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**Making Cities Work
Preparing for the New Century**

**A Proposal for an Urban Strategy and Program
Requested by the Administrator**

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Prepared for
The United States Agency for International Development

Prepared by
the Urbanization Task Force

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
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1 Summary

The world will become more than fifty percent urbanized within the next few years, and there is consensus that the growth of urban areas will continue unabated into the foreseeable future. Almost all of this growth will occur in developing and transitional countries, many of them priority USAID countries.

The Administrator has directed the urban task force to prepare a strategy for USAID that will focus attention on these sweeping changes and the issues it presents and to set forth a program to address these issues.

In response, **Making Cities Work - Preparing for the New Century** proposes that the Agency build and lead an American alliance to help make cities work in the 21st century.

Cities that work have a number of core attributes:

- They are safe and healthy places to live, within a sustainable environment.
- They have basic infrastructure and housing that serve all their inhabitants.
- They have economies that are robust and create jobs.
- They promote participatory democracy and have high citizen satisfaction with their local institutions.
- They are centers in which regional problems are solved.

The task force proposal respects existing Agency and Mission objectives; it doesn't change them and it doesn't add to them. We believe that pursuit of the Agency's five major goals will be facilitated and enhanced by cities that work. This proposal looks at cities as the locus where an integrated development effort can take place -- not in pursuit of a separate and new Agency goal, but rather one promoting all of the Agency's goals.

The proposal has three core sets of recommendations for making cities work.

- **The first, and most important, are a number of measures that can be taken by USAID to build and work with a broad array of outside organizations to provide leadership and inspiration to achieve goals jointly agreed. Because developmentally sound private investment in urban areas will be increasingly critical to making cities work and because the United States has so much to offer in lessons from its urban experience,**

these partnerships are essential. In order to accomplish this, resources, both human and financial, will be needed.

- **The second set of recommendations consists of internal measures that USAID can take to develop its own urbanization strategies and to change the culture within the Agency - to adapt its behavior, attitudes and practices to the urban reality of the 21st century. Some of these measures can be taken within existing staffing and financial limitations. Others, involving changes in country programs, would need additional resources, both human and financial.**
- **The third set of recommendations is composed of measures that USAID will need to start to take now in order to develop its internal capacity to address the urban agenda in the next century.**

Our proposal recognizes that bureaus and missions are at different places in their approaches to urban issues. Overwhelmingly, they have voiced a need for additional human resources if this proposal is to be undertaken. Our proposal responds directly to this appeal.

The task force recognizes that funding resources for 1998 are especially constrained. Our response is to fashion a program that begins slowly and has considerable strategic and analytical work in its first year. **The task force requests a total of \$6 million in new funds for FY 1998 and \$10 million for FY 1999. If, as expected, there is a positive evaluation of the first two years work, the task force anticipates that a request will be made for an additional \$60-80 million over the following three years.**

The Task Force recognizes that this is a long-term process and that many of the changes envisaged will only be realized over a period of ten years or longer. Nevertheless, the Task Force's proposals would change the Agency in fundamental ways over the five years and will achieve a number of concrete results if the recommendations of the task force are followed. Summarized below and described in greater detail in section 9, expected results are:

- o An alliance with numerous American business and non-profit organizations that share the common goal of making cities work will be operational
- o Shared-design efforts with members of the Alliance, other financial partners and U.S. agencies in up to ten countries or regions will have leveraged at least \$1 billion of new investment supportive of Agency goals.

- o Full integration of an urban perspective into the Agency's Strategic Plan and Mission strategic objectives by the year 2000. The Agency's culture will be one in which its officers recognize that working cities enhance the achievement of the Agency's goal of sustainable development. The Agency's programs will be increasingly designed within a conceptual framework which ascribes importance to urbanization and its management.
- o Participation of at least three country/regional missions in analyses of their overall portfolio to determine how having better working cities can help to achieve their objectives.
- o A cross-cutting technical experts group, drawing upon urban expertise that exists throughout the Agency, will be operational and available to assist bureaus and missions.
- o Additional program funded human resources **of twelve persons over five years**, to assist bureaus, missions, and regional offices in undertaking these efforts.

Our approach capitalizes on three key assets: USAID has the knowledge, based upon its past efforts and our own rich American urban experience. We have the experience and leadership base in partnership with American business, other domestic government agencies, and the U.S. civil sector. And finally, we have compelling reason to undertake this effort because it is in the national interest to do so and will strongly reinforce other USAID objectives.

This paper will:

first, provide background information in section 2 on urbanization and some of the major issues associated with it; second, discuss in sections 3 through 6 how, in an increasingly urban world, the Agency's success in meeting its five major goals for sustainable development is contingent upon making cities work; third, propose in sections 7 and 8 how USAID can continue to play an influential role in addressing problems of urbanization and the role that partnerships with the American private sector, local US communities, other USG agencies, and other donors, must play to make this happen, and; finally, in section 9, describe the steps that USAID, in Washington and in the field, and its partners, can take to build this alliance and to make this effort a reality.

2 Background on Urbanization

2.1 Dimensions of Worldwide Urbanization

The world will become more than fifty percent urbanized within the next few years and there is consensus that the growth of urban areas will continue unabated into the foreseeable future.

Almost all of this growth will occur in developing and transitional countries. While the growth of megacities garners headlines, more attention should be paid to projections based on UN estimates that, between 1990 and the year 2015 in Latin America, cities of more than one million residents are expected to nearly double (from 118 to 225), in Asia to nearly triple (from 359 to 903), and in Africa to nearly quadruple (59 to 225). Worldwide, by the year 2025, urban population is expected to increase by 2.5 billion to roughly 5 billion persons, out of a total world population of 8 billion persons. The consequences for USAID countries are significant. The collapse of communism in Eastern Europe and the former Soviet Union presents an equally daunting set of challenges in an already highly urbanized and industrialized region. As these countries struggle to make the transition to a market economy they must establish entirely new political and economic systems. The absence of such fundamentals as financial institutions, real estate markets and tax collection systems within this setting presents an entirely different set of problems than those of most developing or developed countries.

