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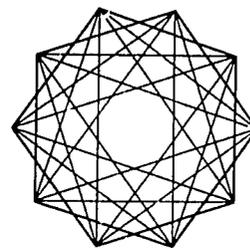
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PLANNING AND
DEVELOPMENT
COLLABORATIVE
INTERNATIONAL

**POLICY STATEMENT OF THE
AFRICAN DEVELOPMENT BANK
CONCERNING URBAN DEVELOPMENT**

COTE D'IVOIRE

May 1990



P A D C O

AN INTERNATIONAL COLLABORATIVE FORMED TO
PROVIDE GOVERNMENTS AND PRIVATE CLIENTS IN
AFRICA, ASIA, LATIN AMERICA AND THE NEAR EAST
WITH INTEGRATED RESEARCH, PLANNING AND MANAGEMENT
SERVICES FOR URBAN AND RURAL DEVELOPMENT

Policy Statement of the African Development Bank Concerning Urban Development

Côte d'Ivoire

May 1990

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1. INTRODUCTION

BACKGROUND

1.1. Africa currently has the highest rate of urban growth of any region in the world. Because Africa was two-thirds rural in 1985, the full significance of this ongoing rural to urban transition was and still is not widely recognized. Many countries and development agencies continue to think of Africa as being primarily a rural development environment. This perception should soon change, however, as continuing rapid urbanization leads to more than half the total population of Africa living in urban places by the year 2020. Virtually all 50 African Development Bank (ADB) Group member states will be affected by these urbanization trends.

1.2. This process of urbanization in Africa is both inevitable and irreversible. It is characterized not only by its unprecedented magnitude but also by the extraordinary speed at which it is occurring. Within the very short time span of the next 30 years, for example, Africa will have to:

- accommodate in its cities and towns twice the current total urban population of all Europe and North America combined,
- more than triple the physical size of its entire urban settlement system,
- produce 107 million urban dwelling units based on an average family size of six persons, and
- generate 116 million new urban jobs.

1.3. These enormous growth projections will fall upon cities and towns of all sizes, most of which are already experiencing substantial deficits in housing, infrastructure, health and education services; growing environmental problems; very high levels of un- and under-employment; and inherently weak administrative systems. Financial resources from official channels will be insufficient to deal with these conditions. It is important, therefore, that urban policies and public investments focus on establishing the "enabling conditions" that will stimulate private investment, increase productivity, generate a maximum number of new jobs, and allow maximum social and economic development to occur. A wide variety of initiatives is likely to be involved in achieving these conditions; including, for example, the provision of infrastructure and public services, changes in regulations and administrative procedures that make them more flexible and affordable to individuals and businesses, expansion of human resource development programs, and the strengthening of business support activities.

1.4. Because urbanization is having a profound impact on all aspects of the African landscape and ways of life, it needs to be recognized as a much greater challenge and opportunity for the continent's economic and social development than it has been in the past. The development and application of appropriate and effective urban policies will need to recognize the positive aspects of this urban growth and seek ways in which to use these as a constructive force in national economic development. African countries can gain considerable benefit and avoid many pitfalls by organizing now to productively manage long-term urban growth while still at the early stages of this urbanization process.

1.5. Throughout its history, the ADB Group has been active in lending for projects in urban areas. A significant part of its lending activities and projects in traditional sectors have occurred in urban areas. Due to the ever-increasing size and speed of the urbanization process in Africa, there is now greater awareness that new approaches are needed to address this situation that

go beyond the individual project by project approach of the past. It is timely and appropriate, therefore, that the ADB Group define the orientation of its future activities and relations with member countries concerning urban development.

1.6. The ADB Group also recognizes that policy development should take into account the existing conditions and urban development trends within each member country. Urban policies should seek to modify the negative implications of these conditions while making their positive aspects more productive and efficient.

OBJECTIVES

1.7. This document identifies some of the potentials and problems arising from Africa's rapid urban growth and sets forth an approach towards developing an appropriate response and orientation for future ADB Group activities in urban areas. Its objectives are to:

- present an overview of urban development challenges and opportunities in Africa,
- identify some of the main urbanization issues and stimulate dialogue that will encourage member countries to develop long-term urban strategies,
- provide guiding principles and outline basic policies for ADB Group activities in urban areas,
- inform member countries of the most important development concerns that should be included in project development,
- provide guidelines for internal ADB Group coordination in project development, appraisal, and evaluation/monitoring.

ORGANIZATION OF THE DOCUMENT

1.8. The main body of this document is divided into three major parts:

Chapter 2 presents a brief overview of urban development in Africa, examines the role of urbanization in development and the problems caused by this trend, and presents urbanization issues to be addressed in establishing an urban policy framework.

Chapter 3 looks at previous Bank Group operations and experience in urban areas as well as the experiences and policies of other development agencies. It examines the Bank Group's lending operations in urban areas through traditional sectors, the difficulties that have been encountered, and the lessons that can be applied to future urban programs.

Chapter 4 sets out urban policy guidelines that can be used as a basis for future ADB Group lending activities and for stimulating dialogue between the ADB Group and member countries concerning urban development issues and projects proposed for financing.

2. OVERVIEW OF URBAN DEVELOPMENT IN AFRICA

BASIC DEMOGRAPHIC DATA

2.1. Based on United Nation's demographic data,¹ Africa currently has the highest rate of urban growth of any region in the world. During the 35 year period from 1950 to 1985, the total population of Africa grew by some 330 million persons. The urban population grew from 32.9 million people in 1950 to a total of 177.4 million people in 1985. This meant that 43.6 percent of the total population growth during this period occurred in urban areas. The percentage of Africans living in urban areas grew from 14.8 percent of the total population in 1950 to 31.7 percent of the total in 1985.

2.2. The same UN data indicates that the next 35 years will see even more rapid transition in the pattern of urban and rural growth. Between 1985 and 2020, the total urban population is projected to grow by 644 million persons while the total rural population is expected to grow by only 291 million. This means that roughly two thirds of the total of 935 million net population growth expected during this period will be accommodated in cities and towns. Virtually all African countries will expand their urban populations by three to four times what they are today.

CHALLENGES AND OPPORTUNITIES OF URBANIZATION

2.3. Urbanization in Africa is both cause and consequence of a complex and far reaching social and economic transformation that currently is taking place as African countries change from predominantly agrarian to urban economies. Urbanization produces many benefits. It enables African countries to diversify and improve their national economies and increase their participation in world markets. It provides the environment for new and diverse career and income generating opportunities that are particularly important for rural urban migrants and women headed households. It contributes towards raising the standards-of-living for large segments of the population and significantly improves their access to better health, education and productive participation in community life. By absorbing excess rural population, African cities also relieve pressure and demand on rural lands and environments. Urban centers of all sizes, from metropolitan areas to market towns are playing catalytic roles in this transformation.

2.4. Urbanization is an essential feature of the development process. It is one of the few major societal changes that produces higher levels of economic growth sustainable over long periods of time. African cities contribute to national economic growth by absorbing a significant portion of total population increase, creating a physical base for the diffusion of productive activities, and providing basic infrastructure and services required for manufacturing, agricultural marketing and export. African cities act as incubators for the creation of new private sector industries and additional sources of employment, and are increasingly looked upon as the "engines of economic development". Urban places in Africa, on the average, currently generate more than 50 percent of GNP, a figure that undoubtedly will grow in the future. (The World Bank estimates that more than 80 percent of the GDP of all developing countries will be produced in urban places by the year 2000.) Urbanization is also a catalyst for far reaching social change resulting from the interaction, exposure to new ideas and technologies, access to information, and greater levels of community participation, education and general awareness that occur in urban areas.

¹The 1982 Assessment, the United Nations.

2.5. A major challenge and opportunity related to urban growth concerns the generation of new employment. Based on World Bank estimates,² the overall active population in African is expected to increase from 237 million in 1985 to 346.6 million in the year 2000; a net increase of 116.5 million persons during a 15-year period. During the following 20 years, this active population is expected to grow at even faster rates and could reach 700 million persons by the year 2020. This presents African countries with a dual challenge of great importance: first, to provide employment for this projected active population; and, second, to ensure that there are sufficient improvements in labor productivity to actually increase per capita incomes.

2.6. Regardless of the success achieved in developing and modernizing the agriculture sector, it is clear that projected increases in the active population in rural areas cannot be absorbed by the limited number of jobs that can be produced there. Recent experience has shown that rural development initiatives will not reduce urbanization to any great extent. In fact, cities will need to provide employment opportunities not only for their own rapidly growing work forces, but also for excess rural workers who cannot be absorbed by agricultural and rural off-farm employment. To successfully play this role, cities will need substantial investments in infrastructure, telecommunication and reliable energy supplies to support the development of new and modern enterprises. One of the key policy objectives will be to ensure that investments yield high rates of economic growth, generate a surplus for reinvestment, and are self-financing without subsidy.

2.7. The past debate concerning the merits of urbanization in Africa and whether or not it should be slowed or stopped, has now given way to a more constructive point of view that focusses on accommodating urban growth and making it work for national development. Growing evidence exists that economic and social development rely on complementarity between rural development and the development of efficient urban centers. As a result, greater recognition is being given to the multiple and complex linkages that exist between cities and towns of all sizes and their rural areas, and to the need to reinforce these positive relationships in order to maximize balanced and sustainable economic development. General agreement exists that future improvements in agriculture and rural development can be achieved only when linked to a network of efficient urban centers that provide vital and necessary services for financing, marketing, processing and distributing agricultural products, opportunities for off-farm employment, and access to urban markets and consumers.

2.8. A very strong urban-rural linkage in Africa also exists through the voluntary remittances that urban dwellers send to their rural relatives. Not only do these remittances help raise the standard-of-living in rural areas, they often play a key role in promoting farm innovation, purchasing off-farm inputs and financing loans. As the importance of rural-urban linkages becomes more apparent, many African countries are seeking to improve both agricultural production and the capacity of villages and towns to facilitate agricultural marketing and to provide basic services and infrastructure to adjacent rural areas.

2.9. Another fundamental challenge of urban development involves balancing competing needs for the development of urban based enterprises essential for supporting national economic growth with the needs for addressing growing problems of urban poverty. In 1975, for example, there were 2.5 million urban African households living in poverty, which was only 20 percent of

² 1987 *World Development Report*, World Bank.

the total households in poverty. By the year 2000, the number of poor urban households is expected to increase by 275 percent to a total of 7.9 million households. Poor urban households then will represent 42 percent of the total number of African households living in poverty.

2.10. Experience has shown that direct assistance to alleviate poverty is not the only way to help the urban poor. Increased economic efficiency and government policies that provide an environment in which the urban poor can help themselves are equally important and generally have led to more sustainable improvements. Most effective in helping the urban poor have been those policies that facilitate small-scale and informal enterprise development, increase access to land tenure, provide support for informal shelter construction and affordable infrastructure, and improve primary education and preventive health care. A growing body of evidence shows that the overwhelming majority of poor urban migrants do find employment, particularly in the informal sector, and are able to improve their standards-of-living. Informal shelter areas, in spite of their deficiencies in infrastructure, provide affordable housing conditions that, in most cases, are better than those which migrants left behind.

2.11. As the process of urbanization in Africa accelerates, it will be even more important for cities to adopt measures aimed at removing obstacles to economic development, such as poor access to capital and land, and inadequate services for transportation, water and electricity and communications systems. Since improving access to even small amounts of capital can have high returns in terms of employment and income growth, due consideration should also be given to removing institutional biases against lending to small- and medium scale enterprises.

URBANIZATION AND THE DEVELOPMENT OF NATIONAL ECONOMIES

2.12. African nations face three important challenges in developing their national economies. These are: coping with external debt and obtaining foreign exchange through greater participation in world markets; enhancing GDP and raising overall standards-of-living; and generating jobs to meet labor force growth. The ability to resolve these problems will depend to a great extent on the efficiency and productivity of cities.

External Debt and Foreign Exchange

2.13. The most difficult economic problem facing many of the ADB Group's member countries is coping with external debt. The total current debt for Africa is estimated at nearly US\$200 billion. Payments on this debt in 1986 were about US\$14 billion, representing a fivefold increase since the beginning of the decade. Africa's overall debt service ratio now exceeds 30 percent, with some member countries spending more than 50 percent of their export earnings on debt service. Africa has, in fact, been a net exporter of financial resources since 1985 with debt repayments exceeding development assistance inflows.

Internal Economic Growth

2.14. After an initial period of growth, many African countries have experienced disappointing economic performance in recent years. In the 1980s, most ADB Group member countries recorded either negative or very low real rates of growth. In almost every country, populations have grown more rapidly than economies and per capita GDP has declined. Not surprisingly, the poorest economic performance has been recorded by the poorest countries which, for structural reasons, are the least able to recover rapidly. An important economic objective for all ADB Group member countries, therefore, involves raising GDP. It is estimated that as much as 80 percent of this GDP growth will come from urban areas.

2.15. Given that extreme differences can be found between GDP per capita in rural and urban places, a concentration on agriculture and rural development alone will be insufficient to generate the overall economic growth necessary to raise living standards and meet foreign exchange obligations. In order to achieve significant growth rates within the overall economy, balanced development of both urban and rural economies based on their economic potentials and comparative advantages is required.

