funds for technical assistance and training in project loans, the Bank also acts as UNDP executing agency in sector and feasibility studies which are likely to lead to Bank financing.</p> <p>Among the \$20 billion worth of already approved UNDP-financed studies to be completed in 1976 and 1977, the following three relate directly to some aspect of human settlements:</p> <p>Casablanca Urban Development (Morocco) Lahore Water Supply, Sewerage and Drainage (Pakistan) Assistance to the Technical Services of the District of Tunis (Tunisia)</p> <p>Most of the 30 remaining UNDP-financed studies will also have some indirect effects on settlements; the subjects of these projects include national transport planning, port development, power system development, and technical assistance to finance companies. The total amount of UNDP-financed studies executed by the Bank during 1976-1977 will be greater than \$20 billion by the amount of projects not yet approved which will be completed during this period.</p>	X			Eco soc tech		UNDP		305 360 850		UNDP UNDP UNDP
I-III VI	10	Housing finance assistance	<p>Through the International Finance Corporation the Bank Group lends seed capital to new private sector housing finance institutions catering to the lower-middle and middle-income groups. Though the Bank's participation is relatively small - \$500,000 to \$1.0 million per institution, amounting to about 15 per cent equity participation - each dollar of seed capital can help to generate \$10-25 in total resources for housing finance. The new institution can mobilize long-term financial resources for housing finance. Two projects have been completed, two are under way, and several additional projects are expected to be completed over the next two years.</p> <p>Colombia: Savings and Loan Co. Lebanon: Mortgage Finance Co. Bolivia: Mortgage Finance Co. Philippines: Mortgage Finance Co.</p>		X X X X						11/  500 1 300 400 500	All	
I-IV VI	11	Bank city films	<p>Three filmstrips are now being prepared for presentation at the Habitat conference: one on a sites and services project in El Salvador, one on a squatter upgrading project in Lusaka, and one on a traffic restraint scheme under way in Singapore.</p>				X Soc eco	1976			11/		
I-III VI	12	EDI water management courses	<p>Since 1973, EDI has also offered an annual 10-week course on the preparation and appraisal of municipal water supply and waste-water disposal projects, including choice of technology, financial analysis and pricing, forecasting and planning, management, and special problems of serving small communities. About 80 upper- and middle-echelon officials involved in design and implementation of water systems in developing countries have participated.</p>				X Eco tech	Offered annually since 1973			500	11/	

11/ Bank staff time is not evaluated for this activity.

12/ \$10,000 per participant.

Table 2 (continued)  
World Bank Group (continued)

Area of activity	Cross reference to Table 1	Title	Short description	National	Regional	Global	Main aspects	Duration and/or completion date	Co-operating organizations		Costs (in \$000)	Source of funding	
									United Nations system	outside United Nations system		Regular budget	Extra-budgetary
II	13	Research on strategic planning for rapid urban growth	The broad objective of this project is to provide public sector decision-makers in least developed countries' cities with more efficient tools for public sector intervention in dealing with rapid urban growth at low levels of income. The emphasis will be on ways of analysing urban problems, means of addressing them, and will define implementation requirements.				X Soc eco	4 years (1976-1980)	Will be sought	Will be sought	700	350	350
III	14	Housing and households research	Recognizing the need to relate the design of housing policies and programmes to the ability of potential occupants to pay, the Bank is now studying the household economy, in particular the role of secondary earners as a source of income. Future work will attempt to relate income source and level to patterns of expenditures.  An evaluation is also being carried out of the impact of Bank-financed sites and services projects in El Salvador, Senegal and Zambia on participants in terms of rate of housing consolidation, employment and income generation, utilization of public services, and community change.  The Urban Institute's successful housing model is being adapted to least developed countries conditions for use as a simulation model.				X Soc eco	Next phase, 2 years; commencing approx. July 1976			200	A11	
							X Soc eco	5 years 1975-1980	UNICEF	IDRC	500	250	250
							X Soc eco	Phase I: 12/76; Phase II: 1 year			280	A11	
III	15	Urban transport research	The Bank, in co-operation with UNEP and the United States Department of Transportation, is evaluating the effect on travel behaviour of the innovative traffic restraint scheme put into effect recently in Singapore. This evaluation will then form the basis for attempts to evaluate the applicability of this experience to other cities.  In another project, simplified urban transport models which include the effects of changes in transport supply and of transport-land use interaction are being developed.				X Soc eco	Ongoing	UNEP		160	70	90 UNEP, USDOT
							X Soc eco	Ongoing			11/		
III IV	16	Site and service design standards	Two projects, one completed in draft (sites and services projects: survey and analysis of urbanization standards and on-site infrastructure), and one ongoing, intended to develop a handbook or manual of site and service project design models, including cost of materials required for both conventional and innovative designs.				X Tech eco	Ongoing			11/		
IV	17	Public land management research	Ongoing work focuses on definition of the public policy responses to the following problems: the appreciation of land values, difficulties in acquiring land within urban areas, inefficient patterns of land use and urban development; extremely limited resources for urban development. This work will build on past work on the social appropriation of land value increments for public use and the evaluation of land market operations and important land control measures in cities of Colombia and the Republic of Korea.				X Eco	2 years			200	A11	

Table 2 (continued)  
World Bank Group (continued)

Area of activity	Cross reference to Table A	Title	Short description	National	Regional	Global	Main activity	Duration and/or completion date	Co-operating organizations		Costs (in \$000)	Source of funding	
									United Nations system	outside United Nations system		Regular budget	Extra-budgetary
VI	16	Public finance and administration	<p>Past research has resulted in case studies and comparative analysis of the general problems of public finance and administration in 10 least developed countries' cities. Work is currently proceeding in a first attempt to quantify the policy trade-offs between the goals of economic efficiency, improving income distribution, fiscal viability, and administrative feasibility which are involved in the pricing of urban public services</p>	X	X		Eco	2 years beginning in 1977		Lincoln Institute	??0	160	60 (LI)

...

### III. Classification of activities by organization

80. The following tables cover the activities of the United Nations system in the human settlements field classified by organization.

\* \* \*

#### Explanatory note for table 2

The first column refers to the areas of activity listed in table 1 as follows: I. Settlement policies and strategies; II. Settlement planning; III. Shelter, infrastructure and services; IV. Land; V. Public participation; and VI. Institutions and management.

The second column contains the cross reference to projects as listed in table 1.

The third and fourth columns contain the title and a short description of the activities.

The fifth, sixth and seventh columns indicate whether the activities are carried out at the national, regional or global levels.

The eighth column indicates the main aspect of the activities, abbreviated as follows: cult (cultural), demo (demographic), eco (economic), leg (legal), res (resources), soc (social) and tech (technical).

The remaining columns show the duration and/or completion date of the activities, the co-operating organizations, the costs and the sources of funding respectively.