These changes are unprecedented. They mean that the 21st century will be the first truly urban century. Increased urbanization has been correlated with a number of positive changes in many countries. Cities may be engines of growth, helping to generate greater economic strength and an increase in per capita incomes. Urbanization also generally results in more educational opportunities, improvements in the status of women, and an increase in family planning and a decline in birth rates. At the same time, there are also clear negative correlations, including the much higher incidence of HIV in urban settings than in their surrounding rural areas. Unprecedented urban growth is putting tremendous pressure upon the limited resources and management capacities of most developing countries. It is the inability to manage the process of urbanization in a sustainable way that has led to the large-scale breakdowns that are evident in so many cities. Unfortunately, the sheer speed of the growth of cities has damaged the environment, harmed human health, hindered the full realization of economic growth potential, and contributed to political instability.

2.2 Urbanization

Urbanization is a complex process whose impact differs from country to country and region to region. Appreciating this complexity and these differences is the first step toward ensuring that appropriate responses to the problems urbanization poses need to be thoroughly grounded in the particular dynamics of the local urbanization process.

What is an Urban Area?

Defining “urban” is difficult but vital. The Agency’s 1984 Urban Policy Paper called “urban” any separately administered population agglomeration in which at least two-thirds of the households derive their main income from economic activities other than farming. Some types of urban places are easily recognized: megacities with their populations in the multi-millions; medium sized regional cities that serve the rural hinterland; or single function cities that serve as centers of transportation, finance, industry, or technology. The essence of an urban area is the density of living and working that causes the actions of individuals to impinge on each other, even in a place of a few thousand people. As positive and negative social and economic interactions increase, so does the sense of “urbanity”. The essence of urban is therefore not size, but the inevitable existence of processes and interactions that demand collective action and planning.

2.3 Characteristics of Urbanization

2.3.1 Urban Poverty

An increasing number of urban dwellers are poor. There is great difficulty comparing statistics for rural and urban poverty based only upon an absolute poverty income level, rather than levels of deprivation and cost of living. The 1996 Global Report on Human Settlements, issued by the United Nations Center for Human Settlements suggested that in 1990 between one fifth and one quarter of the world’s population of slightly more than 5 billion persons were living in absolute poverty, without adequate food, clothing, and shelter. While acknowledging considerable difficulty in measuring this number and fixing the locations of these people, the Report stated that there is “general agreement about the considerable growth in the number of urban dwellers living in absolute poverty during the 1980s. By 1990, at least 600 million people in the urban areas in Latin America, Asia, and Africa were living in housing of such poor quality and with such inadequate provision for water, sanitation and drainage, that their lives and health were under continuous threat.”

2.3.2 Migration and Natural Population Increases in Cities

Migration is an important element that helps to shape the settlement patterns of a country and region. In some parts of the world, it is becoming increasingly clear that the natural increase in existing urban areas is the major source of population growth, rather than in-migration from rural or other urban areas. This seems to be the case in many parts of Africa, Asia, and Latin America, at least for the larger cities.

2.3.3 Urbanization and Economic Growth

There is general acknowledgment that greater urbanization is closely associated with growing and developed economies. However, this is not universal as is demonstrated by much of the urbanization that has taken place in Africa. The relationship is complex and there clearly remain many issues to explore. The level of urbanization in any one country depends upon a number of factors, including the proportion of the economy that is derived from manufacturing or service industries rather than agriculture, and the nature of the economic activity within each sector (e.g. the kind of agriculture and its interdependence with nearby towns). **In many countries, urban areas contribute at least two-thirds of GDP and play a key role in dynamic and competitive economies.** With their concentration of the factors of production, cities can be engines of growth for their nations and regions. Rapid urbanization has been both a cause and effect of this growth. Urbanization in many places reflects a lack of opportunities in rural areas as much as it represents a robust urban economy attracting needed labor. What is also clear is that poorly managed urban growth can be a deterrent to economic growth as utilities and transportation systems become over-burdened and public health declines.

3 Urbanization and US National Interests

The United States cannot distance itself from world urbanization as if it were a problem of only developing and transition countries. If American interests are defined as the protection and promotion of the health, environment, prosperity, security, and freedom of Americans, then it is in the interest of the United States to help other countries properly manage this unprecedented growth as well as to help them understand and address the causes of the problems.

- Disease overseas can threaten Americans both at home and abroad. The consequences of health problems in one country can quickly be felt in others.
- Similarly, it has been apparent for some time that global environmental conditions have an impact on the United States. Urban pollution travels easily around the world and America is affected directly by global warming.
- American business can successfully compete in the markets being created by the growth of cities. Yet cities that lack infrastructure increase the costs and the risks of doing business and cities that lack the capacity to manage their growth will be poor markets for US exports.
- Urbanization that degrades the quality of life and fails to reinforce a country's economic efforts also contributes to the misery of poor urban households. This may result in strife that directly concerns the United States. Americans' ability to live in a world that is relatively free from strife will be lessened and our freedoms to travel and to do business where we

would like to will be impaired. These concerns are lessened when urban areas are more effectively managed.

4 The Changing Nature of USAID Programs

As noted above, USAID programs have taken new directions over the past eight years, responding to the fall of communism and to the humanitarian concerns of numerous crisis situations, largely in Europe, Russia, and Africa. The goal of sustainable development is a constant for the Agency, but there is recognition that USAID must be ready to respond to immediate crises and able to provide transition assistance without remaining for long periods.