Employment Generation

2.16. Previous inclusions of job generating components in individual projects have not proven to be very successful. There is a growing consensus that urban employment generation can be addressed more effectively on a city-wide scale using more indirect means. Investments in basic infrastructure, changes in zoning regulations and the simplification of cumbersome government approval procedures, often do more to stimulate private sector investment and the development of small-scale enterprises necessary for job generation, than do direct interventions to relieve unemployment.

2.17. It should be pointed out as well, that creativity, ingenuity and the development of entrepreneurial skills will continue to play a key role in the development of these small-scale enterprises and informal economic activities. Such skills are very much needed in the long term, as African nations work to increase their participation in world markets.

URBAN POLICY ISSUES

2.18. The presentation of urban policy issues within this document has been divided between two broad categories: strategic issues that concern urban development in general and its role in economic development; and institutional issues that concern the framework for implementing policies and programs.

STRATEGIC ISSUES

MACRO-ECONOMIC POLICIES AND URBANIZATION

2.19. Urban policies have important effects on national economic performance through their impacts on the efficient allocation and use of resources, the productivity of the labor force, the contributions that cities make to nationwide economic performance and growth, and the linkages between rural and urban development. Given this situation, a country's overall economy can be efficient only if the economies of its cities and towns are as well.

2.20. Within the last few years, many African countries have embarked on structural adjustment programs and macro-economic policy reforms. Although these programs are tailored to individual countries, they frequently include the reduction of urban subsidies, restrictions on public sector employment growth, and lower levels of public expenditure. They also place greater concern on world trade, the development of formal private sector enterprises, expansion of registered wage employment, the mobilization of capital from domestic and international capital markets for productive investment, and the enhancement of public and private sector efficiency and productivity.

2.21. All of these macro-economic reforms can have significant impacts on the development of urban areas by removing artificial disruptions and subsidies within national settlement systems and allowing each city to grow according to its economic potential and comparative advantage.

To the extent that macro-economic reforms lead to lower levels of public expenditures, cuts in funding for urban infrastructure and services may occur, as well. To avoid the negative consequences of reductions in government spending, steps should be taken to ensure the continued flow of investment funds for cities with deficits in infrastructure and services by placing greater emphasis on achieving the self-financing of urban services through appropriate pricing policies.

EFFICIENCY AND EQUITY CONCERNS IN ORIENTING ECONOMIC GROWTH

2.22. A difficult and recurring issue involves the allocation of public resources between expenditures that increase economic efficiency and those that provide more direct assistance to the poor. Economic efficiency is used to refer to the achievement of the most efficient use of investment resources contributing to economic growth as measured in the Gross National Product. Equity refers to the distribution of the benefits to society in terms of income distribution and access to facilities and services. Equity has two dimensions: spatially expressed equity which involves reducing inter-regional and per capita income inequality, and social equity which essentially involves improving standards of living for poorer families.

2.23. Spatial equity is still largely theoretical in nature because of the differences in regional resource endowment. Nevertheless, each region should be helped to meet its development potential. A key first step in promoting spatial equity and the growth of small- and intermediate-sized cities is the development of efficient transport and communication links. Social equity and improved standards-of-living for the poor can be addressed best in the long term through sustained economic growth leading to increased household incomes.

2.24. Because no country can afford to choose development policies that focus on either efficiency or equity criteria alone, the choice between equity and efficiency is not really between two extremes. A pure efficiency strategy can lead to social unrest even while achieving high economic growth rates for the nation as a whole. A pure equity approach could create conditions in which investment incentive turns negative and the overall economy declines, conditions that would severely limit the ability of the government to achieve its equity goals. A balance between equity and efficiency, therefore, is needed that will enable the urban poor to become more productive.

2.25. A basic orientation to be followed in attempting to achieve this balance is to promote the highest level of capital investment in locations of comparative economic advantage while, at the same time, providing access to the benefits of this economic growth to lower-income groups. This approach does not imply a turning away from the goal of alleviating poverty. Rather, it reflects a better understanding of what is needed to best achieve a lasting alleviation of poverty, recognizing the crucial role that economic growth must play in raising living standards. In order to be able to extend the benefits of this growth to the greatest number of poor households, physical standards for housing, infrastructure and service facilities are required that are affordable to the nation and the people.

2.26. In pursuing urban development growth objectives, special attention should be placed on channelling investments to projects that create the "enabling conditions" for industrial and other urban economic activity. These will include components of physical infrastructure such as: telecommunications, reliable electricity supply, potable water supply, shelter and sanitation, and efficient urban transport services. Measures to reduce impediments to growth and to rationalize

industrial and other economic policies to support economic development are also essential to establishing these enabling conditions.

2.27. Urban policies should be based on sustainable approaches that can be executed on the scale required to reach the goals of efficiency and equity. There should be little need, for example, for large infusions of external assistance or reliance on public subsidies. In addition, urban policies should be applied on a city-wide basis, and achievable within a reasonable period of time. Experience has shown that policies leading to heavy subsidies for urban relative to rural populations, higher-income groups relative to those with lower incomes, and users of services relative to non-users cannot be sustained, and are generally not in a country's best interest, from either an efficiency or an equity point of view.

ASSISTANCE TO METROPOLITAN AND LARGE CITIES

2.28. One impressive aspect of Africa's urbanization has been the rapid growth of large metropolitan cities. By the year 2000, for example, it is expected that three African cities--Cairo, Lagos and Kinshasa--will be among the 35 largest in the world. At the same time, 98 cities in Africa will have more than one million inhabitants, and together will accommodate roughly half the continent's total urban population.

2.29. Many Africans view the rapid growth of these large cities with concern, and a number of countries in the past have articulated strategies to slow down their growth by favoring the development of industrial growth poles, secondary cities, regional development and agriculture. In general, these strategies have failed to stem the growth of large cities because they require a level of control over human and physical capital, which is virtually unattainable in any system where there is a substantial degree of economic autonomy. Most efforts to retain rapidly growing rural populations in areas with poor development potential have proven to be inherently uneconomic and often have led to the inefficient use of scarce development capital. The real solution to the problem of large cities, therefore, is not to devise measures simply to slow down or reverse their growth but to ensure that economic growth keeps pace with the inevitable expansion of their populations.

2.30. Large cities already possess many of the conditions needed to accomplish this task such as, extensive markets, efficient transportation and communications, professional skills and trained managers, reliable utilities, and administrative and political contacts. They provide economies of scale and advantages of agglomeration that lead to higher productivity and returns on investment which are particularly important to the development of new enterprises and the efficiency of industry, in general.

2.31. Improving the efficiency of metropolitan economies to achieve greater economic growth will require that both the public and the private sectors play a stronger role in improving urban transportation, extending public utilities, controlling adverse conditions, such as air and water pollution, assisting poor households to upgrade shelter, improving basic urban education, health and social services, and generating a greater number of employment opportunities, particularly through the informal sector.

2.32. Large cities often generate a sizable percentage of national GDP and value added. Although per capita public expenditure is generally higher in these cities than in other areas, public revenues have proven to be even higher. Through taxes, rates levied on inhabitants and

businesses, and the pricing of public services, there is in almost every case, a net transfer from large cities to the countryside and not the reverse. The larger concentration of population in metropolitan cities also contributes towards reducing the costs of providing access to public utilities and social services, and makes their installation more feasible and affordable.

2.33. In addition, large cities frequently serve as the principal gateways to world markets and more advanced countries; points of access and communications; centers of innovation, new information and advanced technology; the seat of central government; and locations for financial institutions whose decision controls and incentives are critically important to industrial and small-scale enterprise development.

2.34. Although large African cities with populations of one million or more will require considerable investment and attention, more than 450 million people on the continent will be living in cities and towns with populations less than one million in the year 2000. This leads to two conclusions. The first is that it will be important to develop urban management capacity to administrate large, metropolitan cities with all the inherent problems of massive population and low incomes. The known methods and techniques of urban management at this scale will have to be modified and new concepts and approaches developed in order to respond to the unique economic and social conditions of Africa. The second conclusion is that Africa will have to develop urban management skills which can cover a wide range of city sizes since thousands of other cities and towns below the one million population level will also be involved.

ASSISTANCE TO SECONDARY CITIES

2.35. Many sub-Saharan African countries have secondary cities that were established in response to very specific pre-independence development requirements (eg. mining towns, single crop agro-processing centers etc.). A good number of these cities are not well located for the development of diversified economies and may have only limited potential for future economic growth. These cities present a unique set of urban development problems in establishing a rational and efficient network of human settlements. Because they have been provided with good infrastructure however, the possibility of using this infrastructure as a base for future growth should be carefully evaluated and monitored. Secondary cities that appear to have the best chance of supporting diversified urban development are those located on major rail and road systems that function efficiently.

2.36. The key issue in the development of secondary cities is to create conditions that will allow them to fulfill their function as regional centers as efficiently as possible. Previous attempts to artificially diversify the economies of these cities through subsidy incentives have not been sustainable. It is important that secondary cities be allowed to respond to the economic growth potential within their region and that selected investments in infrastructure follow a clear demonstration of spontaneous economic and population growth. One way to facilitate this process is by providing access to credit for municipal development at full market rates; only those centers which can effectively utilize capital investment will receive it.

2.37. It is also important that the economies of secondary cities be structured in ways that can stimulate regional production and demand, provide products for local markets and raise the incomes of people living in the surrounding areas. Investments in small- and medium-scale service and production activities that are labor-intensive and use local resources are more likely to stimulate local development than the implantation of large-scale manufacturing activities. To

encourage the development of small-scale enterprises and industries, and to stimulate the informal sector to raise cash flow and income, it may be necessary to "protect" some of these local enterprises from goods produced by national or parastatal agencies that often benefit from transport and other forms of subsidy. Such subsidies only serve to discourage the formation of local import substitution, act as disincentives to local small-scale private enterprise formation and encourage further centralization.

2.38. It is still not clear whether appropriate investments in secondary cities will be adequate to stimulate rural economies, establish a pattern of step-wise migration and perhaps, over time, slow the growth of the larger, metropolitan cities. Whether or not this is true, greater attention should be given to providing the service facilities and infrastructure for those secondary cities with proven growth potential that will make them more attractive to private sector investors and rural migrants.

ASSISTANCE TO SMALL CITIES/REGIONAL DEVELOPMENT

2.39. Given the scale of urbanization in Africa and its limited resource base, a major issue concerns the level of emphasis and resources that should be given towards promoting the growth of smaller-sized cities and regional development. Much of the interest in regional development in recent years has been fueled by "growth pole" theory and concerns about optimum city size, if and when to promote decentralization, and when and how to promote the development of secondary cities and market towns.

2.40. While concerns about city size and the distribution of resources are certainly important, the use of regional development as a means of implementing spatial distribution policies has not proven to be very effective. Even when justification exists for regional development programs that enhance urban rural linkages, exploit the inherent growth potential of an area, provide more equitable public services, and build upon the comparative advantages of secondary cities or market towns, it is important to consider the economic efficiency of these investments as well as the sustainability of the activities they create.

2.41. More attention currently is being placed on the development of market towns. In 1980, for example, there were approximately 3,000 villages in Africa having a population of 5,000 or more that could be classified as market towns. Demographic projections indicate that, by the year 2010, there will be 8,000 African settlements of this size. Market towns are closely related to the agricultural economies of their rural hinterlands. They provide markets to farmers, transportation and storage centers, centers for the delivery of essential agricultural inputs and consumer goods for rural households, and efficient locations for public services and facilities for rural areas.

2.42. The emergence of an efficient network of market towns and smaller cities is seen as an essential component for rural and agricultural development, as well as a means for providing public services to the rural community at relatively low cost. Strengthening the economies of market towns in predominantly rural regions will remain a challenge for African countries throughout the 1990s. Investments are needed that will increase the economic and physical interaction among urban places as well as between towns and their rural hinterlands in order to expand trade and stimulate economic exchange.

LAND, INFRASTRUCTURE AND HOUSING

2.43. Land, infrastructure and housing are three elements that determine the efficiency of urban development. A wide range of issues and sub-issues relate to these elements. For urban land, important issues concern land use, tenure and transaction procedures, government land holdings and direct interventions in land markets, land readjustment and land development partnerships. For infrastructure and urban services (including transport, water supply and sanitation, electricity, solid waste collection and social services), key issues concern: the timing, standards and affordability of new infrastructure, cost recovery procedures and the use of subsidies, and the operation, maintenance and rehabilitation of existing networks and facilities. The two major issues for housing and housing finance concern public and private sector roles in the provision of housing, and access to credit. As urbanization in Africa continues to accelerate, the demands on urban land, infrastructure and housing, and the importance of resolving the above mentioned issues will become considerably greater.

2.44. Another set of issues concerns the trade-offs to be made between the provision of new infrastructure networks and services, and the maintenance and operation of those already in place. Urban centers lacking in adequate infrastructure--whether it be water supply, electricity, the treatment of solid waste, or communications transport and urban road networks--will find it difficult to increase productivity and economic growth because the absence of infrastructure presents serious constraints to the development of new enterprises and commercial activities. Benefits gained from expanding infrastructure systems, however, can be outweighed by the inefficient functioning of existing ones. An important issue involves the emphasis that should be given to making better use of existing assets through reliable, effective maintenance and rehabilitation programs. Failure to ameliorate adverse conditions in existing infrastructure can create additional costs and make economic activity less productive.

