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**GUIDELINES FOR PREPARING
URBAN DEVELOPMENT ASSESSMENTS**

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1. INTRODUCTION

1.1 NATURE AND PURPOSES OF UDAs

Many developing countries are experiencing rapid rates of urban population growth. In some countries urban populations are growing considerably faster than rural ones. Cities that one or two decades ago were relatively small are now becoming large metropolitan areas. Urban-based activities are now generating a significant portion of GNP in most countries. Accompanying urbanization is the need for overcoming serious deficits in urban employment, shelter, infrastructure and services. At the same time, most developing countries are facing urgent needs to increase agricultural output and productivity. This makes it essential that scarce investment resources be allocated efficiently to stimulate economic activities which will lead to increased productivity and employment. Such investment decisions must balance urban and rural needs and should ensure that complementarities between urban and rural development are taken into account in development planning.

AID has traditionally provided assistance for agricultural and rural development, but recently it has been receiving increasing numbers of requests for assistance in urban development. At present most AID Missions do not have extensive urban programs and are not staffed with urban specialists; thus, they are not in a position to evaluate urban development issues in their countries or to respond to specific requests for urban-related assistance.

In countries where urban development is becoming a significant concern, AID's Office of Housing and Urban Programs is prepared to assist Missions in undertaking "Urban Development Assessments" (UDAs). An Urban Development Assessment is designed to help a Mission understand the process of urbanization in its country, identify key issues or problems that need to be dealt with, and provide a framework for initial policy dialogue with the host country government. In addition, where specific urban issues or problems are identified in advance, the UDA can be structured to focus on them. Finally, a UDA could be used to provide input for a Mission's Country Development Strategy Statement (CDSS).

This document presents guidelines to help AID and its contractors prepare UDAs. The guidelines are divided into three parts, plus an appendix, as follows:

- This introductory section explains the nature and purposes of Urban Development Assessments and the types of UDAs applicable to different situations.
- Section 2 gives suggestions for AID staff on the preparation of Terms of Reference for UDAs.
- Section 3 presents guidance to contractors on conducting UDAs.
- The appendix presents abstracts of three completed UDAs as examples of the various types of Assessments.

These guidelines present a very flexible approach to UDAs, since there will be variations from country to country in (1) the urbanization issues of concern, (2) the priority given to urbanization within national planning and donor strategies, and (3) the degree to which urbanization has already been analyzed, which affects the data base available on which to build a UDA.

Nonetheless, all UDAs should provide a common framework within which each country's specific urban development issues, problems, and opportunities can be analyzed. Every UDA should seek answers to several broad urban development questions as a basis for future investigation and action. These questions include:

- What effect is urbanization having on national economic development patterns and prospects?
- Conversely, how are economic trends or major national investments influencing the patterns of urbanization?
- What challenges and opportunities are posed by urban growth and the emerging structure of the settlement system?
- How should governments and the international donor community begin responding to these challenges and opportunities?

These guidelines categorize three types of UDAs as being appropriate for various country-specific situations: national level, regional level, and city level. However, regardless of which type is chosen, every UDA should contain a common "core" of data collection and analysis which sets the framework for the particular issues being addressed. This concept is illustrated in Figure 1.

The core UDA should describe current urbanization trends and their relationship to the national economy in general and the principal productive sectors (e.g., industry and agriculture) in particular. It should identify the basic demographic trends accompanying urbanization. It should describe the country's settlement system and explain how it relates to the spatial distribution of economic activities. It should outline the basic institutional framework for urban planning, management, and finance at the national and local levels. Finally, it should analyze the government's principal spatial and economic policies as they affect urbanization.

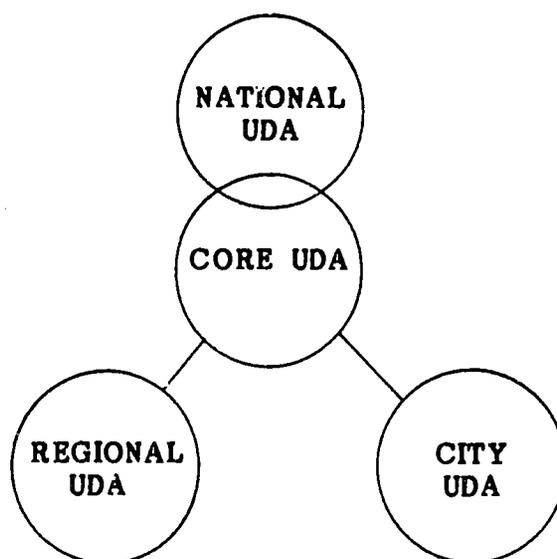
A national UDA essentially focuses on an expansion of the core material, providing more detailed analysis and offering recommendations applicable at the national level. A national UDA is a logical choice in those country situations where there is little information available on urbanization in general or where AID has not previously programmed actively in urban areas (outside of the shelter sector) and wishes to obtain an overview of urbanization as a first step. A national UDA is primarily concerned with providing a basis for initial discussions with the host country government on issues such as:

- The appropriate balance in investment between agriculture/rural development and industry/urban development. Means for helping these sectors to reinforce each other.

- The implications of current urban growth trends for concentration of population in the largest city (or cities). The political, administrative, and financial feasibility of alternative decentralization strategies.
- Growth of the urban labor force and the availability of urban employment. Measures to stimulate private sector urban job creation.
- The availability and affordability of shelter, infrastructure, and services to the urban population nationally (especially the urban poor). The potential for improving physical conditions in urban areas through national-level policies and institutions.

Figure 1

TYPES OF URBAN DEVELOPMENT ASSESSMENTS



A regional UDA is concerned with urban settlement issues related to one or more geographic regions of the country. Normally, a regional UDA would not be undertaken unless AID had already targeted a particular region for concentrated development assistance efforts. If this is the case, a regional UDA might be appropriate for examining such issues as:

- Understanding the urban settlement structure of the region and how it contributes to the regional economy.
- Stimulating non-farm employment for surplus rural workers or to supplement agricultural incomes in the region.