The OECD, in its May 1996 Report, "Shaping the 21st Century: The Contribution of Development Cooperation," noted that there are now a much broader range of development aims for a more people-centered, participatory and sustainable development process. They list these aims as:

- reducing poverty while achieving broadly based economic growth;
- strengthening human and institutional capacities within nations to meet internal challenges and help avert further tragic cases of social disintegration and "failed states";
- improving the capacities of developing countries to contribute to the management and solution of global problems; and
- reinforcing the transformation of institutions and enabling environments to facilitate the emergence of developing countries and transition economies as growing trade and investment partners in the global economy.

USAID, through its attention to sustainable development, transition economies, crisis situations, and global issues, has embraced the essence of these aims. Urbanization is a thread that runs through all of them.

5 The Impact of Urbanization on USAID Goals

In testimony before the Congress, the Administrator has said that sustainable development is not possible without cities that work. There are few programmatic areas that USAID considers central to its mission that are not affected by urbanization. At the executive level, Vice President

Gore co-chairs four Bi-national Commissions with South Africa, Egypt, Russia, and Ukraine, with considerable USAID participation. Each Commission program has a substantial urban component. Each is testimony to the impact of urbanization in countries important to the United States.

USAID's five major goals of Promoting Broad-based Economic Growth, Advancing Democracy, Stabilizing Population Growth and Protecting Human Health, Encouraging Sound Environmental Management, and Providing Humanitarian Relief and Assisting Nations in Transition are directly affected by urbanization. Nevertheless, while USAID has many programs that take place in urban areas, it has relatively few programs that are viewed through the prism of urbanization. Nor does it have many programs that proceed with a common understanding of the urbanization process at work or are planned and coordinated at both the central and the Mission levels within a framework that ascribes importance to the lessons learned from worldwide urbanization experience. These lessons are discussed below in section 6. Linkages between programs, e.g. municipal finance and management **and** good governance, infrastructure financing **and** emerging markets, micro-finance **and** shelter, child survival **and** provision of water infrastructure, need to be made explicit and strengthened. The Global Bureau's recent action to set aside funds for linked programs is a welcome start in this direction.

The relationship between urbanization and each of USAID's major goals is detailed below:

5.1 Promoting Broad-based Economic Growth

USAID has three principal objectives to achieve this goal: (1) Strengthening markets; (2) Expanding economic access and opportunity for the poor; and (3) Expanding and improving basic education.

The 1994 *World Development Report* states that the failure of local governments to provide reliable power and water raises the costs of manufacturing - 92% of Nigerian manufacturers surveyed owned their own electricity generators...64% of Indonesian manufacturers had generators and 59% had boreholes for their own water supply. Indonesia's largest companies were forced to invest as much as 18% of their capital in private infrastructure.

The 1996 *World Resources Report on the Urban Environment* takes note of programs for self-help housing in Columbia and community banks in Nigeria that have helped increase peoples' incomes in urban areas, and confirm the need to undertake these programs in urban areas with adequate infrastructure and well-managed urbanization.

The World Bank , in its publication *Livable Cities for the 21st Century* has reported that in India, the Self-Employed Women's Association has found that the home plays a central role in the earnings activities of self-employed Indian women, and that the house itself is a productive asset, functioning at times as a warehouse, a storehouse, and source of inputs such as water and electricity. It enables women to work year round, provides greater security, and facilitates linkages to services necessary for profitable activities.

USAID assistance in strengthening markets has focused on establishing an enabling market conducive to dynamic economic growth. One of the areas being looked at is that of fiscal federalism or decentralization, also of great interest in the context of the growth of secondary towns and regional governing authorities.

Policies for expanding economic access have led USAID to focus on small-scale farms and non-farm enterprises. Many of these activities focus on women, who make up more than half the productive population and are disproportionately represented among the poor. The relationship between small farms and the urban areas that are their markets is closely related. Initiatives aimed at improving peoples' livelihoods in rural areas often fail to achieve their full potential because they do not take into account the need for adequate infrastructure and other support services in market towns and growing cities. What seems clear is that considerably more attention needs to be paid to this relationship as urban areas grow.

USAID's successful microenterprise programs, including the provision of small credits, is an essential component of any strategy to make cities work. Efforts to improve incomes through promotion of the private sector are hampered by the lack of parallel efforts to address urban management failures and a lack of infrastructure in cities. The absence of basic infrastructure and decent housing in many urban areas severely restricts the kinds of income generating activities that recipients of micro-credit loans can undertake.

Investments in education, particularly basic education, are key to the future of economic productivity in every country. They also contribute to each of the other major USAID goals and are the foundation for the creation of cities that work. Basic education is undertaken in many places by local governments that are increasingly overwhelmed by urbanization and do not have the managerial ability or resources to carry out their task successfully. The achievement of basic education would be enhanced by a strategy that increases the fiscal and administrative capacity of municipalities -- which would, in turn, lead to enormous benefits throughout the economy.

USAID's "Expanding New Markets" strategy proposes that one of USAID's key roles in the future should be to open markets for American business by working on upstream investments in market creation. This is clearly compatible with and would be enhanced by a strategy that makes cities better places to do business in.

In developed countries, the presence of a robust housing industry is widely seen as an engine for economic growth and the generation of employment. In many developing countries, the conditions for this industry to fulfill a similar role still need to be nurtured as part of the overall response to urbanization. The absence of basic utilities seriously impedes this development.

It might be said that the major issue in urbanization is jobs. Poor people flock to cities in search of jobs and a better life. It is important not to confine our view of urbanization to one of merely insuring the provision of services, but also to develop partnerships with the private sector and other donors that integrate the promotion of economic development and job opportunities with our other programs.