2.45. One of the underlying problems of poor infrastructure maintenance in African cities is the weak technical capacity of most local governments and the lack of necessary organization and skills. Under these conditions, a self-perpetuating "management by crisis" situation develops and regular maintenance of existing infrastructure is neglected.

Urban Land

2.46. Many African countries face substantial and similar difficulties in providing urban land for development on a timely and affordable basis. As urbanization continues, urban land issues will become increasingly important. Failure to resolve these issues can lead to distortions in land markets, artificial increases in land prices and the creation of diseconomies in the urbanization process. A high priority for all African countries should be to address urban land issues as expeditiously as possible.

2.47. The existing urban land laws and procedures in many African countries reflect colonial ideas and practices that have been superimposed on traditional forms of land tenure. This two-tiered system invariably produces situations of confused and insecure land tenure that inhibit the ability to transfer property rights, discourage investment and severely limit access to formal credit requiring property titles as collateral.

2.48. In many cases, public procedures that govern land markets and transfers are also poorly understood, time consuming, difficult, and far too expensive for many individual families and businesses. Because of this, there is often little incentive for landowners to seek full legal

status for their holdings. Land registration problems are further exacerbated by the inability of many local governments to create and/or maintain adequate land records. In fact, procedural difficulties and the absence of simple, up-to-date land cadastres are gaining recognition as being the principal stumbling blocks to efficient urban land development. Greater attention is being given to both streamlining land transaction procedures and modernizing/simplifying land registry systems.

2.49. Current land issues also concern the ways in which governments intervene in urban land markets, either through measures to free up bottlenecks to productive development by the private sector, or through the use and management of public land holdings to achieve urban development objectives. Greater recognition of public sector limitations has increased interest in potential public/private sector partnerships for land development that can help reduce public expenditures for infrastructure while increasing tax revenues.

2.50. One issue that has been extensively studied and discussed during the last few years concerns that of land use standards. Land use standards have a strong impact on the efficient and productive use of scarce urban land and on the compatibility of a city's physical development with its financial resource base and future land requirements. Higher land use standards generally lead to greater extensions of infrastructure networks, higher overall costs, and fewer families being served. In addition, land use standards have a strong impact on land prices and the affordability of building sites to low-income families. They can also influence the degree to which cost recovery is pursued in situations where government actions have created substantial additional land value for private holdings.

Infrastructure

2.51. The provision of urban infrastructure and services has important repercussions on both the economic and social development of Africa's cities and towns. The already large infrastructure deficits in many urban areas, coupled with rapid growth in future urban populations, will make it extremely difficult to expand infrastructure services at a pace to meet the needs of new urban neighborhoods and/or support economic development. This is due to the large capital investments required, poor cost recovery from previous investments, the persistent use of inappropriately high standards and technologies, and the generally poor maintenance and operations of existing networks.

2.52. Key elements of urban infrastructure provision include: safe potable water and sanitation, transportation, electricity, solid waste collection and disposal, and social services.

Water Supply and Sanitation

2.53. The World Health Organization has estimated that roughly 80 percent of all diseases in African countries are related to water quality. A safe urban water supply is essential for public health, productivity and economic growth. Experience has shown that the benefits from capital expenses for water supply and sanitation can be maximized when the installation of these networks is coordinated with residential development.

Transportation

2.54. Urban transport systems play an important role in facilitating efficient city growth. Large increases in urban population and the spread of urban areas lead to

proportional increases in transport trips, the expansion of road networks, longer journeys, the consumption of more fuel, etc. A major objective for African cities should be to find low-cost solutions to increase the capacity of transport systems and reduce congestion. This can be achieved through improvements in traffic management, urban roads, and public transport operations. Without well coordinated and enlightened decisionmaking on the part of both national and local governments, urban transport conditions are likely to deteriorate quite rapidly.

Urban Electricity

2.55. Urbanization adds significantly to the demands for energy both at the household level and for industrial/commercial development. Greater resources and investments are required to respond to this demand and to provide a reliable supply of energy. Fortunately, African countries can benefit from state-of-the-art technologies and management approaches that make it possible to increase efficiencies in the delivery of energy while reducing capital requirements and environmental emissions. Even with these improvements, however, future energy investments will be costly.

Solid Waste Collection and Disposal

2.56. The failure to efficiently collect solid waste creates unhealthy living conditions that undermine the benefits of urban growth. Many African cities have displayed a remarkable capacity for recycling solid wastes. This process often represents an important part of activities within the informal sector. Even with involvement of the private sector, it is important to strengthen urban management to extend waste collection services to the poor, properly dispose of urban wastes, and monitor and enforce regulations for the management of industrial and hazardous waste.

Social Services

2.57. Investment in human resource development is essential for sustained national development. Social services--such as schools and health centers--play key roles in increasing productivity and in stimulating urban economic growth. Since independence, virtually all African governments have made considerable social progress by investing heavily in education and health services. Some educational concerns remain, however, that include: access of women to educational opportunities; quality of teachers; relevance of the course content offered; ensured supply of materials; and management efficiency of educational systems. In addition, future health services may be able to provide greater benefits by shifting the primary focus from curative health care, which has been favored in the past, to preventive health care and community services.

2.58. Although the public sector traditionally has been responsible for the provision, operation and maintenance of urban infrastructure and services, limited opportunities exist for direct private sector provision of at least some of these, most notably, transportation, electricity and the disposal of solid wastes. Private sector participation in urban services can help improve maintenance operations, and reduce demands on the public treasury for capital costs. Private management is suited best to services for which each user individually perceives an advantage in exchange for the price that is charged. It is more problematic for urban services whose advantage is collective and where establishing the basis for payment is more arbitrary. Collective organization by neighborhoods themselves as well as the dynamism of the informal economy have

successfully provided urban services to low-income and traditional neighborhoods in a number of cases.

2.59. A major infrastructure issue concerns the timing of infrastructure provision. Full use and benefit from capital investments can be achieved only by responding to effective demand. Premature investment in slowly growing, high standard neighborhoods, for example, is not an efficient use of resources.

2.60. Another issue involves the extent to which full cost recovery should be pursued through pricing policies. Effective cost recovery will allow new increments of infrastructure to be financed and help ensure that prices are high enough to serve as disincentives to waste and overconsumption. There is a danger, however, that such pricing policies may create situations in which urban services become unaffordable to the majority of the urban poor. A balance is required between the objective of full cost recovery and the reality of providing services to the maximum number of users, including the urban poor. Pricing policies also have an effect on the management efficiency of infrastructure agencies.

2.61. Closely linked to cost recovery are issues related to the use of appropriate technologies, affordable standards and incremental upgrading approaches. Emphasis should be placed on ways to make the costs of urban services affordable to all segments of the population. A wide range of low-cost infrastructure systems can be developed that do not noticeably reduce service standards. For example, appropriate land use planning and the use of dispersed techniques, such as pit latrines and septic tanks, etc., can reduce the need for waterborne sewage systems in lower density, slower growing cities.

2.62. Local responsibility for the operation and maintenance of infrastructure is an issue that relates to the larger issue of decentralization and municipal autonomy. If local governments are given responsibility for infrastructure provision and maintenance, however, sufficient authority for revenue generation should also be transferred, and appropriate technical assistance and training made available.

Housing and Housing Finance

2.63. Housing is an economic sector. Some of its major contributions to the economy are: a positive economic multiplier; strong backward linkages to building materials and construction; forward linkages to furniture, fixtures and equipment; strong direct and indirect employment generation, particularly among semi-skilled and unskilled labor. In virtually every economy, the housing stock accounts for a very large portion of wealth, roughly on the order of 80 percent of GDP. Relative to other sectors of the economy, housing production also has modest import requirements. Because it is labor intensive, stimulation of the housing sector can lead to demand induced growth in periods of domestic contraction and stimulate lagging economies. It also has been shown that housing provides a strong incentive to domestic savings.

2.64. Since independence, African housing policies have gone through a series of stages--from the clearance of squatter areas and forced return migration of their inhabitants, to slum clearance and public housing, to upgrading and the provision of tenure and minimum services--and, recently, to the recognition of the legitimate role that informal housing settlements play in urban development. Given the ineffectiveness of past housing experiences, the current challenge

facing African countries is to reorganize their housing policies to take full advantage of the contributions that private formal and particularly informal housing make to urban development.

2.65. Central to this reorganization is public sector recognition of its limited capacity to meet housing demand. The overall number of housing units for low-income urban households is well beyond the ability of most African governments to provide through social housing programs. Scarce public resources are needed for other high-priority investments that serve low-income groups such as education, health and nutrition. At the same time, the informal private sector has shown itself quite able to supply adequate housing for low-income families. Therefore, a fundamental shift in government policies is required from concerns about housing as an output to those about housing inputs. This means switching public sector focus from the numbers of units to be built to the provision of the essential housing inputs: land, infrastructure, finance, building materials and construction capacity. A redefinition of the respective roles of public and private sectors is part of this effort as well as the revision of present laws, regulations and standards that act as constraints on small-scale, informal sector, housing suppliers.

2.66. The tremendous growth in urban population over the next 30 years will place considerable strain on the capacity of African cities to develop the residential areas needed to house this population. It will require efficient land markets, access to land tenure, provision of urban infrastructure at standards that are affordable to low-income households, housing built primarily by the informal sector, and improved access to credit for low-income households.

2.67. Poor access to housing finance is a major constraint to housing development in many African countries. In places where the regulatory environment has impeded the ability of the private sector to fulfill demands for housing finance, the process of mobilizing competitive resources has suffered. Because housing is the single largest component of wealth for many families, the housing sector generates the overwhelming share of household savings. It is important, therefore, that housing be able to compete for financing and that housing finance be linked to national markets. If, however, housing finance is kept separate through public policies that cap savings deposits and keep lending interest rates for housing below capital market rates, the overall financial sector will be less efficient because capital is less readily shifted where the highest return is possible.

2.68. It is also important that housing finance does not focus exclusively on the needs of the urban poor. What is more important is to expand the total supply of credit for all income groups as part of the total financial system. This means that directed credit systems should be avoided. In cases where public policy has determined that special funding sources should be generated for housing for low-income families, such as "social housing funds", social security funds, or pension funds, these should not be used as sources of "low-interest rate" subsidized finance that create government liabilities, distort markets and often actually "tax" the persons they are intended to assist (particularly those who are not direct beneficiaries of the schemes). If directed credit is utilized, it should be through well-designed mortgage instruments that provide adequate returns and avoid decapitalization.

2.69. While the development of housing finance institutions in both the public and private sectors should be encouraged, national governments also need to provide the regulatory climate that will encourage the development of housing finance and help mobilize domestic savings. Given the present limited scale of housing finance institutions in Africa, this will require a sustained

effort. In the interim, informal finance systems should be encouraged to provide housing finance to their participants.

2.70. A final housing issue concerns that of rental housing. In many African countries, rental housing provides an effective path to housing for very poor urban families who cannot afford any type of housing on the market. It also provides a way for other low-income families to supplement their incomes by renting out part of their housing unit. For these reasons, rental housing should be encouraged and supported where appropriate.

PRIVATE SECTOR PARTICIPATION

2.71. The scale of the development challenge facing Africa and the magnitude of the urbanization process clearly fall beyond the capacity of national governments to deal with them on their own. This will be true regardless of the good will, efficiency and dedication of these governments to the development task. Government capacity is generally insufficient and there is simply too little public sector capital. What is required is a productive partnership between the public sector and the private or non-governmental sector including formal, informal, non-profit, private associations and individual households acting as businesses. The non-governmental sector will be required to take the lead in the development of modern economies and providing essential urban jobs.

2.72. Given that it is necessary to expand the role of the private sector, a major issue concerns the ways in which this should be done. First of all, it should be recognized that the private sector already makes the majority of investments in urban areas through construction of commercial and office buildings, housing and industries, employment creation and the provision of finance and other services. Future growth in industrial and service sectors will continue to be driven by the private sector. Increased private sector participation does not mean, however, that the public sector is to atrophy and be replaced by the private sector. What it does mean is that the public sector should specialize in the development tasks that it does best. Central among these is the creation of a suitable environment for households and enterprises to prosper. The development of laws, regulations, taxation and expenditure policies, etc., that allow the private sector to grow in fulfillment of its assigned functions will be needed to create this environment. The proper legislative and procedural environment to support greater productivity by the private sector will be crucial to future economic growth.

2.73. Even with strong encouragement, the formal private sector cannot be expected to meet more than 25-50 percent of the urban jobs that are needed. A major change in viewpoint is required that recognizes the informal sector as a positive and important part of national development strategies. This change is, in fact, occurring. Greater recognition is being given to the important role that informal sector activities play in providing low-income households with goods and services that they otherwise might not be able to afford, and in employing large numbers of individuals and households unable to find adequate full-time employment in the formal sector. Much of the economically active population in African cities, for example, now earns its livelihood through employment in informal jobs.

2.74. Informal sector activities, therefore, represent a considerable potential for employment and income generation and can be a strong stimulus and contributor to overall economic growth. Freeing small informal enterprises from costly or complicated municipal licensing procedures and other restrictive regulations, such as those restricting the use of homes as places of business, can have very beneficial effects. Particular attention should be given to providing credit and training

to informal, small-scale enterprises run by women, who make up roughly 20 percent of the heads of households for poverty-level households in African cities.