- Promoting rural development in the region through strengthening urban functions (e.g., providing processing, marketing or, service facilities) in one or more settlements. Identifying the settlements where such investments would be most effective.

A city UDA is appropriate where the problems of a single large city are a major concern for the host country government (perhaps reflected in requests for assistance pending with AID or other donors). The kinds of issues that might be addressed in a city UDA include:

- The city's likely population and economic trends.
- Ways to stimulate private sector job generation (formal and informal).
- Urban subsidies or other policy biases that may be helping to induce growth of the city.
- The availability and affordability of shelter, infrastructure, and services in the city, especially for the lower-income population. The development of appropriate standards for land use and physical development.
- Improving city planning, management, and finances.

1.2 OUTPUT OF A UDA

A UDA of whatever type should be presented in the form of a written report with supporting statistical tables, charts, and graphics. While much of a UDA will be descriptive, its primary function is to identify issues and give general recommendations as a basis for dialogue or for action. In most cases, a UDA should be written not only for AID but also for the host country government and the international donor community. Where a UDA may touch on sensitive U.S. program or policy matters, a separate UDA memorandum may be prepared specially for AID.

In planning a UDA it is important to bear in mind that the level of effort is in the range of four to six person-months. This means that UDAs cannot be expected to produce meaningful "operational" recommendations in more than a few specific areas. Also, care must be taken to avoid making recommendations more detailed than is justified by the data and level of analysis.

In view of the limited resources generally available for UDAs it is particularly important to clarify at an early stage the nature of the recommendations being sought. In some cases, only general types of recommendations that stimulate discussion may be desired. In other situations, a specific issue may be of concern from the outset, with the contractor instructed to focus mainly on that issue in order to prepare specific or "operational" recommendations.

The recommendations of a UDA should fall into one or more of the following six categories:

- **AID Strategy:** An outline of an AID strategy for interventions in urban development. Such a strategy would broadly define the importance of urbanization in national development, identify specific policies or issues the Mission might wish to investigate further, and suggest a general investment strategy for urban or regional development.
- **Policy:** Modifications in existing government policies which would be needed (1) to establish a coherent urban development strategy; or (2) to carry out specific types of urban development programs. This analysis could cover explicit urban and spatial policies (e.g., decentralization or regional development) or implicit policies that affect urban development (e.g., trade policy, subsidies, employment policies).
- **Legislation and Regulations:** New or modified legislation or regulations to help achieve existing or proposed urban development objectives. Recommendations may cover laws governing the private sector, regulations on physical development of urban areas, or laws dealing with urban administration and management.
- **Capital Investment:** Recommendations for capital investment may take the form of either (1) a general framework for public and private capital investment in urban development or (2) types of capital projects that might be undertaken to accomplish urban development objectives. Recommendations for public investment should be made with an eye to assisting or complementing private sector investment in urban development.
- **Institutional Development:** Technical assistance, training, or institutional modifications needed to improve urban planning, management, finance, or delivery of infrastructure and services.
- **Further Studies:** Specific studies needed to adequately address issues, problems, or opportunities identified in the UDA or to follow up recommendations in one or more of the above categories.

2. PREPARING TERMS OF REFERENCE FOR UDAs

This section of the Guidelines is directed primarily at AID staff who must draft Terms of Reference for a UDA. The first subsection below presents sample Terms of Reference with "menus" of issues that may be included. The second gives guidance on UDA team composition and level of effort.

The most difficult aspect of a UDA is the need to cover a broad field with a limited level of effort. A UDA must not only present a cogent analysis of the issues, it must also give practical recommendations. This large mandate requires that the time available for preparing the UDA be rationed carefully at the outset. This is done twice: first when Terms of Reference are drafted and, second, when the contractor prepares an analysis and work plan.

Because urban development issues are invariably interrelated and interdependent, there is a danger of trying to go in too many directions at once. In attempting to cover all of the relevant issues, the Terms of Reference may end up lacking focus and requesting an overly ambitious work program. In preparing Terms of Reference, AID staff should construct a UDA that is achievable with a level of effort of four to six person-months. The TOR should also be flexible enough to allow the contractor to use judgement in deciding how much weight to give to particular items.

How should issues be prioritized in a UDA? Basically it is a matter of investigation, thoughtful discussion and careful selection. Often information is readily available that can provide AID staff with background on the country's urban development situation. Sources include AID studies of related subjects such as shelter, employment, or migration, World Bank urban project reports, UN studies, and similar materials. Before drafting UDA Terms of Reference, AID staff should discuss urban development issues internally and with appropriate host country organizations, donor agencies, and consultants. The discussion should be directed toward reaching a consensus on the type of UDA (national, regional, or city) that is most appropriate and on the urban development issues that are of major interest, those which are of secondary importance, and those of minor significance.

2.1 SAMPLE TERMS OF REFERENCE FOR UDAs

The following "generic" Terms of Reference for Urban Development Assessments are designed to illustrate the types of subjects and issues that would usually be covered in a UDA. These sample Terms of Reference consist of three sections:

- I. A brief introductory background section.
- II. A brief summary of the general scope of the UDA.
- III. The specific scope of work.

The last section (III) is the most detailed. It is divided into four parts:

- Part A: The Core UDA, covering material that should be included in all UDAs.
- Parts B, C, and D: National, Regional and City UDAs, covering subjects and issues particularly relevant to each basic type of Assessment. These parts include both "necessary" and "optional" material.

This outline is meant to be illustrative; it is not intended as a rigid format. Actual Terms of Reference for UDAs may give special emphasis to certain subjects and issues, de-emphasize others, or add new ones.