5.2 Advancing Democracy

USAID has four principal objectives to achieve this goal: (1) Strengthening the rule of law and respect for human rights; (2) Fostering genuine and competitive political systems; (3) Increasing development of politically active civil societies; and (4) Promoting more transparent and accountable government institutions.

There is now general agreement, after many decades of experience, that centralized bureaucracies are often unable to respond to the real needs of people at the local level. USAID's programs have increasingly recognized this, as exemplified by the New Partnerships Initiative, and by an increasing, and well deserved, emphasis throughout the Agency on decentralization and finding the right role for government at each level - central, regional, and local. Participation in the local decision-making process can strengthen democracy. Much can also be accomplished if the basic approach to democracy and governance is broadened to include a recognition of urbanization forces and the need to help fledgling democratic institutions accomplish real changes in the lives of the people who have just elected them. If local government is unable to respond because it does not have the capacity and is overwhelmed by rapid urbanization, the outlook for democracy in these countries is worsened.

William S. Reese, Chair of InterAction, in discussing citizen participation and development, recently wrote in *World View*, "...what is more basic than being involved in the political system, selecting our leaders and telling them what we, as citizens, expect our government to do for housing, water, education, and health?... like a garden, democracy will suffer if left untilled, unwatered, and unfertilized..."

5.3 Stabilizing Population Growth and Protecting Human Health

The strategy for attaining USAID's goals relies on achieving four related objectives: (1) Reductions in abortion and unintended pregnancies; (2) Reduction in child mortality; (3)

Reduction in maternal mortality; and (4) Reduction in the transmission of sexually transmitted infections and HIV.

Typically, there are both positive and negative impacts of urbanization on issues related to population and health. The density of population usually allows more efficient delivery of higher quality services, such as family planning services which have resulted in lower fertility rates in urban areas. On the other hand, these services are also required to respond to new disease patterns uniquely associated with urban living conditions or exacerbated by them. Examples include HIV infection, tuberculosis, and environmentally-related illnesses.

Urbanization has impacts on population issues and health that are clearly linked to other USAID priorities. Poverty, a focus for economic growth activities, is an important predictor of urban morbidity and mortality, as are environmental conditions, particularly for the urban poor who not only are disproportionately exposed to water-borne, sanitation-related, and other infectious diseases but also must cope with the most egregious insults of industrial pollution of air, water, and soil. Educational opportunity, typically greater in urban centers, is still more accessible to higher-income groups and males, with consequences for fertility, income, nutrition, and health. These complex interrelationships make improvement of living conditions in the urban environment especially challenging. Nevertheless, when the administrative and policy foci tends to be at the municipal, rather than the national, level (such as a Ministry of Health), there is greater opportunity of collaboration across sectors (e.g., health, water supply, housing, etc.) to allow problems to be more effectively and comprehensively addressed.

In Manila, the World Bank reports, mortality rates are three times higher in slums than in the rest of the city, rates of tuberculosis are nine times higher, and three times as many children suffer from malnutrition. In Bangkok, it has been estimated that 6% of annual deaths are due to waterborne illnesses such as typhoid, dysentery, and encephalitis. 30% of all illnesses in the Middle East and North Africa are attributed to the same causes. It is also estimated that if 18 Central European cities could meet the air quality standards of comparable cities in the European Union, they could save \$1.2 billion a year in working time now being lost to illness and prevent 18,000 premature deaths annually.

5.4 Encouraging Sound Environmental Management

USAID's environmental strategy seeks to mitigate global environmental threats and to promote sustainable development by pursuing five objectives: (1) Conserving biological diversity; (2) Reducing the threat of global climate change; (3) Promoting sound urban development and pollution management; (4) Increasing the use of environmentally sound energy services; and (5) Promoting sustainable natural resource management.

The interaction between urbanization and the local, regional, and world environments in which this urbanization takes place is direct, substantial, and complex. For many years, a major priority of USAID's urban programs has been improving water supply, wastewater disposal, and solid waste collection in the cities in which these programs were being carried out. Relatively little attention has been paid to urban transportation, also a major contributor to urban pollution, to energy issues, and to the linkages of urban areas with their surrounding natural resource bases. As urbanization increases, USAID can expect to receive more requests for assistance based on these issues.

Urban areas affect the environment in a number of ways, primarily through their use of land, their need for natural resources such as water, and their production of wastes and pollution.

The World Resources Institute (WRI), in its 1996-1997 *Report on the Urban Environment*, stated that , "Coastal systems, including wetlands...are especially threatened by urban land conversion...already coastal urban centers are home to 1 billion people worldwide and are experiencing unprecedented growth."

Concerning natural resource depletion, the *Report* pointed out that "In Aligarh City, India, approximately 1,000 cubic meters of soil is brought into the city each day, altering drainage channels and increasing the danger of flooding in the region..." Local impacts on forests near urban areas can be severe, and water shortages in major urban areas due to depletion of water resources and poor management of existing resources are commonplace.

The generation of large amounts of pollution and waste in urban areas, also related to development and industrialization, poses both greater problems for disposal and mitigation, and equally great opportunities, primarily economic. Air pollution in cities can be particularly severe and create health hazards. The combination of cars, pollutants, and meteorological conditions unique to cities is key to ozone formation. The WRI Report also concludes that..."major metropolitan areas have...the largest amount of pollution and highest greenhouse gas emissions...In developing countries the rapid growth in energy demand in urban areas is projected to greatly increase greenhouse gas emissions..."

It seems clear that the impact of urban growth on natural resources can best be assessed by looking at the wider resource base and not just at the use of these resources in a particular urban area. For USAID, this would mean exercising a broader approach to environmental issues as particular problems are addressed. One very successful example of this is the integrated coastal zone management approach the Agency has taken in a number of areas.