ENVIRONMENTAL ISSUES

2.75. Urban areas can be viewed as environmental systems that exert demands on the environment through the need for inputs into urban-based activities (food, fuel, raw materials etc.) and through the disposal of wastes generated by these activities (eg. wastewater, sewage, atmospheric emissions, solid wastes, industrial wastes etc.). Until now, concerns for environmental protection have developed primarily as reactions to the negative consequences of urbanization. Very little attention has been given to the potentially positive contributions that environmental protection can make to urban and economic development.

2.76. What has become widely apparent, however, is that environmental problems have an adverse effect on the full realization of the benefits from economic development. Sustained economic development simply cannot take place without healthy urban environments. Given the scale and rate of Africa's urbanization, minor reductions in the size of urban populations will also have little impact on the problems of managing urban environmental quality. Regardless of how fast cities grow, there is a need to address the problems of urban environmental pollution and to cultivate urban development strategies that include environmental planning considerations. The effect of urbanization on the environment, the efficient use of non-renewal resources and the vulnerability of urban population concentrations to natural disasters must all be considered in the development of these strategies.

2.77. Pollution in urban areas occurs in many ways. It can be seen in reduced water quality and excessive runoff; atmospheric emissions; infiltration and contamination of water supply systems; inadequate or unsafe landfill areas, etc. Urban pollution has negative impacts on human health that include increased morbidity, a decrease in general health and lower levels of productivity. Other environmental problems related to urban land use include the development of unsafe and ecologically fragile areas, and the inefficient use and servicing of vacant land due to land speculation.

2.78. Urban environmental issues are particularly complex because their effects may not be felt until it is too late for their impacts to be redressed without significant effort and costs. For poor countries concerned about economic growth and urban poverty, there is a danger that environmental issues will not be given the necessary attention or priority. It is only through the creation of a responsive policy climate, selection of appropriate technologies and concern for spatial planning of potential high-risk facilities that the negative impacts of urbanization on the environment can be minimized at affordable cost. The improvement of urban environmental quality requires an integrated view of existing economic, technologic, social/institutional and environmental systems.

2.79. The effects of urban environmental problems can be felt at four different levels: the home and workplace; the neighborhood; the city as a whole; and the region. It should be pointed out that the urban poor, and especially women and children, suffer most from deteriorating environmental conditions within the home, workplace and neighborhood.

2.80. The most prevalent environmental problems within the home include the lack of safe water, the lack of infrastructure and services to guard against pathogens, and overcrowding.

Specific environmental hazards found in workplaces include concentrations of toxic chemicals and dust, poor conditions for lighting and ventilation, over-exposure to noise and inadequate protection from machinery.

2.81. At the neighborhood level, the lack of basic infrastructure often leads to indiscriminate and unsafe dumping of both solid and human wastes. Many informal low-income settlements are located on dangerous or sensitive areas such as steep slopes, quarries or flood areas.

2.82. Environmental problems at the city level include water, air and noise pollution, as well as the depletion of natural resources. In many cases, the partial solution to these problems can be achieved by better ordering city development to minimize problems and costs, increasing coordination between a multitude of public and private sector actors impacting on the urban development and land use, and enforcing existing regulations related to the environment.

2.83. The environmental impact of cities within their regions concern four issues: city-based demand for rural produce, uncontrolled urban expansion, disposal of solid and liquid wastes, and air pollution. The environmental problems related to each of these issues have both upstream and downstream components and interactions.

2.84. A large-scale environmental problem in Africa to be addressed through region-wide programs is deforestation. Deforestation has huge negative implications for soil erosion and fertility and can, if left unchecked, adversely affect overall agricultural productivity. It should be pointed out that much of the deforestation in Africa is taking place because of the demand for fuelwood. Limited experience has shown that locally managed woodlots offer some improvement in this situation.

INSTITUTIONAL ISSUES

2.85. A well-functioning and efficient institutional framework is perhaps the single most important determinant of successful urban development and management. Several years of experience with urban projects has shown that the quality and effectiveness of the institutions responsible for the planning and implementation of urban programs have a major impact on their effectiveness.

2.86. Public administration throughout Africa is generally weak due to a variety of conditions that include: uncontrolled expansion of staff in civil services and public enterprises; rapid promotion and turnover of poorly qualified staff who have little in-depth understanding of either the institutions they manage or the broader context in which they are expected to function; difficulties faced by managers in motivating and disciplining their staff; insufficient appreciation in government that public agencies work best when staffed and run by professionals according to objective rules and criteria; and compression of civil service pay scales. As a result of these conditions, the civil service in many African countries has become under-qualified, inefficient and unproductive.

2.87. To redress this situation, a drastic overhaul is required that will lead to re-establishing the positive characteristics of a civil service elite. This can be achieved through appropriate recruitment, training and incentive schemes to achieve this purpose. Given the constraints on government budgets, it will be difficult to provide the necessary incentives for improved performance and productivity without an overall reduction in staff. Overstaffing should be gradually eliminated with remaining staff upgraded through systematic training. New hiring should

be competitive and promotions linked to reward systems related to performance. Skilled staff should be adequately trained and paid.

2.88. Additional efforts to increase institutional efficiency should focus on: the redefinition of the urban development roles of special authorities *vis-a-vis* elected urban local governments; the delineation of responsibilities and functions to be performed at various levels of government in the process of urban development; the streamlining of horizontal and vertical coordination among agencies in metropolitan regions; training and human resource development; and the decentralization of planning and management authority to urban local governments.

2.89. It is clear that all of these issues cannot be addressed immediately, or at the same time. Civil service reform and improvement will require a cautious and incremental approach. With each country resolving this issue within its own particular set of administrative and cultural circumstances. International agencies can assist in this process of civil service reform by providing appropriate technical assistance.

NATIONAL POLICY FRAMEWORK AND COORDINATION

2.90. The existing network of human settlements within any country reflects historical trends in population growth, resource development, physical features, climate and culture, as modified by accumulated public policies and political processes. All countries have either explicit or implicit policies affecting their urban centers. These policies can lead to extremely positive results, provided their full economic implications are considered and that they are based on macroeconomic conditions, the availability of actual resources within the public and private sectors, and a realistic assessment of the ability of public and private sectors to operate with efficiency and equity.

2.91. An important issue concerns the way in which the development cities and towns is incorporated into national economic development planning and the need to develop a policy framework in which individual urban areas are addressed as integral components of an overall settlement system. The way to accomplish this will vary considerably from one country to another. There is no "model" settlement system that applies to all African countries, nor any one system that will work indefinitely for a particular country. The settlement system changes slowly and primarily through millions of individual decisions made by private households and businesses. It is important, therefore, that government planning decisions and policies coincide with private sector perceptions of investment potentials and opportunities. Each component of a national settlement system has to serve the needs of national economic development based on its comparative advantages.

2.92. The most desirable national settlement system for any given country at any point in time will be one that most effectively responds to national objectives related to:

- economic growth for both agriculture and non-agricultural sectors and job generation
- social equity including access to land, shelter, facilities, and services at affordable standards for all households
- spatial equity represented by the needs of all geographic regions to develop their social and economic potential

2.93. Given that both capital and human resources are limited, no country can maximize all three of the above objectives simultaneously. Trade-offs are required in sequencing the development of national settlement systems that will involve difficult choices at all levels of government.

MUNICIPAL AUTONOMY AND MANAGEMENT

2.94. The increasing size and speed of Africa's urbanization in the decades ahead will preclude continued reliance on centralized administrative and urban service delivery systems. The only viable approach will be to decentralize these systems and increase the role of local governments in the planning and management of their own urban development.

2.95. Many ADB Group member countries already have stressed the importance of decentralization in their national development strategies. Few, however, have carried out the necessary administrative reforms to make decentralization a reality. The general tendency has been to control the mobilization of resources centrally and guide their allocation to decentralized capital development projects through central planning mechanisms. In many cases, this partial decentralization has put local governments in a bind. While they have been allocated responsibilities for the maintenance and operation of their infrastructure and facilities, they have not been granted the authority or means to raise the necessary revenues to meet these responsibilities. Partly as a result of this situation, urban infrastructure conditions are deteriorating in many cities and placing growing constraints on urban development.

2.96. If decentralization of urban development is to occur, major policy changes are required that are based on a more effective "partnership" relationship between central governments and municipal authorities. In addition, emphasis must shift from the colonial inspired mentality of high standard urban development and control of spatial development, to a more dynamic approach that encourages and supports private sector development. In this new approach, local government activities will be redirected towards developing the "enabling conditions" to facilitate and encourage job generation and development. Furthermore, key policy elements will be based on the reality that the poor majority of the population will generate the greatest pressures for urban growth.

2.97. In implementing this new approach, each and every law, regulation, and procedure will need to be reviewed and revised as necessary in order to: lower the costs of legal urban settlement and growth, maximize opportunities for urban job generation through the informal sector, and ensure that physical standards for infrastructure and urban services are affordable to beneficiaries and essentially self-financing.

2.98. Experience has shown that local government autonomy is particularly important for the economic viability of smaller centers. When decision-making authority is concentrated in central government ministries, smaller centers cannot capitalize on their emerging economic strength by taxing themselves and borrowing funds to improve their infrastructure.

LOCAL RESOURCE MOBILIZATION

2.99. The overall domestic savings rate in Africa has declined steadily from about 18 percent in 1972, to less than 13 percent in 1987. This is due to a significant decrease in public savings (-3.5% in 1972 to -7.2 percent in 1987) and a moderate decrease in private savings (from 21.1 percent to 19.8 percent). In order to reverse this trend and to mobilize greater amounts of domestic savings, the recent deterioration in formal financial systems must be stopped and the

overall financial system reinforced. Given the vitality shown by Africa's informal saving societies, these should be encouraged and expanded. In West and Central Africa, for example, "tontines" have proven very effective in mobilizing savings and in extending small loans to low-income families and businesses. Innovative ways to increase their participation of these societies in urban development should be investigated and tested for wider application.

2.100. Because central government funds for urban development are limited, African cities will be responsible for financing more and more of their own development. If present deficits are to be eliminated and future needs for infrastructure and services addressed, greater mobilization of local revenues for capital investment will be required. Failing to do so will lead to large deficiencies in urban infrastructure and services with very adverse effects on the quality of urban life and environment.

2.101. Efforts to generate greater financial resources at the local level will fall into three basic categories: improved local tax collection and cost recovery, productive partnership arrangements with the private sector, and better cost sharing with higher levels of government.

2.102. Current development theory holds that resource mobilization and overall economic development will be better served by a gradual shift from taxes on trade to those on consumption and income. Experience also suggests that efficient tax collection at the local level can be an important source of funds. Charges for infrastructure services in most African countries are currently lower than economic costs and inadequate to finance even the maintenance of existing infrastructure. In cities where moderate increases in taxes on consumption and charges for infrastructure services have been applied, added earnings have been generated that range between 20-30 percent of public revenues. In most cases, these added revenues have been adequate to meet expenditures for operations and maintenance, produce a good return on capital, and provide sufficient resources to finance expansion. While increasing local taxes provides a good means to generate local funds for development, care should be taken to keep the tax burden on private productive enterprises low enough to prevent unwanted constraints on economic expansion and job generation.

2.103. Another way for local governments to generate greater resources is through the formation of partnerships with the private sector. Such partnerships can facilitate provision of housing, infrastructure, services and job generation and can lead to innovative ways of financing and managing these urban services.

2.104. Municipal governments also can increase their share of national revenues through a more effective system of intergovernmental financial transfers. Some of the measures that can be taken include: authorizing local governments to impose taxes previously reserved for central or provincial governments; creating special funds for urban infrastructure and service development; providing statutory payments from fixed percentages of recurrent central government revenues as grants; allowing local governments to draw loans from national development agencies; strengthening the property taxing powers of local governments; improving systems for intergovernmental transfers; expanding the authority of local governments to levy land use and business taxes, etc.

2.105. Local governments should be able to mobilize additional resources through: improved tax administration and collection; greater efficiency in using their internal resources; better financial and management capacity; more effective local government administration and management

procedures; and local level planning to ensure citizen participation in the planning and decision-making process.

INFORMATION AND TRAINING FOR BROADER SECTORAL REQUIREMENTS

2.106. In the past, African countries carried out large-scale data collection and survey activities that have relied on large enumerations to increase data precision and reliability. This approach has proven to be costly, highly dependent on skilled manpower, and time consuming. Because this way of obtaining information on urban areas could not be sustained, large data gaps now affect virtually every sector and aspect of the African situation. If strategies for sustainable growth with equity are to be developed, new and more cost-effective ways to gather and use data for urban decision-making are required. Four broad categories for which there is an immediate need for new data are: social and demographic characteristics, natural resources and environment, price and production statistics, and national accounts.

2.107. Information systems also must be improved, with greater emphasis placed on exchange systems, urban and regional development research for policy preparation, strategic planning, effective monitoring and evaluation systems, and information on a sector basis. Demographic data and projections, characteristics of population target groups and other urban data should be coordinated between sectors so that the same information base is used. The evaluation and monitoring of project impacts should be an integral part of any new approach and include essential information and feedback from beneficiaries.

2.108. There is also a need to strengthen national urban training and research institutions. Sustained training programs, implemented by specialized national and local training institutions, should be developed for local government managers and staff on a scale large enough to meet national requirements.

2.109. To be successful, training programs must look beyond the needs of individual projects to the formation of national cadres of qualified professionals, strengthening of professional associations and progressively upgrading professional standards.