SAMPLE TERMS OF REFERENCE FOR URBAN DEVELOPMENT ASSESSMENTS

I. Background

The Terms of Reference should begin with the following background information:

- A. A brief statement of the reasons for AID's interest in urban development in this particular country;
- B. A description of the relevant parts of the current AID country strategy;
- C. An indication of the urban development trends of which AID has taken note.

II. General Scope of the UDA

The TOR should next provide the contractor with one or two paragraphs summarizing the overall scope of the UDA:

- A. Identification of the basic type of UDA (national, regional, or city);
- B. A brief summary of principal issues on which the UDA should focus;
- C. A summary of the major outputs expected (i.e. types of recommendations).

III. Specific Scope of Work

[This part of the TOR should specify the subjects and issues to be covered in the UDA. The instructions below are directed to the contractor. The AID discussions leading up to the TOR and the contractor's preliminary review will determine the emphasis to be placed on each element of the scope of work. The depth of analysis for the subjects and issues listed below may vary greatly from one UDA to another.]

A. Core UDA

[The following should be included in all types of UDAs. The amount of material listed here as essential for a core UDA may seem exceedingly large. However, these Guidelines envisage a limited depth of analysis for these core subjects and issues. Experience to date suggests that, given the availability of a reasonable amount of secondary data from U.S and in-country sources (including interview information), basic data collection, analysis, and writing for any one of the items below can be done in as little as three person-days. No more than about one person-week need be spent on any single item in a core UDA, unless it is an issue of special focus.]

1. Describe the country's demographic and economic development context.
 - a. National population trends (including migration).
 - b. Economic development situation and trends.
 - Economic growth.
 - Sectoral structure of production and labor force.
 - c. National economic development policies.
2. Describe the country's urban structure and trends.
 - a. Urban growth overall and by city.
 - b. Structure of the settlement system.
 - Distribution of urban population by city size.
 - Functions of regions and cities.
 - c. Spatial distribution of the resource base and economic activities.
 - d. Income levels and income distribution of the urban population.
3. Describe the institutional framework for urban policy-making planning, management, and delivery of services and briefly comment on the effectiveness of the various institutions.
 - a. Political/administrative structure.
 - b. Inventory of institutions involved in urban planning, management and services.
 - c. Public finance system.

In reviewing national urban policy-making and programming, particular attention should be given to: (1) whether there are any institutions capable of bridging the gap between national economic planning and spatial investment planning/programming and (2) the extent to which urban development plans prepared at the national level take into account the financial/economic implications and the feasibility of implementation.

Provide suggestions on improving the national-level institutional capacity to carry out urban or spatial planning and on making national urban planning more responsive to financial and institutional realities.

4. Briefly review national urban and spatial policies (explicit and implicit) and comment on the degree to which their objectives are being met. This review should include:
 - a. Aspects of the national economic development plan related to urban areas.
 - b. Industrial development policies.
 - c. Agricultural policies.
 - d. Regional development policies and programs.
 - e. Political/administrative decentralization.
 - f. National transport plans or programs.

5. Assess the general physical conditions of the principal urban areas. Focus particularly on the situation of the urban poor. Examine the roles of the public private sectors (formal and informal). This review should cover:
 - a. Housing: Shelter conditions of the urban population; the main problems of housing supply and affordability
 - b. Infrastructure: Proportion of the urban population served by water supply systems, sanitation systems, electric power, and drainage systems; the main problems of supply and affordability in each category
 - c. Services: Proportion of the urban population served by public transport, health facilities, schools, and solid waste collection; main problems of supply and affordability in each category
 - d. Land: The availability of land for future urban growth and, in particular, lower-income residential development; the major problems

of land availability (e.g., price, tenure, standards, physical unsuitability, etc.); the major problems of urban land management.

6. Review problems and opportunities related to urban employment nationally with particular attention to the following:
 - a. The rate at which national economy is creating urban jobs.
 - b. The trend in urban job growth versus labor force growth.
 - c. The kinds of urban jobs being created.
 - Sectors of employment (industry, services, commerce, etc.).
 - Public vs. private.
 - Formal vs. informal.
 - d. The places (cities or regions) where most urban jobs are being created.
 - e. National economic policies and programs affecting urban job creation.

Provide general recommendations on measures to stimulate more urban job creation, especially in the private sector.

7. Assess the availability of public and private financial resources for investment in urban development, focusing on:
 - a. The rate at which investment resources (public and private) for urban development have been growing.
 - b. The rates at which urban investment has been transformed into urban GDP growth and urban job growth.
 - c. The key sources of investment in urban development (e.g., domestic savings, export earnings, taxes, foreign assistance).
 - d. The prospects for additional resource mobilization for urban development.
 - e. Impediments, if any, to private sector investment in urban enterprise or service delivery.

Provide general recommendations on alternative means to stimulate investment resource mobilization for urban development.

8. Review the spatial allocation of national investment (public and private) among urban vs. rural areas and among cities and regions. This analysis should cover:
 - a. Trends in the spatial allocation of investment.
 - b. The policies and objectives these trends have reflected (e.g., primate city dominance, "fair-share" allocation, social or cultural biases, economic efficiency, alleviation of geographical inequities).
 - c. The cities or regions that have benefitted most from past investment allocation patterns.
 - d. Current government spatial investment policies, if any, and the prospects these policies have for achieving their objectives.
 - e. Whether public policies are encouraging or discouraging private investment in certain locations.

Provide general recommendations on a framework for urban investment nationally. Identify cities or regions that should be given priority for investment on the basis of (1) their potential contribution to national economic development or (2) fostering greater geographical equity.

9. Provide an indication of what urban development objectives the nation can realistically hope to achieve given the investment resources likely to be available in the foreseeable future. Focus this analysis on:
 - a. The kinds and levels of urban development investments that can be made over the next five, ten, or twenty years.