5.5 Providing Humanitarian Relief and Assisting Nations in Transition

Humanitarian and transition assistance focuses on three objectives: (1) Preventing crises before disaster strikes; (2) Providing prompt humanitarian relief; and (3) Support for transition from civil conflict and natural disaster to stability and development.

Under its first objective, USAID's primary concern is to prevent transient difficulties from becoming complex crises with a life of their own. The Office of Foreign Disaster Assistance has worked closely and successfully with the Global Bureau's Environment Center to establish regional urban disaster mitigation efforts in Bangkok, Kingston, and Quito. Recognition of increasing urbanization in mitigation planning is a key component to achieving this objective.

The Office of Transition Initiatives and collaborating bureaus and missions already recognize the need to take into account urbanization and to strengthen local community efforts and local authorities, in order to make successful transitions from relief to development assistance. But cities in crisis have special needs not always recognized -- for sanitation, clean water, and other infrastructure, as well as the education of their children and other services and opportunities. Thus, the Agency should give greater focus and attention to the urban factor of its disaster prevention and mitigation efforts, and to address the urban dimensions involved in moving successfully from the latter to more developmental programs.

6 Lessons Learned From Past USAID Efforts to Address Urbanization Issues

USAID has been the United States' primary agent in dealing with urbanization in the developing world over the past 30 years and has been influential and successful in its efforts. Last year's Habitat II Conference in Istanbul, the last of the great world conferences this century on important development issues that began with Rio and included Cairo, Beijing, and Copenhagen, confirmed the value of the lessons learned by USAID during this period. The following are several of the most important lessons:

6.1 Getting the Policies Right

Having the right urban policies as well as the supporting legal and regulatory frameworks is essential. This means getting the role of government right and encouraging the development of sustainable finance systems, as discussed below. It also means developing systems which rely on the initiative of individuals and families, on market forces, and on the private sector to produce housing. In transitioning economies, it especially means privatization of land markets,

the housing stock, and management services. In all economies, it means adopting building and infrastructure standards that are flexible and appropriate to the economic level of the community and providing security of tenure to households in order to encourage private investment. It means environmental soundness in investment decisions. Above all, it means creating an environment in which the five core attributes of cities that work can flourish.

6.2 The Appropriate Role of Government

Government must become a facilitator, an enabler, and a partner in the urbanization process. The participation of the community is vital and the use of the private sector is essential in achieving efficiencies. Working alone, the public sector cannot adequately address the challenges of affordable housing, economic development, public health, safety, and environmental protection. Appropriate decentralization of authority and resources is an essential element of getting the role of government right. Building its capacity is also essential. Each level of government has its role to play and it is essential that each country establish what those roles are, guided by the rule that if local government has the capacity it should be primarily responsible for local matters.

6.3 Real Improvements in Peoples' Lives

The development of sound national and local policies, and systems that benefit the general welfare, should be accompanied by tangible improvements in the lives of the poor. The provision of water, sanitation, electricity, health care, and education are important if people are to understand and support democratic institutions. Tangible improvements means both immediate and visible improvements which come with capital assistance as well as longer-term improvements which come from technical assistance and training. In this sense, employment related training is also important, since people must be able to earn the income that will allow them to have these services and to pay for them.

6.4 Financing is Key

Consistent with the need for substantial investment in the social and infrastructure programs referred to above, countries need to develop their systems of financing to keep pace with the growth in cities. This especially means the need to mobilize internal and private sources of funds for shelter and environmental infrastructure, rather than relying on donors. It also means promotion of credit strategies, especially micro-credit, to insure that all segments of the population are reached. One of the more important aspects of this lesson is that financially viable cities will have a critical impact throughout the economy of a country.

6.5 Urban and Rural Are Connected

The relationship between urban and rural areas and small settlements are key to the sustainable development process. Rural settlements represent more than half the population in many countries as well as being the centers of food production. The importance of this relationship is central to the approach that needs to be adopted. Rather than thinking about development as either rural or urban, proper recognition needs to be given to the connected nature of the economic and social interactions that occur in most places between rural and urban dwellers. Smaller towns and market centers are especially important in this regard.

6.6 Participation Underpins Progress

Finally, capacity building and community empowerment are also key to finding lasting solutions to urban problems. Because localities know their own needs best, specific strategies for urban growth must reflect community based planning and decision making. Those who live the problems must be involved in planning and implementing the solutions. This is as true elsewhere as in the United States. Strengthening of management capacity at the local level is key to this process, as is the decentralization of authority and resources to properly trained local authorities that are accountable for their actions.

7 Partnerships

USAID is a worldwide leader in addressing urbanization concerns. Building USAID should take the lead in building alliances with American partners and coordinating an American response to the urban challenges of the 21st century. Other partners should include membership from the:

US Private Sector: USAID has a good record in building partnerships with the private sector, notably in the energy field. These partnerships have resulted in increased opportunities for American business. The United States-Asia Environmental Partnership (USAEP) is a good example of the kinds of activities that are possible and that have generated much support, including study tours by Asian executives and municipal leaders to familiarize them with U.S. technology and intensive assistance to American companies in their pursuit of business opportunities. In the urban development sector, USAID efforts should help create the policy and market conditions that will facilitate private sector engagement in environmental and shelter improvement programs overseas, particularly for water, wastewater, solid waste, transportation, and shelter programs.