2.110. Three distinct staff levels will require training:

- high level, decision-makers: with emphasis on basic urban management and optimal ways of organizing urban services
- intermediate level, technical and financial administrators: with emphasis on interdisciplinary activities, managing municipal budgets, cash flows, financial and technical aspects of projects, maintenance and negotiating
- execution level: with emphasis on practical know-how

2.111. Local agencies need to coordinate their individual training and related technical assistance activities to gain maximum benefit. Training possibilities through other Third World institutions, the use of local associations, training in groups as distinct from the training of isolated individuals, etc., should be investigated.

PROJECT INTEGRATION AND URBAN DEVELOPMENT PROJECTS

2.112. Being a spatial concept rather than a sector in itself, urban development provides a good opportunity to integrate various programs and projects involving traditional sectors within specific locations. Although some programs and projects will continue to be carried out within the framework of their respective sectors, there is general agreement that effective integration of sector components at the project level is required in order to produce successful urban interventions that achieve their full potential.

2.113. This new view of urban development will lead to a great number of integrated or "urban development projects" that look beyond the narrow site specific focus that has characterized many past investment projects, and place more emphasis on developing solutions that recognize the city-wide nature of urban problems. Included in these urban development projects will be greater concern for urban management in the broadest sense, encompassing not only the effectiveness of local public institutions but also the interrelationships and contributions of all participants, both public and private, to the urban economy.

2.114. "Urban development projects" will be defined as having the following characteristics:

- involve two or more sectors (eg. transport and public utilities; housing and social services, etc.)
- include both physical and institutional components
- aimed at expanding the social and economic productivity within urban agglomerations

2.115. To successfully carry out urban development projects, it is important that policy frameworks for individual sectors be compatible and not in conflict. Overall policy coordination will provide uniformity in government policies at the operational level and enable agencies working in urban development to make best use of limited resources, avoid wastage, and keep conflicts in agency goals and functional overlaps to a minimum. The successful development of integrated or urban development programs and projects not only depends on functional linkages but also on institutional arrangements, legal frameworks and the efficiency with which these projects are implemented.

2.116. Overall coordination to support urban development projects should be the responsibility of national agencies charged with formulating broad urban development plans and policies. Coordination efforts, therefore, will begin at the national planning and finance level and should take into consideration sectoral priorities and policies in urban development, interregional spatial strategies, central government support for financing urban development projects and/or urban administration costs, and the location of important industries.

2.117. Additional support for urban development projects is required at the city and regional levels. This can occur through a wide range of activities that include, but are not limited to: undertaking planning studies of selected urban and regional centers, determining locations of priority development programs, establishing effective organizational frameworks, identifying and proposing solutions to policy issues associated with envisaged development programs (eg. building standards, cost recovery, cross subsidies etc.), determining financial requirements and funding arrangements, and establishing necessary institutional arrangements.

2.118. Experience to date in urban development projects not only confirms that the very nature of the urban systems requires strong intersectoral linkages, but also that it is possible to implement these types of project successfully.

COORDINATION AT THE PROJECT LEVEL

2.119. The proliferation of public and private sector agencies participating in urban development has in many instances led to a lack of adequate coordination and consistency of actions in implementing projects and programs. Coordination problems can occur at two different levels. They can occur horizontally among the central, regional and municipal level agencies operating in a particular city; or they can occur vertically between several levels of government and administration working on related urban development activities.

2.120. The first step to effective coordination requires a change in outlook by the persons and institutions concerned. The development of a "city-wide" perspective by each of the institutional actors is necessary to increase awareness of the implications of individual projects on other sectors and on the city as a whole.

2.121. Given the need for local governments to play a greater role in planning and managing their own urban development, coordination efforts should include decentralization of coordinating authority, greater involvement of people's organizations, and greater emphasis on negotiations to resolve differences.

2.122. Several methods, techniques and mechanisms exist that can be used to improve coordination in urban development planning and project implementation. These can include, but are not limited to: regular exchange of information and implementation experience between agencies; negotiation between agencies to resolve differences in policies and programming; deference to a higher authority if negotiations at lower levels fail; clear specification and recognition of the functional areas of different agencies; institutionalization of procedures that enable the views of all relevant agencies to be incorporated in decision-making; and delineation of clear guidelines by the highest level coordinating body.

2.123. It should be mentioned that there are no universally applicable institutional arrangements or structures for coordinating urban development activities. These will have to be worked out within the context of each urban location. The way in which coordination will be carried out also depends on the scope and size of the urban development effort. Nevertheless, harmonious relations and mutual interests are the starting points for all attempts to improve project coordination.

3. DEVELOPMENT EXPERIENCE IN URBAN AREAS

3.1. Since its beginning in the late 1960s, the ADB Group has been active in lending for a wide variety of projects in urban locations. Roughly 84 percent of its projects and 87 percent of its investments have been in urban areas. These interventions have occurred through traditional sectors that include: public utilities, transport, industry and social development. While there have been few urban transport projects, a major part of the ADB Group's assistance effort in urban areas has focussed on capital investments in public utilities.

3.2. Despite its considerable experience in urban areas, the ADB Group has yet to include consideration of major urban issues in the development of its projects or the urban context in which they are located. Nor is any mention made of the potential impacts of transportation, agriculture and rural development projects on urban areas. Rarely do projects include institutional strengthening as one of the principal objectives or components. Country Development Profiles

or strategies have not analyzed the economic importance of urbanization, nor have they discussed major issues related to urban economic development.

3.3. Cost recovery issues in public utility projects, however, have led the ADB Group to greater awareness of urban development issues and increased its interest in strengthening local institutions. There is now wider recognition, for example, that project integration and improved coordination between traditional sectors are necessary if the positive aspects and benefits of ADB Group activities in urban areas are to be increased. To make an effective contribution to urban development in the future, the ADB Group will have to do more and do it faster and better.

3.4. In order to meet this challenge, the ADB Group will need to improve its own capacity to examine the broader implications of rapid urbanization on policies and programs. This will require upgrading its technical capacity to analyze urban issues as well as to provide assistance to member countries in designing and implementing future urban development programs and projects. It also will require a stronger research and information base concerning urbanization trends, development issues and the effectiveness of alternative interventions.

ADB GROUP LENDING IN SECTORS RELATED TO URBAN DEVELOPMENT

3.5. The ADB Group has not been organized internally to undertake urban development projects. Its lending and technical assistance activities have occurred through programs in traditional sectors that include:

- **Public utilities:** Since 1970, ADB/ADF funding for water and sanitation projects in major urban centers and secondary cities has been substantial. Important energy supply projects have included power plants, dams, distribution systems, etc.
- **Inter and intra-urban transportation projects:** The ADB Group has been involved primarily in transport projects at the national level. Its loans have financed port facilities, airports, railways, national road systems, etc. All of these investments have strong impacts on the development of national settlement systems. The operation and maintenance of road systems and other infrastructure networks have become increasingly important.
- **Social sector projects:** The ADB Group has provided funding for health facilities, special education projects and vocational training. Many of these activities have occurred in urban areas.
- **Industry and small-scale enterprise development:** The ADB Group has provided investment support to industry for large-scale, national level enterprises and lines of credit for the development of small- and medium-sized enterprises.

ACTIVITIES AND EXPERIENCES OF OTHER INTERNATIONAL AGENCIES

3.6. The World Bank, UNCHS, FAD and USAID are among the most active multilateral and bilateral agencies working in urban areas in Africa.

3.7. In the beginning, the World Bank emphasized basic infrastructure and public utilities with a large number of its loans going to water supply projects. In the early 1970s, however, it became clear that this limited approach would have to be broadened to include active support for the urbanization process as a whole.

3.8. One of the Bank's initial objectives in implementing this new approach was to assist member governments in providing urban services on an equitable and efficient basis. It included

the need to coordinate city-wide investments in shelter, infrastructure, transport, employment and social services, and to shift the financial burden for urban services from public sector subsidies to cost recovery from the beneficiaries of these services. Affordability became a major consideration and investments were better targeted to meet the real needs of the urban poor on a sustained basis.

3.9. Based on its experience, the World Bank realized that, while it could not directly solve the problems related to urban development, it could serve as a catalyst to development by demonstrating: affordable technical solutions for shelter, infrastructure and transport; the feasibility of comprehensive urban planning and investment procedures suitable to rapidly changing urban conditions; and the replicability of projects that incorporated these features.

3.10. Within this context, Bank projects were intended to have only limited direct impact. As experience and confidence grew, subsequent projects began to address broader policy and institutional issues that would have a greater sector-wide impact. The approach taken by the World Bank was one of "learning by doing". Currently, the World Bank continues to implement urban development projects with a growing emphasis placed on program lending and institutional development.

3.11. The United Nations Center for Human Settlements (UNCHS) was created as the UN agency responsible for shelter and urban development. From the beginning, it has been interested in helping countries achieve sustainable development with a strong emphasis placed on improving shelter and living conditions of the poor. UNCHS also assists developing countries in managing rapid urbanization and is very involved in research and technical cooperation activities.

3.12. Recently, UNCHS has given greater importance to helping developing countries create the "enabling conditions" that will allow public, private and non-governmental organizations to work together more effectively in urban areas. This includes efforts to: provide support for a more participatory approach to urban shelter and urban services; promote a holistic concept of urban development; improve the urban environment; increase informal and private sector participation in economic development; improve housing finance; strengthen local government capacities, involve non-governmental agencies, community organizations and special groups in community development; and create greater awareness of the social and cultural dimensions of urbanization. UNCHS works closely with the UNDP and other international agencies in funding technical assistance and training activities.

3.13. For more than 25 years, the French development agency (FAD), has cooperated with a number of African countries in addressing shelter and urban development problems. Its experimental projects have followed six basic themes: housing construction; energy; shelter and urban development; shelter financing; land management; urban services and local town management structures. Although French assistance has been limited primarily to research and experimentation, it has underlined the need for a better partnership approach between private and public sectors, and central and local government agencies, in reaching consensus on specific policy objectives and strategies that are consistent with a nation's overall development objectives, macro-policy framework, budget projections and investment schedules.

3.14. The United States Agency for International Development (AID) has been active in housing and urban development for the last 25 years through its Office of Housing and Urban

Programs which administers the Housing Guaranty Program and has funded more than 210 projects in 40 countries. The Office of Housing and Urban Programs also supports a broad spectrum of urban activities that include policy and program development, training and research. Its policy initiatives focus on five major themes: shelter policy, financing urban development and infrastructure, the informal sector, decentralization and land policy. A common thread joining all the activities of the Office of Housing and Urban Programs is a fundamental concern for equity, sustainability and environmental soundness. Based on its many years of experience, the Office of Housing also is redirecting its urban lending to a more programmatic approach.

LESSONS FOR FUTURE ACTIVITIES

3.15. The urban development model of the 1970s that relied heavily on central government finance and public sector agencies for the implementation of individual projects has not been successful. Although the project-by-project approach related to this model has been able to provide specific improvements in shelter, upgrading, sites and services, water supply and sanitation, transportation, energy and health and education, the institutionalization and replicability of these efforts have been less than satisfactory and their overall impact disappointing.

3.16. Based on these experiences, there is now growing agreement that project-based investments are inadequate to address fundamental urban development problems on a large enough scale. A new approach is developing through which greater emphasis will be placed on program lending, institutional development, municipal management, local resource mobilization, the operation and maintenance of infrastructure systems, etc. Technical assistance and studies currently financed by international agencies already reflect these changes.

3.17. To carry out this new approach, the institutional structure and role of the public sector in the urbanization process will have to be adjusted to allow greater delegation of responsibility to the local level where urban management practice will need to be improved and administrative capacity upgraded. Emphasis will be placed on policy and institutional development with explicit consideration of the temporal and investment dimensions of the urbanization process. Given the pace of urbanization and the gravity of the problems to be resolved, emphasis on the time factor of development has become crucial. Rapid implementation of a more strategic and systematic approach to urban development is required.

3.18. In general, lessons from the ADB Group's own experience in urban areas reflect those of other international agencies; the most important lesson being that projects no longer can be executed in relative isolation from each other. The ADB Group can benefit from this substantial experience in urban areas and place itself in a good position to promote a more comprehensive approach to urban policies, planning and projects within its member countries. By clearly outlining its own policies for urban areas, the ADB Group will be able to provide guidance and assistance to member countries in coordinating their development plans at national, regional and local levels.

3.19. Although the ADB Group has worked, and will continue to work, primarily with public sector agencies, it can play a very important role in helping redefine public/private sector roles in future urban development.

4 ADB GROUP'S LENDING POLICIES IN URBAN AREAS

4.1 In setting out this urban policy statement, the ADB Group recognizes that there is not an "urban sector" similar to the traditional sectors in which the ADB Group has operated. "Urban" and "urban development" are spatial concepts within which all of the traditional sectors (transportation, public utilities, education, etc.) are active. This provides an opportunity to integrate activities from different sectors and maximize their impact within a specific location through the implementation of "urban development projects".

4.2 The following general policy objectives will apply to projects in urban areas:

- implementation of balanced spatial strategies: Concerns about regional equity and lagging regions will be addressed through investments in activities for which these poorer regions have some comparative advantage.
- adoption of appropriate standards for physical development and urban services that are affordable to the nation and to the ability of households and enterprises to pay.
- generation of the maximum number of urban jobs and greatest increases in household incomes through the development of small-scale enterprises and informal sector. Greater attention will be placed on the informal sector since it employs the greatest number of poor and produces goods and services for the poorest segments of society. Public sector policies that facilitate access to credit and provide necessary infrastructure for economic and residential development will be required.