OR [AID determines most appropriate focus]
 - b. The degree to which investment can be shifted away from the primate city and allocated to secondary cities as part of a decentralization strategy, without causing an unacceptable decline in national economic growth.

Evaluate the relevance of the following factors on the "affordability" of possible urban development objectives: (1) the costs of job creation in different locations; (2) the opportunity cost and political feasibility of shifting investment resources away from rural areas; (3) the cost implications of varying physical standards for urban development projects; and (4) prospects for growth of urban investment resources.

B. National UDA

[The following are "optional" issues that may be covered in a national UDA, which is essentially an expansion of the core material outlined above.]

1. Review the current national development plan and determine the extent to which it deals with urbanization explicitly. Assess whether the plan allocates a "reasonable" share of productive and supportive investment to urban areas or urban populations. Suggest general approaches to modifying the next development plan to better accomplish national urban development objectives.
2. Assess the measures taken to date to carry out political/administrative decentralization. Give particular attention to:
 - a. How effective the measures have been.
 - b. The urban development objectives that may be furthered by delegation of political/administrative authority to provincial and municipal governments.
 - c. The financial and budgetary reforms that should accompany decentralization efforts.
 - d. The institutional reforms and assistance local governments need in order to take on new responsibilities.

Provide recommendations on the types of policy changes, legal and regulatory reforms and institutional changes needed to implement a coherent decentralization strategy.

3. Evaluate public finance at the national level as it affects urban development, focusing on:
 - a. The extent to which certain sectors of the economy may be under-taxed relative to their size in comparison with other countries.
 - b. Whether there are subsidies to urban populations that should be re-evaluated.

Give suggestions on potential ways of mobilizing more public resources for urban development.

4. Review the ways in which existing policies and institutions limit the effectiveness of urban shelter and infrastructure provision to lower-income groups. Specific attention should be given to:

- a. Strengths and weaknesses of the capital market system.
- b. Adequacy of physical design standards.
- c. The financial status and practices of shelter and infrastructure institutions.
- d. The planning and implementation capacity of these institutions.

Provide recommendations on how the delivery of urban shelter and infrastructure might be improved to accomplish (1) economic development objectives (programming investments where they will make the greatest contribution to economic growth); or (2) equity objectives (supplying lower-income urban dwellers with affordable shelter and infrastructure on a financially sound basis).

C. Regional UDA

[The first three items below should be included in all regional UDAs].

1. Regional profile: briefly describe the following (if not already covered in the core material):
 - a. Population and demographic trends in the region.
 - b. Natural resources and economic base.
 - c. The region's settlement system.
 - Spatial distribution of population in the region.
 - Functions of the main cities and towns.
 - d. Urban infrastructure and services.
 - e. Institutional framework for development in the region.
 - National agencies represented in the region.
 - Provincial-level government structure.
 - Municipal-level government structure.
2. Present an overview of the role of the region in national development, focusing on the following:
 - a. The official development objectives for the region.
 - b. The region's contribution to the national economy.

- c. Comparison of the region's income, structure of production and employment, output, and infrastructure with those of other regions.
 - d. Extent to which the region has benefitted or been hurt by national development policies.
3. Review briefly the strengths and weaknesses of regional institutions with respect to urban development in the areas of policy making, planning, programming and budgeting, public finance, and implementation.

[The following are "optional" issues for inclusion in a regional UDA]

4. Assess the extent to which economic development in the region could be stimulated through investments in urban settlements. If this is feasible, provide recommendations on:
 - a. Which cities and towns in the region should be the focus of investments to promote economic growth.
 - b. What types of investments would be most appropriate.
5. Analyze the potential for stimulating rural development in the region by strengthening urban functions in one or more settlements. Provide recommendations on the usefulness of and scope for investments in:
 - a. Urban-based agricultural production support facilities (e.g., for marketing and storage).
 - b. Agro-processing facilities.
 - c. Urban-based service facilities (e.g., credit outlets, input suppliers, schools, clinics).
6. Evaluate the potential for generating non-farm employment in the region. Specifically, assess the viability of:
 - a. Strengthening institutional support and services for enterprise development (e.g., cottage industry).
 - b. Providing skill training to the local population.

Provide preliminary recommendations for action (programs or institutional development) or further study.

D. City UDA

[The first three items below should be included in all city UDAs].

1. City profile: briefly describe the following based on available data disaggregated to the city level:
 - a. Population trends.
 - b. Economic base and production structure.
 - c. Employment characteristics.
 - d. Shelter, infrastructure and services.
 - e. Institutional structure for city planning, management and provision of services.

2. Present a brief overview of the role of the city in national and regional development, focusing on the following:
 - a. The city's contributions to the national and regional economies.
 - b. The functions the city performs in relation to the nation and the region.
 - c. How the city compares with others in terms of income, structure of production and employment, output, infrastructure and social services.
 - d. The extent to which the city has benefitted or been hurt by national development policies.

3. Review in summary fashion the strengths and weaknesses of city institutions in the areas of policy-making, planning, programming and budgeting, public finance, and implementation. Provide recommendations on technical assistance and training that could be provided to improve city planning and management; also, make preliminary suggestions on institutional changes that should be considered in city management and administration.

[The following are "optional" issues for inclusion in a city UDA]

4. Assess the city's potential for economic development and job generation. Examine in particular:

- a. The structure of city's industrial base, including private and public sector roles, types and sizes of enterprises, and the markets for which they produce.
- b. Apparent bottlenecks for large, medium, and small-scale industrial development including policy questions, labor force, infrastructure, services, managerial skills, credit, training, etc.
- c. Structure and development potential of other productive sectors (commerce, services, government, construction, etc.).

Provide suggestions on how the city can use its comparative advantages to develop economically.