US Associations, Community Organizations, NGOs, and Universities: The United States has a wealth of experience and knowledge in urban management, housing, community participation, and the development of best practice examples of sustainable urbanization. Expansion of partnerships and inclusion in USAID programs of organizations that have spearheaded these are important to the building of an American alliance and constituency. The National Association of Realtors has been a strong and effective participant in housing development programs in Eastern Europe and elsewhere, as have American non-profits that have worked overseas such as the Cooperative Housing Foundation, PLAN International, and Habitat for Humanity. This should be expanded to include such other organizations as Meeting America's Housing Needs, the National Alliance to End Homelessness, the National Congress of Neighborhood Women, Banana Kelly, and a variety of university and other academic centers.

US Local Government: Similarly, the United States has an enormous advantage in this area because of its experience and because of the diversity of its more than 80,000 local governments. Associations such as the International City/County Managers Association have successfully participated for a number of years in USAID programs. Other Associations, e.g. the National Association of State Development Agencies, the National League of Cities, and the National Association of Black Public Managers, among others, should also be included.

USG: During the Istanbul Habitat II Conference, USAID, HUD, and EPA, among others, coordinated and worked together well to advance US positions on important urban issues. At this conference, and due in large measure to strong US leadership, the UN agreed to support the phaseout of lead in gasoline and other substances and agreed to recognize the special position of local government and such important concepts as participation and accountability. Making use of the combined expertise and experience of these agencies in the formulation and execution of combined programs and in building an American alliance makes good sense.

Multilateral Development Banks and other International Organizations: The World Bank has indicated that it is ready to commit \$15 billion over the next five years for urban environmental infrastructure programs that emphasize urban services for the poor, a cleaner environment, and finance for infrastructure and shelter, provided that good programs can be prepared. We have worked in the past with the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank in such cooperative arrangements, and they are also logical partners for expanded efforts. Similarly, USAID should attempt to increase its close working relationship with the United Nations organizations involved in urban development issues. Technical assistance programs specifically developed to improve the results of the substantial investments contemplated by the World Bank and other institutions in shelter and urban environmental infrastructure in countries of high priority to USAID would be welcomed by those institutions, and could prove of tremendous advantage both to developmental interests and to American business.

8 USAID Resources Devoted to Urban Programs

USAID devotes considerable non-credit resources to programs which geographically take place in urban areas, but it devotes very little to urban programs, i.e. those that seek to solve issues of urbanization. Although difficult to quantify because of definitional problems, a very general estimate is that considerably less than ten percent, perhaps \$450 million of Agency assistance, is devoted to urban type programs. Of this, more than seventy percent is concentrated in Egypt, Gaza, and Bosnia as large ESF-funded infrastructure programs. Of the remaining funding, ENI and ANE countries provide the most, followed by AFR (South Africa and Zimbabwe), and LAC.

USAID has had a remarkable, but relatively small, housing and urban development program over the past thirty years. The Task Force believed that it is perverse that as we come to the close of the 20th century, when urbanization is increasingly recognized as a serious and growing development issue that affects many of the Agency's programs, that the resources the Agency has been able to direct to this area have diminished dramatically since 1994. Not since the early 1970s has this sector received fewer resources (including the Housing Guaranty (HG) program) than now. The Task Force noted that if this decline continues, the basic HG staffing structure which currently supports current urban program activities worldwide will disappear within several years.

The Task Force's proposals, if implemented, would arrest this decline. They are intended to support each of the Agency's goals and to bring numerous offices and bureaus into a process that will inform and materially support their own efforts, broaden development thinking within the Agency, and ensure that all activities that take place do so with conscious realization of the fundamental changes that urbanization is bringing.

USAID urban programs focus today on support for Agency environmental, democracy, and health goals by: (1) increasing access to safe water and sanitation services, and shelter; (2) promoting improved urban management, and; (3) promoting improved pollution prevention practices. Over the past several years there has been increased emphasis on helping to put in place financing systems at the local level to ensure the sustainability of these programs and to support the fourth Agency goal of economic growth. Increasingly, urban experts believe that sustainable financing is the real key to improving the urban situation. The Agency's urban efforts in the 1990s in India, Indonesia, Tunisia, Poland, Hungary, the Czech Republic, South Africa, Zimbabwe, and Central America have been successful and have drawn considerable Mission and Bureau support for continuation of these effective efforts.

The following examples of current USAID urban activities are drawn from a paper prepared by the Coalition for Sustainable Cities for a Congressional briefing May 16, 1997.

Private Participation in Urban Services: Focus on Indonesia

As Indonesia's economy continues to gather steam, its government is turning to the private sector as a financing source for this infrastructure. But if local governments are to attract investment and participate in public-private partnerships, they must demonstrate professional management and commercially viable operations. If municipal enterprises are not financially structured, managed and operated as businesses and exist largely on subsidies - they will be incapable of attracting private capital.

For private investors to seriously consider an outlay of capital, proposed projects must include sufficient planning and schematic engineering design in early development stages to allow prefeasibility analysis and project redesign that will produce an acceptable rate of return, tariff rate, and project scope. Current public sector financing generally relegates such cost analyses to late in the project development cycle, thereby precluding an enormous pool of potential private investors.

USAID's Private Participation in Urban Services project seeks to confront these problems head-on. A key project component is establishing the legal/regulatory framework needed to enable and encourage private sector participation in the production and financing of urban services -- including clarifying the government's objectives, commitment, and decision-making process. An Indonesian law firm is conducting an in-depth analysis of weaknesses of the existing framework and proposing new laws and regulations as needed. Perhaps the most significant accomplishment to date of this USAID project has been developing "project life cycle" guidance presenting a recommended framework and step-by-step procedure to be followed by local governments for entering into public/private partnerships for water supply projects.

USAID advisors work with central and local government officials to develop infrastructure projects involving partnerships between private consortia and government agencies to build facilities or provide services. Demonstration projects provide an opportunity to refine policy recommendations, identify training needs, and develop credibility and constituency for new policies and procedures. The project's next priority is to develop "project risk management" guidance to help the Indonesian government identify risk issues associated with large-scale infrastructure projects and to outline principles of government credit support policies.