4.3 ADB Group lending in urban areas will include direct assistance for the alleviation of poverty (eg. housing, health care, water supply etc.) as well as assistance to sectors of the economy that employ large numbers of the poor (eg. industrial plants, small-scale enterprises, human resource development, etc.)

PURPOSE OF ADB GROUP ACTIVITIES IN URBAN AREAS

4.4 The fundamental purpose of the ADB Group is to contribute to the economic and social development of its member countries. In collaboration with these countries, the ADB Group will use its resources to:

- promote the greatest positive impact on urban development
- achieve balanced settlement systems in which towns and cities develop according to their comparative advantages and economic potential
- improve national economic development through effective provision of basic urban infrastructure
- improve urban management in metropolitan and secondary cities, and market towns
- improve the quality of life for the maximum number of low-income households by increasing their access to economic benefits and improving the urban environment

GUIDING CONCEPTS AND PRINCIPLES

4.5 The following basic concepts will guide ADB Group lending in urban areas:

- overall support will be given to the development of urban places as contributors to national economic growth
- policies will recognize existing conditions and trends within national urban settlement systems, while seeking to reduce their negative implications and reinforcing their positive aspects

- loans will be focused on investment opportunities that yield high rates of economic growth, generate a surplus for investment and are self financing without subsidy

POLICIES FOR LENDING IN URBAN AREAS

STRATEGIC POLICIES

Macro-Economic Policies and Urbanization

4.6 The ADB Group recognizes that macro-economic policies have an important impact on urban development and, therefore, will support policy reforms to: remove disruptions and subsidies within national settlement systems; free up markets for capital, labor and goods; mobilize domestic savings; and improve the management and efficiency of local authorities. The ADB Group will use its human and financial resources to support efforts by member countries to achieve a balanced development approach that promotes economic growth in both urban and rural economies.

4.7 The ADB Group will encourage member countries to adopt macro-economic policies that will facilitate private sector investment, lead to the creation of new enterprises and generate a maximum number of new jobs. Included in this effort will be the rationalization of policies at all levels that can provide the necessary institutional environment for efficient economic development. The ADB Group will assist member countries in improving coordination between national and local levels charged with implementing macro-economic reforms.

Efficiency and Equity Concerns In Orienting Economic Growth

4.8 The ADB Group believes that equity objectives and the alleviation of poverty can be achieved and sustained most effectively through the development and maintenance of healthy economies. To achieve this, the ADB Group actively will support efforts by member countries to reduce urban poverty by enabling low- and moderate-income families to become more productive and efficient.

4.9 The ADB Group will promote capital investment in locations of comparative advantage and will work to improve access to the benefits of development by low-income groups within these locations. In addition, the ADB Group will work with member countries to address social equity concerns through programs that provide direct assistance to the urban poor (eg. health, education, human resource development, etc.).

Assistance to Metropolitan and Large Cities

4.10 The ADB Group recognizes that the development of large cities is essential to national economic development and nation building. The ADB Group will seek to improve efficiency and production within large cities through its lending activities, technical assistance and training. Emphasis will be placed on creating sustainable conditions that will enable large cities to fulfill their role as gateways to world markets and centers of modern economic development.

4.11 The ADB Group will continue to fund projects that provide efficient transportation and communication networks, and reliable urban services and utilities. Where there are large concentrations of poor households, the ADB Group will work with member countries to upgrade shelter conditions and improve basic education, health and social services. Because environmental

problems are often most acute in large cities, the ADB Group will actively support efforts to manage and reduce pollution in these areas.

Assistance to Secondary Cities

4.12 The ADB Group will support policies and programs that stimulate the growth of secondary towns that are true growth centers. It will work with member countries to reduce the development costs of secondary cities and create conditions that will allow these cities to fulfill their function as regional centers as efficiently as possible. Emphasis will be placed on reducing the cost of infrastructure and services, and on removing constraints to private sector development. The ADB Group will not support or fund attempts to diversify the economies of secondary cities through means that are inherently uneconomic (eg. transplanting formal sector enterprises, etc.)

4.13 The ADB Group also recognizes the need to generate cash flow and incomes at the local level through greater employment in the informal sector. It will work with member countries to encourage the development of small scale enterprises and industries that are labor intensive and use local materials. It also will support efforts to extend credit to secondary centers that can effectively utilize capital investment.

Assistance to Small Cities/Regional Development

4.14 The ADB Group recognizes that the success of agricultural and rural development strategies can be enhanced when their urban implications are considered as fundamental parts of the same strategy. The ADB Group will work with member countries to strengthen urban-rural linkages, exploit the inherent growth potential within regions, provide more equitable public services, and build upon the comparative advantages of secondary cities and market towns.

4.15 The ADB Group also recognizes that the economic attractiveness of market towns can be enhanced through appropriate investments in services, facilities and infrastructure. The ADB Group will support policies that stimulate growth in market towns as a means of achieving a more balanced distribution of population among urban settlements and of creating more locations for economic development.

4.16 The ADB Group will support market town projects that include: improvements in basic social services, upgrading municipal facilities, creating conditions that allow households to provide for their own housing needs; improvements in physical infrastructure essential for productive activities; reinforcement of the planning and administrative capacity of municipal governments; creation of incentives and conditions for the expansion of economic activities appropriate for market towns; construction of roads and highways that link market towns to each other and to larger urban centers.

Land, Infrastructure and Housing

4.17 The ADB Group will support efforts by member countries to resolve land tenure problems through the development of simplified land transaction procedures and cadastral surveys. It will encourage local governments to adopt flexible and affordable land use standards that are compatible with the financial resources and future land requirements of individual cities. The ADB Group will encourage member countries to recover more land development costs from beneficiaries in order to increase the resources available for development. The ADB Group will

support efforts to remove barriers to the smooth functioning of land markets and encourage opportunities for public/private partnerships in land development.

4.18 The ADB Group will link the timing of its interventions in infrastructure provision to effective demand (eg. funding of new water supply and sewerage networks coordinated with residential development). Premature investment in high standard infrastructure that will benefit only a few people will not be funded. The ADB Group also will support efforts to extend solid waste collection services to the poor, properly dispose of wastes, and monitor the enforcement of regulations. ADB Group will support efforts to extend social services to the urban poor, encourage greater community participation, etc. Concerning urban transport, the ADB Group will encourage member countries to set public transport fares that are adequate to recover both capital and operating costs, avoid over-regulating private sector transport services, and not give undue priority in planning considerations to the private automobile of the few.

4.19 The ADB Group will support the objective of full-cost recovery for urban infrastructure and services and the development of appropriate technologies for low-cost solutions. Within the objective of full-cost recovery, the ADB Group will support the use of differential pricing policies to create cross-subsidies that effectively benefit lower income families.

4.20 The ADB Group will support flexible and efficient standards for infrastructure provision and housing. It will place a high priority on making better use of existing assets through reliable, effective maintenance and rehabilitation programs. It will support local responsibility for operation and maintenance provided they are given the necessary means to increase revenues to do so.

4.21 The ADB Group will support policies and activities that disengage the public sector from the direct provision of housing units and concentrate public sector efforts on activities that the private sector cannot undertake such as off-site infrastructure, land registration etc.

4.22 The ADB will support efforts to increase the role of the private sector in the provision of housing. It actively will support the revision of laws and standards that act as constraints on small-scale informal sector housing suppliers and work to expand total supply of credit for all income groups. The ADB Group will support efforts to promote rental housing whenever appropriate.

4.23 The ADB Group will work with member countries to restructure housing finance policies with a view to lowering credit subsidies and assuring that any remaining subsidies introduce as little distortion and inequity as possible in the allocation and use of resources within and outside the housing sector. In addition, the ADB Group will provide lines of credit to viable housing finance institutions in making credit available to all income groups.

Private Sector Participation

4.24 The ADB Group actively will support member country initiatives to improve the efficiency of private and informal sector enterprises by: eliminating inappropriate regulations and procedures, and enforcing essential regulations; providing direct support to the promotion of financially viable credit schemes for small-scale enterprises; eliminating biases within financial institutions against lending and providing technical assistance to small enterprises; eliminating bottlenecks in land markets and the delivery of services needed for income and employment growth;

providing services aimed at the development of human resources; and removing institutional barriers to the development of the informal sector and to women's participation in development.

4.25 In addition, the ADB Group will encourage programs and activities that facilitate greater investment in urban areas by the private sector. The ADB Group will pursue the objective of increasing private sector investments in urban infrastructure and services that can reduce the demand on public resources. The ADB Group will support full-cost recovery by the private sector provided that pricing policies give due consideration to the level of charges and equity of prices so as not to exclude lower-income groups. The ADB Group will also support the privatization of some urban services where the management capacity of private firms is adequate.

Urban Environment

4.26 The ADB Group will assist member countries in incorporating environmental considerations into urban planning activities and in adopting anticipatory and preventive strategies to protect the environment. It will encourage member countries to consolidate legislation and institutions dealing with land use rights, water use rights, land tenure, town and country planning, and population planning. It will fund environmental surveys in towns, cities and agricultural regions in order to assess the risks and consequences of environmentally related health problems. It will require Environmental Impact Statements for all projects affecting the urban environment. The ADB Group will actively support the development of institutional capacity within member countries to carry out long-term low-capital intensive alternatives to improving urban environments.

4.27 The ADB Group will fund well-targeted technical assistance designed to demonstrate the health, productivity and other tangible benefits of short- and long-term environmental protection policies; to build up effective institutional capacities in pollution control; and to apply realistic cost recovery mechanisms that will reduce the costs of remedial environmental measures on city budgets. It will also support research and technical assistance aimed at building up the institutional, financial and legal capacity, policies and implementation tools for cities to undertake preventative strategies.

4.28 The ADB Group will focus its efforts on the necessary policy options and implementation strategies concerning urban hygiene, urban land management, natural resource protection and management policies.

4.29 The ADB Group will support and fund priorities for action that include: improved municipal service coverage and efficiency; improved municipal waste treatment and disposal strategies; coordinated pollution control activities, responsibilities and preventive strategies; sustainable utilization of natural resources in city development; and the incorporation of environmental planning and management into city wide planning and development implementation.

Institutional Issues

4.30 The ADB Group recognizes the importance of a well functioning and efficient institutional framework to successful urban development and management. It will support efforts by member countries to improve their civil services and increase administrative efficiency. In addition, the ADB Group will support appropriate technical training activities for civil service staff and fund technical assistance activities that assist member countries in bringing about administrative reform.

National Policy Framework

4.31 The ADB Group believes that a clear conceptual view of national settlement systems within each member state is essential to future urban development. It will assist and advise member countries in developing national settlement strategies and in incorporating urban considerations in planning for national economic development. In addition, the ADB Group will assist member countries in assessing the trade offs required in sequencing the development of urban areas.

4.32 The ADB Group will encourage member countries to adopt a more comprehensive urban viewpoint and will investigate more effective ways to produce necessary policy changes, large-scale urban impacts, and sustainability.

Municipal Autonomy and Management

4.33 The ADB Group will assist member countries in implementing administrative reforms to make decentralization a reality and will support the development of policies and programs that contribute to decentralized urban development based on efficient management and self-financing. The ADB Group will assist member countries in building new skills and institutional capacity at the local level through the provision of substantive training programs. It will support the implementation of a new approach to urban management that puts less emphasis on spatial controls and more on local participation and job creation. The ADB Group will support policies that strengthen local government, provide incentives to increase local responsibility for development, and increase the powers of local governments to generate revenues. The ADB Group will fund technical assistance and training to assist member governments in this task.

Local Resource Mobilization

4.34 The ADB Group actively will support actions to improve or strengthen the financial capacity of local governments and their ability to generate local resources. This includes expanding their taxing and revenue raising authority through the use of a greater number of tax instruments and increased taxes from a wide variety of local sources.

4.35 The ADB Group will encourage and support public/private sector partnership arrangements that mobilize a greater amount of private capital for land development and the provision of urban services.

4.36 The ADB Group also will support efforts by member countries to modify cost sharing arrangements between central and local governments in order to provide greater development resources at the local level. Examples of potential activities include: the creation of special funds for urban infrastructure and service development; the provision of statutory payments to local governments from fixed percentages of recurrent revenues of central government agencies as grants; the granting of loans from national development banks or credit authorities; the strengthening of property taxing powers of local governments; the improvement of intergovernmental transfers and allocation of funds from the national government; the expansion of local level authority to levy land and business taxes.

4.37 The ADB Group will assist member countries in providing technical assistance and training to local officials concerning tax administration and collection.

Information and Training for Sectoral Requirements

4.38 The ADB Group will assist member countries in developing information systems that are geared to the needs of modern urban development and decision-making by providing technical assistance and support in their development, the establishment of compatible standards and common methods of information classification, data processing and management. Particular emphasis will be placed on simplified data collection and cadastral surveys.

4.39 ADB Group will support sustainable training initiatives that are clearly defined as part of overall institutional development strategies and will encourage member countries to integrate training into project/program implementation.

4.40 The ADB Group will assist member countries to build up high quality, in country training capacities, strengthen professional organizations and progressively raise professional standards.