- 5. Assess the adequacy of shelter delivery for the city's lower-income population. Focus particularly on:
 - a. Shelter conditions.
 - b. Shelter financing systems.
 - c. Physical standards and affordability.
 - d. Institutional capacity of the public and private sectors to supply shelter on a financially sound basis to lower-income urban households.

Provide general recommendations on policy, regulatory, and institutional changes needed to improve shelter conditions for the city's lower-income population; also, suggest further studies needed to generate specific action proposals.

- 6. Evaluate the adequacy of infrastructure and services in the city in terms of:
 - a. Constraints on economic development.
 - OR [AID selects primary emphasis]
 - b. Living conditions of the lower-income population.

This review may include water supply, sanitation, drainage, electric power, public transport, health and education facilities, and solid waste collection.

Provide general recommendations on policy, regulatory, and institutional changes needed to improve urban infrastructure and services; also, suggest further studies needed to generate specific action proposals.

7. Review the city's public finance situation, focusing on:
 - a. The authority of the city to collect revenue for locally-determined uses.
 - b. The effectiveness of municipal revenue collection.
 - c. The degree to which the city is financially dependent on the national government and the amount of municipal control over the use of national funds.

Provide preliminary suggestions on policy, legal, and institutional changes which would allow the city to mobilize additional public revenue. Also, suggest further studies needed to generate specific proposals.

8. Analyze the city's land use problems, which may include: [AID selects primary focus]
 - a. Availability of land for urban growth.
 - b. Availability of land for lower-income residential development.
 - c. Controlling the location and type of urban land development.
 - d. Loss of agricultural land to urban development.

Include in this analysis a brief review of land prices, development standards, tenure, physical characteristics, and land use regulations. Provide recommendations on subjects for further study.

2.2 TEAM COMPOSITION AND LEVEL OF EFFORT

A typical UDA contractor team will consist of three to four people. The most important one, and the one who should be selected most carefully, is the Team Leader. This person should have:

- Senior-level status;
- Extensive overseas experience with urban-related issues in LDCs;
- Interdisciplinary experience giving him or her the ability to view urban development broadly and synthesize diverse issues;
- Good judgement on political and institutional issues; and
- Technical skills in urban planning, regional planning, or economics.

The Team Leader is responsible for directing the work and writing the majority of the UDA report. His or her time will generally account for over 50 percent of the level of effort for the UDA.

The other member(s) of the team should be selected according to the focus of the UDA. All candidates for these positions should have strong LDC experience in addition to solid technical backgrounds. Team members will usually fall into one of these categories:

Urban/Regional Economist: Must be able to relate macro economic development issues to spatial planning issues.

Physically-Oriented Urban Planner: Knowledgeable about shelter, infrastructure, and land use planning.

Development Economist: Capable of analyzing industrial and business development for both large and small-scale enterprise.

Urban Management/Finance Specialist: Expertise in institutional and financial analysis.

In reality it will not always be possible to find people matching these exact types, but these are the kinds of skills which will have to be assembled for most UDAs.¹ Again, the most important thing is to select a first-rate Team Leader who combines experience, technical skill, and good judgement.

It is very desirable that the team include at least one person who is comfortable with economics. In any UDA, there will be some need to address questions related to national economic growth, the relationship between economic policy and spatial policy, the economy's ability to generate urban employment, and the availability of financial resources for urban development.

The contractor's level of effort should be in the range of four to six person-months. The time frame for a UDA contract should be about four to six months and should include time for digestion of information and reflection by the team after it returns from the field. The field visit should last at least three weeks. In some cases, it may be more productive for one member of the team to spend more time in the U.S. and less in the field if sufficient data are available from U.S.-based sources. This will usually apply to an economist, who will often be able to carry out a significant part of a UDA analysis using secondary source material available from the World Bank, IMF, and similar U.S. sources.

¹If the UDA is for a region whose agricultural development has not previously been studied in some depth, it may be desirable to include an agricultural economist on the team. A forestry or mining specialist may be included if the regional resource base is one of these primary sectors.

3. GUIDANCE FOR CONTRACTORS ON CONDUCTING UDAs

This section of the guidelines is mainly to help the contractor chosen to prepare the Urban Development Assessment. The subsections below deal with (1) formulating an analysis plan, (2) the suggested steps for preparing a UDA, and (3) the suggested content of a UDA.

3.1 FORMULATING AN ANALYSIS PLAN

Among the contractor's first major steps in any UDA is the preparation of an analysis plan which:

- Sets forth the subjects and issues which will receive priority attention in the UDA;
- Spells out the analytical framework and methodologies; and
- Presents a work plan and schedule.

The main subjects and issues to be addressed in a UDA will usually be stated in the Terms of Reference. The contractor must use the TOR to create a more detailed scope of work. In doing this the contractor confronts the same type of problem faced by the AID staff in drafting the TOR: how to avoid attempting an overly ambitious and unfocused UDA. The contractor should thus devote particular attention to establishing priorities among issues and to budgeting the personnel time available.

Before preparing an analysis plan the contractor should review reports and data available in the U.S. and identify the key issues raised in these sources. This review will often bring to light much useful information and help sharpen the contractor's focus.

When the analysis plan is ready, it should be reviewed with AID staff. In some cases the contractor may offer changes in emphasis or suggest additional issues that should be covered. These modifications should be discussed with and agreed to by AID before the work proceeds so that all parties have the same understanding of how the Terms of Reference are interpreted. In exceptional cases, formal amendment of the Terms of Reference may be required.

In preparing an analysis plan, the contractor should bear in mind the following:

- A variety of analytic methodologies may be applied. It is up to the team to select methodologies based on issues to be addressed, time available, and expected data constraints. UDA teams are expected to make full use of analytical tools available in the fields of economics, urban planning, statistics, resource management, regional planning, finance, and others. The emphasis should be on careful documentation of observations and conclusions.