Financing Capital Investments: Focus on Czech Republic

In the Czech Republic, a USAID loan guaranty has been used to introduce Czech banks and municipalities to longer-term lending, thus improving the municipalities' ability to finance major capital investments themselves. Prior to this US loan guaranty, no commercial banks made long-term loans to municipalities. Today four banks make such loans. The availability of USAID resources stimulated competition among banks for the municipal loan business, thus reducing the banking spread for municipal loans, and offering more favorable interest rates to municipalities.

Through this program, Czech municipalities have financed twenty-seven municipal housing projects and provided environmental or energy benefits directly to approximately 1.5% of the Czech population. The repayment record continues to be excellent, and municipalities are establishing credit histories for the first time. The town of Dolni Kounice, for example, recently had its first clean winter ever, after receiving a loan to extend gas lines to the village. Dolni Kounice had previously suffered from serious winter pollution because all its 700 homes were heated with soft coal, a known carcinogen. This program has been identified by the Czech government as a cornerstone of its national municipal strategy.

Low Income Housing and Credit: Focus on Zimbabwe

USAID's Housing Guaranty program in Zimbabwe is the largest single shelter sector project in that country's history. The US Government contribution of \$79 million has been matched by local contributions totaling \$73 million; while the Government of Zimbabwe contributed its counterpart equivalent of \$25 million, local building societies contributed \$48 million in local currency resources. Through a combination of loan guaranties and technical assistance grants, the US has helped the Government of Zimbabwe to place more focus on low income housing, while expanding competition and efficiency of private sector shelter providers.

With a primary emphasis on private sector shelter providers the program has been able to generate the extensive involvement of US housing construction firms and enhance local capacity by subcontracting with small indigenous building firms. By using imported American building technologies, there is now a heightened demand for American construction techniques and technology. This approach has significantly reduced construction costs; the construction price of a minimum standard house has decreased by 96%. At the same time GOZ resources have shifted from middle-income housing towards more low-income units. USAID's private sector approach has increased market competition and consumer choice, generating opportunities for local contractors to specialize and become more efficient. And ultimately it has increased the affordability of low-cost housing. With the assistance of USAID Housing Guaranty and privatization programs, Zimbabwe has experienced a thirteenfold increase in the number of low-income mortgages.

Water and Sewer for Low Income Families: Focus on Ecuador

USAID increasingly conditions the use of its Housing Guaranty funds on policy changes needed to help supply those elements of shelter and related services which low-income families have the most difficulty providing for themselves, such as water and sewerage lines. In Quito, Ecuador USAID used the promise of Housing Guaranty loans and a parallel technical assistance grant to encourage legislative reform of the Municipal Water Authority. As a result, the Water Authority installed a new accounting system and information management system that improved budgetary decisions, plans for service extensions, tariff structures and water leak detection. These improvements lowered the operating costs of the company by 25%.

Additionally, USAID-funded technical assistance demonstrated that the Municipal Water Authority's construction codes were overly restrictive, resulting in prohibitively high new service costs for low-income neighborhoods. After these codes were revised, the cost of new services became affordable for Quito's low-income families. In the three years since receiving USAID assistance, the Municipal Water Authority has constructed 35,000 new household water connections and upgraded 60% of existing services to Quito's marginal neighborhoods, benefiting 180,000 people. The Municipal Water Authority, now on a solid financial footing, has obtained loans from lending institutions and private sector investors for future expansions and is extending service to the remaining 10% of Quito's population who currently lack piped water service.

Community Participation: Focus on India

USAID grant assistance has played a key role in the informal sector's ability to improve the health and well-being of many lower-income residents of Madras, India. Madras has witnessed rapid population growth in recent decades - from 4.3 million people in 1981 to over 6.5 million today. Government provision of sanitation services has failed to keep pace with demand. The Madras Municipal Corporation's (MMC) inability to respond fully to neighborhood needs set the stage for an NGO, Exnora international to play a role in urban service delivery.

Exnora's activities are carried out nationally and internationally, but its core operations take place at the community level - where groups of citizens are organized by streets, and are collectively known as Civic Exnoras. Exnora became involved in the collection of garbage in 1989 when the MMC sought to insure that garbage was placed directly in its transfer containers, whose contents would in turn be dumped into trucks. Exnora sought the cooperation of local residents and the local rag pickers who had been rummaging through MMC pits. Residents began to hand garbage over to the rag pickers, now employed by the Civic Exnora as 'street beautifiers,' who would take it to the containers, for transfer to the collection areas, and ultimately to land fills or for recycling. Bio-degradable garbage went through vermiculture to be used as compost or natural manure. Some of the separated non-degradable garbage was sold by the street beautifiers.

To date, annual membership subscriptions and grant assistance from USAID and the Danish Government Development Agency has funded Exnora's operations. Monthly user service fees cover the operational expenses of the actual garbage collection, and donor contributions and a bank loan helped purchase three-wheeled collection carts. That loan is being repaid monthly by the Civic Exnora, from resident subscriptions.

Civic Exnoras are now responsible for 20% of the primary collection of garbage in Madras city alone. Exnora has also improved public awareness about civic services and public hygiene, involved and organized the community, and developed an effective working relationship between the citizens and the MMC. In Madras, between 400 and 450 Civic Exnoras are functioning today, and include members from lower, middle, and upper classes. As organized communities determine their own urban service needs, residents proved willing to pay fair prices for fair services. Households now take a more active role in keeping their backyards clean. The long-run sustainability of Exnora's efforts, however, will depend on the effectiveness of institutional mechanisms and organizational structures.