Project Integration and Urban Development Projects

4.41 The ADB Group will use its resources to promote urban development projects that integrate traditional sector projects and provide opportunities for institutional development having city-wide implications. The ADB Group will work with both national and local agencies to develop necessary support for urban development projects. The ADB Group will work with member countries to coordinate sectoral policy frameworks and to maximize benefits from all projects in urban areas.

Coordination at the Project Level

4.42 The ADB Group will continue to promote close coordination within the activities of its own departments and will use this as a resource to assist member countries in improving institutional communication and coordination both horizontally (agencies working at the same institutional level) and vertically (agencies working in the same sector) within their own administrations. The ADB Group will work with both national and local agencies to achieve coordination between economic planning considerations and sectoral programs and projects.

STRATEGY FOR THE IMPLEMENTATION OF URBAN POLICIES, PROGRAMS AND PROJECTS

4.43 In order for the ADB Group to work closely with member countries in implementing urban policies, programs and projects, the orientation and content of Country Programs and project documents, as well as the internal organization of the ADB Group will be modified.

Country Programs

4.44 The ADB Group systematically prepares Country Programs for each of its member countries. The basic content of these Country Programs has focused on: an overview of a country's geographic, economic and social characteristics; an analysis of each country's economic performance and perspectives; a determination of major development priorities, obstacles and solutions; an evaluation of the role of external assistance including a review of ADB Group activities; and a program for ADB Group lending in the near future. Until now, Country Programs have not considered the development implications of urbanization in African countries nor the impact of urban development on national economies. Country Program documents in the future will be modified to include these considerations. Basic information will be provided that can be used to respond to questions such as:

- which urban areas in the settlement system should be given priority attention?
- which sectoral policies and programs should be given priority within those urban areas?
- which urban institutions should be involved in the implementation of those urban sectoral programs and projects selected for Bank support?

4.45 The development of policy studies that are not connected directly to specific projects can be effective in gathering necessary urban information for Country Programs and as a means to raise the general level of urban expertise within ADB Group staff. These studies can include subjects such as: national investment policy and strategy for urban development; housing finance; urban land use and development; role of market towns and secondary cities; municipal finance; cost recovery and the affordability of urban infrastructure and services; urban transport; etc. Technical assistance to both the ADB Group and member countries may be required to carry out these initial studies.

Project Documents and Loan Applications

4.46 In addition, project documents and loan applications should include a description of local urban conditions, the project's urban context, and its potential impact on economic and urban development. The ADB Group actively will encourage member countries to establish a pipeline of urban development projects that bring together activities from two or more traditional sectors, focus on both physical and institutional development at a city-wide level, and aim at improving the productivity of the urban areas in which these projects are located.

4.47 As soon as possible, the ADB Group will initiate urban development projects by prudently adding components to projects within traditional sectors with which the ADB Group already has considerable experience and expertise. Combining elements from two or more sectors will lead to the creation of urban development projects.

Internal Organization

4.48 The ADB Group recognizes that urban development projects are more complex and difficult to implement than those within traditional sectors. The ADB Group will progressively improve its capacity to implement urban development projects and will begin by appointing specialists in urban development (eg urban economist, planners etc.) to assist its traditional sectors within both of its regional divisions. These specialists will be responsible for identifying and developing urban development projects and in assisting experts within traditional sectors to deal with urban issues and policies.

4.49 During this early involvement with urban development projects, the ADB Group will seek to increase its knowledge of country specific urbanization problems and policy issues. It actively will seek opportunities to coordinate or combine efforts with other international agencies such as the World Bank, UNCHS etc. that already have considerable experience in working with integrated urban development.

4.50 As soon as it is feasible, the ADB Group will establish a fully operational Urban Development Department that will be responsible for the identification, development and implementation of urban development projects.

4.51 The ADB Group will develop manuals that will include guidelines for the development and implementation of urban projects.

RECOMMENDATIONS ON URBAN PROJECT DEVELOPMENT

4.52 The following recommendations are made concerning the orientation and content of planning documents, loan applications and appraisal reviews for proposed projects in urban areas:

- urban issues and policies should be used as the basis for project development
- adequate attention should be given to economic growth potential of each major urban center, the linkages between centers and their relationships to rural areas and environment
- project design proposals should include considerations of the socioeconomic impacts of capital development projects
- intersectoral and institutional relationships within projects should be identified and strengthened each proposal should include a discussion of project implications on economic and urban development, and
- evaluation and monitoring considerations should be included as an integral part of project design.

CRITERIA FOR PROGRAM/PROJECT SELECTION

4.53 The selection of urban centers for investment priority by the ADB Group will be made based primarily on economic efficiency and the demonstration of economic growth potential. Within priority urban areas, the ADB Group will seek to maximize equity benefits to low-income households and small enterprises by ensuring their access to project benefits.

4.54 The ADB Group will work closely with member countries to establish a pipeline of urban development projects in priority cities. These projects will involve two or more sectors, include both physical and institutional development, and have the ability to increase the socio-economic productivity of the city involved.

4.55 Principal criteria that the ADB Group will use in appraising requests for project financing will include their:

- impact on economic growth, efficiency and production. Preference will be given to those programs/projects that contribute to economic growth, produce acceptable economic rates of return and have a substantial impact on the generation of new employment.
- financial viability and replicability. The ADB Group will continue to employ its standard criteria in appraising the feasibility and financial viability of the projects presented to it for financing.
- standards and affordability. The ADB Group recognizes the importance of employing standards that relate to the public sector's ability to provide and sustain urban infrastructure and services and to the beneficiaries' ability to pay for these services. Project appraisals will look closely at
- the organization and management of implementing agencies to carry out cost recovery.
- operation, maintenance and rehabilitation. The operation, maintenance and rehabilitation of existing infrastructure will become more important as cities continue to expand. Project feasibility studies and financial analyses will fully consider carefully how existing infrastructure will be operated, maintained and rehabilitated.

ANNEX

URBANIZATION IN AFRICA: CHALLENGES AND OPPORTUNITIES

- Table A.1 AFRICAN RURAL AND URBAN POPULATION, 1965 AND 1985
- Table A.2 AFRICAN RURAL POPULATION DATA, 1950, 1985, AND 2020
- Table A.3 AFRICAN URBAN POPULATION DATA, 1950, 1985, AND 2020
- Table A.4 SELECTED LARGE AFRICAN CITIES - ESTIMATED AND PROJECTED POPULATION, 1980-2000
- Table A.5 PROJECT GROWTH IN THE NUMBER OF HOUSEHOLDS IN POVERTY, RURAL AND URBAN, 1975-2000
- Table A.6 DISTRIBUTION OF GDP SHARES 1985
- Table A.7 SIZE OF LABOR FORCE AND NET INCREASE BY CATEGORY, 1985 TO 2000

TABLE A.1
AFRICAN RURAL AND URBAN POPULATION
1965 and 1985
(Population in Millions)

COUNTRY	Total Popula- tion	1965 ^a				Total Popula- tion	1985 ^b				21 Years Average Growth Rates - 1965 to 1985		
		Urban		Rural			Urban		Rural		(In percentages)		
		Total	%	Total	%		Total	%	Total	%	Total	Urban	Rural
Burundi	3.2	0.07	2	3.14	98	4.7	0.09	2	4.6	98	1.83	1.37	1.84
Rwanda	3.1	0.09	3	3.10	97	6	0.30	5	5.7	95	3.05	5.99	2.94
Uganda	8.0	0.52	6	7.53	94	14.7	1.03	7	13.7	93	2.91	3.29	2.88
Burkina Faso	4.6	0.24	5	4.41	95	7.9	0.63	8	7.3	92	2.56	4.68	2.41
Malawi	3.9	0.19	5	3.78	95	7	0.84	12	6.2	88	2.73	7.23	2.35
Tanzania	11.5	0.64	6	10.94	94	22.2	3.11	14	19.1	86	3.15	7.79	2.69
Ethiopia	22.4	1.70	8	20.78	92	42.3	6.35	15	36.0	85	3.05	6.46	2.64
Niger	3.7	0.25	7	3.48	93	6.4	0.96	15	5.4	85	2.60	6.53	2.15
Lesotho	0.9	0.02	2	0.94	98	1.5	0.26	17	1.2	83	2.13	13.06	1.33
Mozambique	7.2	0.33	5	6.93	95	13.8	2.62	19	11.2	81	3.10	10.34	2.30
Mali	5.1	0.64	13	4.46	87	7.5	1.50	20	6.0	80	1.85	4.11	1.42
Kenya	9.4	0.81	9	8.59	91	20.4	4.08	20	16.3	80	3.76	8.01	3.10
Botswana	0.5	0.02	4	0.53	96	1.1	0.22	20	0.9	80	3.36	11.73	2.47
Madagascar	5.9	0.73	12	5.25	88	10.2	2.14	21	8.1	79	2.58	5.23	2.07
Sudan	12.3	1.61	13	10.75	87	21.9	4.60	21	17.3	79	2.76	5.12	2.29
Guinea	3.5	0.42	12	3.14	88	6.2	1.36	22	4.8	78	2.68	5.80	2.08
Togo	1.6	0.18	11	1.44	89	3	0.69	23	2.3	77	2.96	6.49	2.27
Angola	5.1	0.65	13	4.53	87	8.8	2.20	25	6.6	75	2.56	5.99	1.81
Sierra Leone	2.6	0.41	15	2.24	85	3.7	0.93	25	2.8	75	1.61	3.99	1.03
Zimbabwe	4.4	0.64	14	3.79	86	8.4	2.27	27	6.1	73	3.09	6.22	2.32

TABLE A.1, cont.	Total	1965 ^a				Total	1985 ^b				21 Years Average Growth Rates - 1965 to 1985		
COUNTRY	Popula- tion	Urban		Rural		Popula- tion	Urban		Rural		(In percentages)		
		Total	%	Total	%		Total	%	Total	%	Total	Urban	Rural
		Chad	3.3	0.30	9		3.04	91	5	1.35	27	3.7	73	1.95	7.46	0.88
Nigeria	48.6	7.15	15	41.53	85	99.7	29.91	30	69.8	70	3.47	7.06	2.50
Mauritania	1.1	0.11	10	1.00	90	1.7	0.53	31	1.2	69	2.08	7.89	0.78
Ghana	7.7	2.03	26	5.76	74	12.7	4.06	32	8.6	68	2.36	3.36	1.95
Somalia	2.5	0.51	20	2.00	80	5.4	1.84	34	3.6	66	3.72	6.31	2.79
Benin	2.4	0.28	11	2.17	89	4	1.40	35	2.6	65	2.38	8.01	0.87
Senegal	3.4	0.90	26	2.57	74	6.6	2.38	36	4.2	64	3.11	4.76	2.39
Liberia	1.1	0.26	22	0.93	78	2.2	0.81	37	1.4	63	2.97	5.52	1.93
Zaire	19.5	5.10	26	14.43	74	30.6	11.93	39	18.7	61	2.16	4.14	1.23
Congo, People's Rep	1.0	0.37	34	0.71	66	1.9	0.76	40	1.1	60	2.74	3.55	2.27
Cameroon	6.1	1.00	16	5.11	84	10.2	4.28	42	5.9	58	2.47	7.16	0.70
Algeria	11.9	4.49	38	7.44	62	21.9	9.42	43	12.5	57	2.94	3.59	2.50
Morocco	13.3	4.25	32	9.07	68	21.9	9.64	44	12.3	56	2.39	3.97	1.45
Côte d'Ivoire	4.5	1.04	23	3.47	77	10.1	4.55	45	5.6	55	3.91	7.26	2.27
Central African Rep	1.7	0.46	27	1.27	73	2.6	1.17	45	1.4	55	1.96	4.53	0.58
Egypt, Arab Rep	29.4	11.96	41	17.44	59	48.5	22.31	46	26.2	54	2.41	3.01	1.96
Zambia	3.6	0.84	23	2.77	77	6.7	3.22	48	3.5	52	2.98	6.58	1.10
Mauritius	0.7	0.29	37	0.49	63	1	0.54	54	0.5	46	1.23	3.07	-0.28
Tunisia	4.6	1.83	40	2.80	60	7.1	3.98	56	3.1	44	2.06	3.77	0.52
Libya	1.6	0.42	26	1.20	74	3.8	2.28	60	1.5	40	4.13	8.33	1.14

^a1965 data are from Estimates and Projections of Urban, Rural and City Populations, 1950-2025: The 1982 Assessment, UN 1985.

^b1985 data from the 1987 World Development Report, World Bank 1987.

Analysis by PADCO.

TABLE A.2
AFRICAN RURAL POPULATION DATA
1950, 1985, 2020 (000s)

Region	1950 Rural Population		1985 Rural Population		2020 Rural Population		Aggregate Gain Rural Population		Percent Change
	(000s)	Percent	(000s)	Percent	(000s)	Percent	1950-85	1985-2020	
More developed countries	368,188	46.6	323,802	27.6	218,992	16.0	(62,386)	(104,810)	--
Less developed countries	1,382,780	82.7	2,504,921	68.3	2,933,255	45.6	1,122,141	428,334	(61.8)
Africa Total	189,582	85.2	375,808*	68.0	667,758	44.8	186,226	291,950	56.8
Eastern Africa	56,948	94.7	130,308	81.1	261,219	55.9	73,360	136,911	86.6
Middle Africa	24,693	85.5	37,999	60.7	57,148	34.6	13,256	19,199	44.8
Northern Africa	39,131	75.5	65,323	52.3	82,542	30.2	26,192	17,219	(34.3)
Southern Africa	10,746	62.2	17,832	48.0	24,009	28.7	7,086	6,177	(12.8)
Western Africa	58,064	90.2	124,398	74.1	236,840	48.5	66,334	112,442	69.5

* Two million population error is in UN data.