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- At the same time, UDAs cannot involve extremely complex, time-consuming analyses. The team must strike a balance between analytical rigor and economy of execution and presentation of the UDA.
- Data collection should be a function of the issues being analyzed and the methodologies to be used, not the other way around. The UDA should present only as much data as is required to support its arguments.

3.2 SUGGESTED STEPS FOR CONDUCTING A UDA

The contractor's basic work program should consist of three phases: (1) an initial period in the U.S. for planning and preliminary data collection and analysis; (2) a trip to the field for interviews, site visits, and additional data collection and analysis; and (3) a final analysis, report-drafting, and presentation phase back in the U.S.

Initial U.S. Phase

1. Collect background data on urban development, the national economy, economic sectors, etc. and, to the extent possible, on issues already identified in the Terms of Reference. Sources include AID, the World Bank, the U.N., and other international agencies.
2. Identify other key issues derived from secondary source material and interviews with knowledgeable individuals.
3. Prepare analysis plan laying out issues to be addressed, methodologies to be applied, data needed, and work schedule.
4. Review analysis plan with appropriate AID/Washington staff.
5. Inventory data already in hand against that required by analysis plan.
6. Inventory organizations to be contacted in host country during field trip.
7. Contact USAID Mission and/or RHUDO to provide summary of UDA analysis plan and data requirements and to request appointments for field trip.
8. Begin preparing overview of existing urban development situation.
9. Begin analysis of issues for which there are sufficient data.
10. Just before leaving on field trip, meet with AID/W staff to discuss preliminary analysis and judgments.

Note: It is advisable to perform as much analysis as possible before going to the field. In some cases it may be possible for one team member to stay in Washington to continue with part of the analysis while the others go to the field. In this first phase of work it should be possible to formulate a number of preliminary judgments with the idea of validating them through further analysis and field interviews.

Field Phase

1. Review TOR for UDA with the Mission and the RHUDO and adjust as required within the limits of the time available for field work. Finalize schedule of site visits and appointments.
2. Collect data to fill in gaps and update that obtained in the U.S. Also, obtain appropriate maps and take photos, if necessary.
3. Interview relevant host country officials and private sector representatives.
4. Interview representatives of other donor agencies.
5. Continue analysis of issues to extent time permits during field trip.
6. Present draft outline containing preliminary findings and recommendations to the Mission and RHUDO (as well as host country officials, as appropriate). Review next steps (who reviews and clears draft, whether team leader should return for presentation, etc.)

Note: It is advisable to perform as much analysis as possible while in the field so as not to leave it all for the end (the difficulty of doing this is acknowledged).

Final U.S. Phase

1. Meet with AID/W staff to review preliminary findings of trip.
2. Complete analysis and prepare draft UDA.
3. Submit draft UDA to AID/W, USAID Mission, RHUDO and, if appropriate, host country.
4. Revise UDA based on comments from above.
5. Submit final UDA to AID and host country; make presentations (if appropriate) of findings in Washington.
6. If included in the TOR, return to host country to make presentations and assist in follow-up.

3.3 SUGGESTED OUTLINE FOR A UDA REPORT

The following is a suggested outline of what a UDA should contain. Contractors should try to follow the general headings and sequence of this outline to the extent possible. It is desirable that there be some consistency in format among UDA reports for the benefit of those who need to refer to multiple UDAs. Headings III, IV, V, and VI need not be presented as separate chapters but may be combined into one or two broader chapters. Each heading in the outline is referenced to the Sample Terms of Reference in Section 2.1 of these Guidelines.

**Sample TOR Reference
(See Section 2.1 of
these Guidelines)**

All UDAs:

- | | | |
|------|--|----------------|
| I. | Executive Summary | |
| II. | National Demographic and
Economic Development Context | A1 |
| III. | Urban Structure and Trends | A2 |
| IV. | National Urban Policy and Institutional
Framework | A3, A4 |
| V. | Physical Conditions in Urban Areas | A5 |
| VI. | Resources for Urban Economic Development | A6, A7, A8, A9 |

If a national UDA:

- | | | |
|------|------------------------------|---------|
| VII. | Specific National UDA Issues | B (all) |
|------|------------------------------|---------|

If a regional or city UDA:

- | | | |
|-------|--------------------------------------|---|
| VIII. | Regional or City Profile | C1, C2, C3 - OR -
D1, D2, D3 |
| IX. | Specific Regional or City UDA Issues | C4, C5, C6 - OR -
D4, D5, D6, D7, D8 |

All UDAs:

- | | | |
|----|--|--|
| X. | Summary of Conclusions and Recommendations | |
|----|--|--|

Note: UDAs generally should be concise documents. They should not normally exceed 75 pages, including tables and graphics. If a UDA must be longer in order to meet the requirements of the Terms of Reference or to present valuable material never compiled before, it should be broken up into two or more volumes. For example, there may be an executive summary volume, a main report volume and an appendix volume containing technical pieces, extra tables or other supplementary material.

APPENDIX

ABSTRACTS OF RECENT URBAN DEVELOPMENT ASSESSMENTS

INTRODUCTION

In late 1982, at the request of AID's Office of Housing and Urban Programs, PADCO Inc. prepared a preliminary concept paper and draft guidelines for conducting Urban Development Assessments. PADCO then field-tested the preliminary UDA approach in Nepal, Senegal, and Somalia. The revised UDA guidelines contained in this document reflect the progressive experience gained from PADCO's field applications as well as contributions from AID staff and other contractors. The following brief descriptions of the Nepal, Senegal, and Somalia UDAs illustrate national, regional, and city oriented approaches.