SOURCE: Estimates of Urban, Rural, City Populations 1950-2025: The 1982 Assessment, The United Nations, Analysis by PADCO.

TABLE A.3
AFRICAN URBAN POPULATION DATA
1950, 1985, 2020, (000s)

Region	1950 Urban Population		1985 Urban Population		2020 Urban Population		Aggregate Gain Urban Population		Percent Change
	(000s)	Percent	(000s)	Percent	(000s)	Percent	1950-85	1985-2020	
More developed countries	445,669	53.4	849,061	72.4	1,157,436	84.0	403,392	308,375	(23.0)
Less developed countries	289,563	17.3	1,164,264	31.7	3,496,064	54.4	874,701	2,331,800	166.0
Africa Total	32,899	14.8	177,402	32.0	821,471	55.2	144,503	644,066	345.0
Eastern Africa	3,158	5.3	30,299	18.9	211,014	44.1	27,141	180,715	566.0
Middle Africa	4,198	14.5	24,551	39.3	108,074	65.4	20,353	83,523	301.0
Northern Africa	12,667	24.5	59,592	47.7	191,101	69.8	46,925	131,509	180.0
Southern Africa *	6,540	37.8	19,359	52.0	59,614	71.3	12,819	40,255	214.0
Western Africa	6,336	9.8	43,601	25.9	251,668	51.5	37,265	208,067	458.0

* South Africa represents 98 percent of population of the region in 1950; 93.5 percent in 1985; and 89 percent in 2020.

SOURCE: Estimates of Urban, Rural, City Populations 1950-2025: The 1982 Assessment, The United Nations, Analysis by PADCO.

TABLE A.4
SELECTED LARGE AFRICAN CITIES
ESTIMATED AND PROJECTED POPULATION
(1980-2000)

Country	City	1980	2000	Average Annual Growth Rate
Algeria	Algiers	2,090	5,090	4.3%
Angola	Luanda	1,030	3,170	5.5%
Cameroon	Douala	526	1,490	5.1%
Côte d'Ivoire	Abidjan	685	1,800	4.7%
Egypt, Arab Republic	Cario-Giza-Imbaba	6,900	11,130	2.3%
Ethiopia	Addis Ababa	1,270	2,960	4.1%
Kenya	Nairobi	920	3,220	6.1%
Madagascar	Tananarive	500	1,280	4.6%
Morocco	Casablanca	2,220	4,490	3.4%
Mozambique	Maputo	780	2,680	6.1%
Nigeria	Lagos	2,790	8,340	5.4%
Senegal	Dakar	980	2,270	4.1%
Sudan	Khartoum	1,170	2,790	4.2%
Tanzania	Dar-Es-Salaam	870	3,430	6.8%
Tunisia	Tunis	1,090	2,200	3.4%
Uganda	Kampala	480	1,260	4.7%
Zaire	Kinshasa	2,200	5,040	4.0%
	Kananga	1,109	3,283	5.3%
Zambia	Lusaka	530	1,820	6.1%
Zimbabwe	Harare	610	1,850	5.4%

SOURCE: UN 1985, medium varian, population in thousands for agglomerations of more than 500,000 in 1980

**TABLE A.5
PROJECT GROWTH IN THE NUMBER OF HOUSEHOLDS IN POVERTY
RURAL AND URBAN, 1975-2000¹**

Region	1975	Increase or Decrease	1980	Increase of Decrease	1990	Increase of Decrease	2000	
Urban Poor Households (thousands)								
Eastern Africa	1,039	+330.5	1,369	+1,175	+2,544.5	+2,158.5	4,703	6.2
Western Africa	1,072	+333	1,405	+861	2,266	+961	3,227	4.5
Rural Poor Households (thousands)								
Eastern Africa	5,902.5	+555.5	6,458	+1,100	7,558	+1,067	8,625	1.5
Western Africa	2,670	+268	2,938	+450	2,488	+250	2,238	-1.0

¹Based on estimates of real per capita incomes through the year 2000, using United Nations medium-variant rates of growth of population and World Bank projections of real growth of national income. Poor households in 1975 are here defined as those living in absolute poverty in 1975 in all rural areas except those in El Salvador and Jamaica and in all urban areas in East Asia, Malawi, Zambia, and Egypt. In all other instances, the numbers of those in absolute poverty are small in comparison to the numbers of those in relative poverty, which indicates that the relatively poor are the appropriate target group. In determining movements in and out of poverty in the course of time, the thresholds of both absolute and relative poverty are held constant in 1975 dollars. The accuracy of the projected figures is dependent upon a fairly stable distribution of income.

SOURCE: "Poverty." Poverty and Basic Needs Series, World Bank, September 1980, p.3.

TABLE A.6
DISTRIBUTION OF GDP SHARES 1985

COUNTRY	1985 Total and Percentage Shares of GDP (in millions of dollars)									Per Capita GDP Allocated to Rural (Agriculture) and Non-Rural (Services, Manufacturing, Industry)		
	Total GDP	Agriculture		Services		Manufacturing		Industry (net mfg)		Total GDP per capita	Rural (Ag) per capita	Non-Rural per capita
		Total	%	Total	%	Total	%	Total	%			
Burundi	970	592	61	233	24	13.1	1.4	132	13.7	206	128	4,024
Rwanda	1,710	770	45	581	34	57.5	3.4	302	17.6	285	135	3,135
Uganda	..	..	..	..	..	..	..	..	..	..	..	..
Burkina Faso	930	419	45	307	33	0.0	0.0	205	22.0*	118	58	809
Malawi	970	369	38	427	44	0.0	0.0	184	19.0*	139	60	728
Tanzania	5,600	3,248	58	1,848	33	22.4	0.4	426	7.6	252	170	739
Ethiopia	4,230	1,861	44	1,650	39	0.0	0.0	677	16.0*	100	52	367
Niger	1,580	743	47	585	37	10.1	0.6	243	15.4	247	137	872
Lesotho	260	..	..	..	..	..	..	..	..	173	..	..
Mozambique	3,230	1,131	35	1,712	53	0.0	0.0	355	11.0*	234	101	788
Mali	1,100	550	50	407	37	10.0	0.9	133	12.1	147	92	367
Kenya	5,020	1,556	31	2,460	49	130.5	2.6	873	17.4	246	95	849
Botswana	830	50	6	382	46	32.5	3.9	374	45.1	755	57	3,584
Madagascar	2,340	983	42	983	42	0.0	0.0	374	16.0*	229	122	634
Sudan	6,930	1,802	26	3,950	57	112.3	1.6	1,135	16.4	316	104	1,130
Guinea	1,980	792	40	752	38	8.7	0.4	427	21.6	319	164	871
Togo	700	210	30	329	47	11.8	1.7	156	22.3	233	91	720
Angola	..	..	..	..	..	..	..	..	..	..	..	..
Sierra Leone	1,190	524	44	500	42	10.0	0.8	157	13.2	322	189	720
Zimbabwe	4,530	589	13	1,993	44	564.9	12.5	1,383	30.5	539	96	1,738

TABLE A.6, cont.	Total	Agriculture		Services		Manufacturing		Industry (net mfg)		Total GDP	Rural (Ag)	Non-Rural
COUNTRY	GDP	Total	%	Total	%	Total	%	Total	%	per capita	per capita	per capita
Chad	..	..	..	..	..	..	..	..	..	..	..	..
Nigeria	75,300	27,108	36	24,096	32	2,168.6	2.9	21,927	29.1	755	388	1,611
Mauritania	600	174	29	282	47	0.0	0.0	150	25.0*	353	148	820
Ghana	4,860	1,993	41	2,090	43	80.2	1.7	649	13.4	383	231	694
Somalia	2,320	1,346	58	789	34	12.5	0.5	196	8.5	430	378	543
Benin	960	461	48	346	36	6.1	0.6	147	15.4	240	177	357
Senegal	2,560	486	19	1,331	52	133.6	5.2	609	23.8	388	115	873
Liberia	1,000	370	37	360	36	14.0	1.4	266	26.6	455	267	786
Zaire	4,810	1,491	31	1,732	36	16.4	0.3	1,619	33.7	157	80	282
Congo, People's Rep	2,160	173	8	821	38	70.0	3.2	1,096	50.8	1,137	152	2,615
Cameroon	7,940	1,667	21	3,335	42	352.5	4.4	2,585	32.6	778	282	1,464
Algeria	58,180	4,654	8	25,017	43	3,071.9	5.3	24,854	42.7	2,657	373	5,622
Morocco	11,850	2,113	18	5,925	50	644.6	5.4	3,147	26.6	541	174	1,008
Côte d'Ivoire	5,220	1,879	36	1,984	38	230.7	4.4	1,126	21.6	517	338	735
Central African Rep	610	238	39	250	41	9.8	1.6	112	18.4	235	166	318
Egypt, Arab Rep	30,550	6,110	20	14,970	49	0.0	0.0	9,471	31.0*	630	233	1,095
Zambia	2,330	326	14	1,072	46	199.9	8.6	709	30.4	348	94	616
Mauritius	890	134	15	498	56	51.6	5.8	206	23.2	890	290	1,401
Tunisia	7,240	1,231	17	3,548	49	344.6	4.8	2,117	29.2	1,020	394	1,511
Libya	25,420	1,017	4	9,914	39	724.5	2.9	13,765	54.2	6,689	669	10,703
TOTALS	288,900	69,180	24	117,459	41	9,115.3	3.0	93,145.7	32.0	-	175**	1,269**

* Countries where manufacturing share data are not available for the particular year. In these cases, manufacturing data are not included in the industry shares.
** Does not include Libya.

Source: World Development Report 1987, p.206, World Bank 1987. Analysis by PADCO.
Estimates and Projections of Urban, Rural, and City Populations 1950-2020, The 1982 Assessment. UN 1985. Analysis by PADCO.

TABLE A.7
SIZE OF LABOR FORCE AND NET INCREASE BY CATEGORY
1985 - 2000

	Labor Force (Millions) 1985	% Total Population 1985	Labor Force (Millions) 2000	% Total Population 1985	Net Labor Force Increase (Millions) 1985 - 2000
Category A.1 (GNP/capita less than \$350)					
Ethiopia	21.573	51	29.900	45	8.327
Burkina Faso	3.476	44	4.818	46	1.342
Mali	3.75	50	5.592	44	1.842
Mozambique	7.038	51	--	--	--
Malawi	3.29	47	4.835	42	1.545
Zaire	15.606	51	22.602	48	6.996
Burundi	2.444	52	3.488	48	1.044
Togo	1.5	50	2.172	46	0.672
Madagascar	5.202	51	7.317	47	2.115
Niger	3.264	51	4.797	49	1.533
Benin	1.96	49	2.839	43	0.879
Central African Rep.	1.43	55	1.869	50	0.439
Rwanda	2.94	49	4.514	45	1.574
Somalia	2.862	53	3.685	55	0.823
Kenya	9.18	45	15.832	41	6.652
Tanzania	11.1	50	17.293	44	6.193
Sudan	11.388	52	18.002	55	6.614
Guinea	3.224	52	4.213	47	0.989
Sierra Leone	2.035	55	2.507	52	0.472
TOTAL	113.262		156.276		50.052
Category A.2 (GNP/capita more than \$351, less than \$510)					
Senegal	3.432	52	4.687	48	1.255
Ghana	6.096	48	9.360	41	3.264
Zambia	3.216	48	5.388	48	2.172
Chad	2.75	55	3.756	51	1.006
Uganda	7.644	52	11.909	45	4.265
Mauritania	0.901	53	1.424	11	0.523

TABLE II.1, cont'd	Labor Force (Millions) 1985	% Total Population 1985	Labor Force (Millions) 2000	% Total Population 1985	Net Labor Force Increase (Millions) 1985 - 2000
Lesotho	0.78	52	1.065	47	0.285
Liberia	1.144	52	1.706	47	0.562
TOTAL	25.963		39.296		13.333
Category B (GNP/capita more than \$511, less than \$990)					
Morocco	11.388	52	18.002	61	6.614
Côte d'Ivoire	5.454	54	8.015	50	2.561
Zimbabwe	3.78	45	5.889	39	2.109
Nigeria	48.852	49	75.010	46	26.157
Cameroon	5.1	50	7.069	47	1.969
Botswana	0.528	48	0.872	45	0.344
TOTAL	75.103		114.858		39.755
Category C (GNP/capita more than \$991)					
Mauritius	0.63	63	0.860	66	0.230
Congo, People's Rep.	0.969	51	1.343	51	0.374
Tunisia	3.976	56	6.016	64	2.040
Algeria	10.731	49	18.506	55	7.775
Libya	1.9	50	3.183	52	1.283
Angola	4.576	52	6.250	47	1.674
TOTAL	22.782		36.159		13.377
GRAND TOTAL ALL COUNTRIES	237.11		346.589		116.517

- NOTES: 1. Data not available for countries with less than one million population in 1985.
2. Year 2000 percent of labor force imputed from "UN Prospects of World Urbanization", 1987, based on the mid-range growth variant.
3. Estimates and projections of labor force based on "1987 World Development Report", World Bank. Analysis by PADCO.