NATIONAL LEVEL UDA: NEPAL

1. Arrangements and Chronology

- Budget: \$64,000
- Level of Effort: 125 person days (three persons)
- Reports: Executive Summary (26 pages)
Full Report (203 pages)
- Chronology: Preliminary work, U.S.A., November 1983
Field work, Nepal, four weeks,
November-December 1983
Analysis and report writing, U.S.A.,
January-February 1984
Presentation Seminar, Nepal, March 1984

2. Objectives

USAID/Nepal recognized that the growth of the urban population of Nepal is beginning to accelerate from a very small base of about 6 percent of the total population, yet no national urban policies were in place, and almost all donor attention has been focused on the urgent priorities of agriculture and rural development. The major objective of the UDA was to provide an overview of the urban development process and to estimate future trends, identify urban development problems which need to be addressed and provide the basis for dialogue with the government. The UDA was not intended to propose major capital or technical assistance projects (though future discussions based on the UDA might identify useful areas of donor assistance). Specifically, the objectives of the UDA were:

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- To develop an overview of urban conditions in Nepal with specific reference to urban/rural linkages.
- To review national policies influencing urbanization and urban conditions.
- To determine the institutional framework for urban development and municipal management, particularly with regard to government decentralization initiatives.

3. Methodology

The consultants, who had previous experience in rural development in Nepal, started by collecting all readily available secondary source information on economic conditions, population and urbanization from AID, the World Bank, the IMF, and library sources in the U.S. Based on this information, the consultants identified likely areas of inquiry, prepared a list of required interviews with government agencies, and developed an overall economic and demographic analysis to guide the field work.

The consultant team spent four weeks in Nepal, primarily for data collection, interviewing, and field trips to urban settlements throughout the country. A total of 52 interviews were held with representatives of 30 agencies, local governments and donors. The field trips covered five of the larger urban centers and six of the smaller urban settlements. The team presented two lecture/seminars on urbanization for local planners.

Upon returning to the U.S. the team analyzed the data and interview material and prepared the reports in draft form for review. A small part of the analysis involved application of a computer-based modeling technique (which is presently in experimental form) to verify the demographic and economic trends identified and to analyze the cost of job creation and urbanization in alternative urban settlement patterns.

Representatives of the team and the Office of Housing and Urban Programs returned to Nepal at the invitation of the AID Mission to present the findings of the study and to start the urban policy dialogue with the government. A three-day seminar was held for approximately 80 government officials, along with local donor representatives.

4. UDA Outputs and Conclusions

A key output of the study was the organization and presentation for the first time in Nepal of the urban development-related data base (drawn from diverse secondary sources plus field interviews and observations). The UDA relates urbanization to population growth trends and migration patterns, it describes the existing settlement system and discusses the structure of government with special emphasis on urban planning and housing, and it presents the urban implications of major sectoral programs (industry, agriculture, tourism, energy, water supply, transportation and communications).

The conclusions of the study were:

- A. Investment priority should continue to be given to agriculture and the inter-urban networks (transport, power, and communications) which serve both urban and rural development.
- B. Urbanization will accelerate in the future and in fact should be encouraged because of the dangerously high person/land ratios in the Hills and the limited remaining capacity of the Terai (lowlands) to accommodate new population in rural areas.
- C. The National Planning Commission is urged to prepare a specific national urban policy as part of the upcoming Seventh Five-Year Plan. The UDA suggests by way of general principles that the urban policy should consider:
 - Preparation of policies and procedures to facilitate migration and the introduction of rural populations to urban living conditions and jobs.
 - Encouraging private sector involvement in urban job generation.
 - Continuing the policy of private sector and individual responsibility for the housing stock but with improved public sector procedures for preparing urban land with minimal infrastructure.
 - Assigning first priority in urban infrastructure to potable water supply.
 - Preparing improved urban land policies to reduce speculation and encourage investment in more productive areas.
 - Revising urban management and finance powers and procedures to support the decentralization policies of the government.
 - Revitalizing the urban planning process.

REGIONAL LEVEL UDA: SENEGAL

1. Arrangements and Chronology

- Budget: \$79,000
- Level of Effort: 168 person-days (five persons)
- Reports: Full report (141 pages text, 32 pages appendix tables)

- **Chronology:**
 - Preliminary work, U.S., April 1983
 - Field work, four weeks, Senegal,
May 1983
 - First draft submitted, August 1983
 - Review seminar in Senegal, October 1983
 - Final report submitted, February 1984

2. Objectives

In Senegal AID was interested in assessing urban development at two levels: national and regional. At the national level, AID wanted to obtain an overview of how urban development fits into the nation's general economic development situation. The principal issue here was: how to integrate urban development into the government's and AID's national development strategies in order to enhance the contributions of urban areas to national economic growth. At the regional level, AID was interested in determining how its own country program, which is almost wholly focused on agricultural development in three regions, could be strengthened through interventions in urban settlements in those regions.

The specific objectives of the Senegal UDA were to:

- Provide an understanding of the implications of urbanization on government development planning.
- Suggest improvements in national urban policy and programming to promote a more coherent approach to urban development.
- In the three AID program regions (Sine Saloum, Fleuve, and Casamance) identify urban centers which could be the focus of investments to stimulate urban and rural economic growth.
- Suggest types of investments that could be made in the targeted urban centers.

3. Methodology

Before going to the field, the consultants collected a substantial amount of secondary source information on Senegal's economy, urban and rural development situations, and international donor programs. Most of this material came from the World Bank and AID. Based on a review of the documents collected, a preliminary list of issues and a sketch of Senegal's current economic development status were prepared. One of the primary themes that emerged from this first-stage investigation was the need to take into account the severe constraints imposed by Senegal's negative overall economic growth.

The consultants spent four weeks in Senegal. They interviewed numerous central government officials, including representatives of the Ministries of Urbanism, Planning, Economy, Finance, and Equipment, as well as of parastatals responsible for provision of urban services. The consultants also visited cities and towns in the three regions of AID programming and conducted extensive interviews with local officials.

Back in the U.S. the consultants spent several weeks preparing a draft Urban Development Assessment report. Part of the analysis of the role of urbanization in national economic development involved the application of a national urban policy methodology developed by the prime contractor. The methodology was used to assess the cost implications of allowing current urban growth trends to continue versus promoting more decentralized urban growth by shifting investment resources to secondary cities (Dakar currently has about 22 percent of the national population). At the regional level, the consultants used data on the economic base and productive activities in the three regions and their main settlements, as well as data on interregional and interurban commodity flows, to identify urban centers with the greatest economic growth potential.

Neither AID nor the Government were entirely satisfied with the first draft of the Senegal UDA. The principal problems were (1) AID felt too much emphasis had been placed on the national urban investment issues and not enough on the regional questions, (2) The recommendations regarding which urban centers should receive investment priority and what investments were most appropriate were insufficiently developed, and (3) the draft suffered from inadequate editing.

The consultants returned to Senegal after submitting the first draft to participate in an AID-sponsored seminar to review the issues raised by the UDA.

The consultants next undertook a significant revision of the UDA. Portions of the analysis were reworked, and much of the report was rewritten.

4. Outputs and Conclusions

The final UDA report suggested that Senegal's present economic climate makes development of urban programs difficult in any part of the country. However, urban investments should initially be located in places that have relatively good existing infrastructure or have investment programs underway. The UDA concluded that, until the national economy recovers, urban investment programs should be concentrated in a very small number of centers, building on capacities already in place.

The analysis recommended that priority be given to investments that meet stringent financial and economic productivity criteria and that have relatively early payback. Also, a greater burden of investment costs must be shifted to the private sector and to beneficiaries through cost recovery.

The UDA identified three urban centers outside of Dakar as the most promising, because of their economic potential, for focusing investment resources in the short to medium run: Thies (near Dakar), Kaolack and its surrounding settlements (in the Sine Saloum region), and the St. Louis--Richard Toll--Dagana area (in the Fleuve region).

The UDA also developed general recommendations for urban programming in the three regions of AID focus. These included investments in directly productive activities and supporting infrastructure both region-wide and in the priority cities.

CITY LEVEL UDA: MOGADISHU, SOMALIA

1. Arrangements and Chronology

- Budget: \$40,195
- Level of Effort: 66 person days (three persons)
- Reports: Full report (106 pages including executive summary)
- Chronology: Preliminary work, U.S., July 1983
Field work, Somalia, two weeks,
July/August 1983
Analysis and report writing, U.S.,
October 1983

2. Objectives

The UDA was conducted in response to a request to AID from the Mayor of Mogadishu. The UDA had two stated objectives:

- Undertake a preliminary assessment of urban planning in the city of Mogadishu, identify key pressing problems and potential solutions and, as a special objective, draft Terms of Reference for a medium range, action-type master plan for the city.
- Conduct a seminar on urban planning for local government staff.

3. Methodology

The consultants had not worked in Somalia before. The first step was to collect the available secondary source data from AID (which had recently done an urban/rural linkage study), the World Bank, the IMF and library sources. An approach similar to the one used in Nepal was taken to the data. A demographic and economic framework was established, lists of potential topics for investigation were prepared and potential agencies to be contacted were identified.

A local consultant was hired to work with the team to facilitate scheduling and to act as interpreter during interviews and field trips. The team of two persons spent a total

of 12 days in Somalia (which was too short a time, in retrospect). During this period one person conducted a three-day workshop for local officials, which further reduced research time. Nonetheless, approximately 25 interviews were held and brief field trips were taken within the Mogadishu region (however, none of the secondary cities were visited). The team concentrated its field work in the city of Mogadishu with particular emphasis on the obvious and extensive problem of the rapid growth of low-income settlements.

The team returned to the U.S. to analyze the data and prepare the report in the remaining time available. The report was sent to Somalia for review. AID is now preparing to move ahead with one of the specific project proposals identified in the report.

4. UDA Outputs and Conclusions

This UDA, which was undertaken with a lower budget and level of effort than the other two UDAs described above, was necessarily more selective in its data collection and analysis. It concentrated almost from the outset on two specific tasks of major concern to the city of Mogadishu (preparing terms of reference for a master plan which was to be undertaken by the Italian assistance agency and terms of reference for a land development project to be undertaken by AID).

Nonetheless, the UDA first analyzed the overall urbanization process in Somalia and highlighted that approximately 40 to 50 percent of the population will be urban by the year 2000. The urban economy (particularly manufacturing) is likely to be dangerously weak under present trends, presenting a major problem for job generation in urban areas. Furthermore, agriculture and livestock potentials will not be sufficient to provide the sustained economic growth for the nation essential for increasing standards of living. Total investment resources will be limited, and investments allocated to urban areas will be even more scarce.

The UDA identified three secondary cities which have some potential for increased urban growth, but concluded that Mogadishu's population growth momentum cannot be appreciably reduced in this century. Mogadishu must therefore remain the focus of significant efforts to improve planning, stimulate the private sector, enhance urban management and finance capacity and control future land development.

The city of Mogadishu was analyzed in more detail within this schematic framework of national urbanization. Two specific Terms of Reference were developed:

- The terms of reference for the city master plan (to be undertaken with Italian assistance) attempted to refocus the effort from a traditional static physical plan approach to a dynamic urban development approach with emphasis on Mogadishu's national role, the need to stimulate the urban economy, and the recognition that planning proposals must be clearly related to the fiscal realities of the city and the nation.

- The terms of reference for the land development project stressed the fact that 200,000 urban plots will be required by the year 2000 to accommodate expected population growth due to migration and natural increase. The present policies of the city (essentially to allocate large plots with no infrastructure at little or no cost to beneficiaries) needed to be changed, mainly through establishing pricing policies (including cross-subsidization) which would make it possible to obtain massive improvements in land use efficiency and to provide minimal standard potable water and roads for the new areas without increased public expenditures.