As stated, USAID credit resources devoted to programs designed to directly address urbanization concerns have fallen dramatically in the past two years, far exceeding in percentage terms reductions in other important areas. This is primarily due to the cutbacks in the Urban and Environmental (formerly Housing Guarantee) credit program. Whether or not those cuts are eventually restored or mitigated through transfer authority, the goal and programs proposed in this paper will require a different mix of resources than in the past. In the more likely event that recent cuts are not fully restored in the immediate future, grant funds will help bridge the gap. It is important, also, that efforts to maintain a credible USAID credit program not be abandoned. Having a seat at the table on matters involving urban development requires both grant and credit resources.

9 Goal and Recommendations

9.1 Goal and Basic Premises

The goal of the Making Cities Work program is to help make cities work better in the 21st century. Focusing on countries where USAID is operating and where urbanization is an important factor, the Agency, as part of its overarching goal of sustainable development, will lead an American alliance to help cities do well in meeting these five core criteria:

- o They are safe and healthy places to live, within a sustainable environment.
- o They have basic infrastructure and housing that serve all their inhabitants.
- o Their economies are robust, with ample opportunities for employment.
- o They promote participatory democracy and there is high citizen satisfaction with their local institutions.
- o They are centers in which regional problems are solved.

Cities that work are not an end in themselves for USAID. They are a means to enhance achievement of USAID's five basic goals: Promoting Broad-based Economic Growth, Advancing Democracy, Stabilizing Population Growth and Protecting Human Health, Encouraging Sound Environmental Management, and Providing Humanitarian Relief and Assisting Nations in Transition.

USAID and its partners can help selected countries achieve their goals by collaborating with them to establish the framework needed to carry out urban activities more effectively. This means having the right policies in place, strengthening local management and financial capacity, ensuring local participation in decision-making, and having a system of finance which can respond to the urban challenge on a sustainable basis. By focusing on countries where the Agency is likely to devote its future financial and human resources -- as well as assistance to specific cities in crisis, many cities will necessarily be excluded from consideration under this strategy. Yet the work done in these countries will serve as examples to urban areas around the world.

Over the next several months USAID can begin to build the alliance described in section 7 above and develop a program in accordance with the recommendations set forth below. Through a process of consultation, both internally and externally, the Agency can set realistic and concrete objectives by the beginning of FY 1998 that can be achieved within five years. In order to help

accomplish this, an Agency technical experts and assistance group for broad-based urban programs should be established to provide assistance to bureaus, missions, and external organizations in carrying out the various activities proposed under the Making Cities Work program. But this will require an Agency commitment to increased resources, especially human resources.

Five basic premises underlie the Making Cities Work proposal:

- o Partnership with an array of American institutions is essential to the success of this effort.
- o The Agency needs to take advantage of the strength of its internal urban expertise that is spread throughout the Agency.
- o To succeed, the Agency must embrace an urban view at each of its three levels, i.e., USAID as a whole, the regional and Global bureaus, and the field missions.
- o This embrace must be flexible and cognizant of the many demands that are placed upon staff and resources. Ultimately, progress in particular places will be made as urbanization comes to be viewed as an important factor in the development culture of the Agency.
- o **Financial and human** resources are needed in order to lend credence to the Agency's commitment to the Making Cities Work program.

9.2 Recommendations

Three major recommendations are proposed to advance the Making Cities Work program.

First, to build and support an American alliance of partners committed to helping make cities work in the 21st century, including a technical assistance fund to leverage support from multilateral institutions, the U.S. private sector, and non-governmental organizations.

Second, to reshape USAID's internal strategies so that they more coherently and effectively recognize and address urbanization issues.

Third, to increase the Agency's capacity to carry out the above recommendations -- by staffing a partners' outreach group, supporting a proposed technical experts group, professional training, and supplementing the professional staff of bureaus and missions to undertake this proposal, by raising non-direct hire ceilings within existing program budget levels. Additional dollar and human resources will be needed to accomplish these recommendations and to support an Agency commitment to MCW.

9.2.1 Building an Alliance

Recommendation 1: The Agency should build or expand links with organizations that share an interest in the goal of making cities work by involving them more closely in the work of the Agency through consultation and incorporation of their expertise in specific programs. Such organizations would include other USG agencies and private sector groups. During the first two years, \$12 million has been tentatively budgeted. There are three specific components:

- a. **American Business Community:** The Agency should establish a program, designed in full consultation with the American business community, that would help create the policy and market conditions needed to facilitate the participation of these businesses in broad-based urban activities. Consideration should be given to: (a) institutional collaboration between USAID and American industry and professional associations engaged in urban development; this might include pro bono work by expert figures in such groups; (b) matching grants to business associations seeking to develop international linkages; (c) project development grants for foreign municipalities that would help to provide critical start-up design costs for major investment projects in countries and sectors of particular interest to USAID; (d) seed grants or credits, information exchange, and training for local businesses to build their capacity and ability to joint venture with American businesses in broad-based urban activities in countries and sectors of particular interest to USAID; (e) promote the participation of US equity partners in water and other urban investment projects; and (f) organization of a consultative process with the U.S. financial sector and capital markets institutions including those involved in municipal finance.

- b. **American Non-profit Community:** the Agency should establish a program, designed in full consultation with the American non-profit community, to tap the expertise of American organizations that work in sustainable urbanization, local governance, and provision of services to the urban poor. This would include a best practices outreach component, which will build upon the Agency's Lessons without Borders program, as well as working with international PVO's to build a culture which nurtures sustainable community systems such as we are now doing with PLAN International. It is proposed that the Agency request PVOs to submit proposals in support of MCW for funding in 1998 and/or 1999 as the way to initiate this component.

c. **The International and Private Financial Community:** USAID should establish a centrally located urban technical assistance fund for use with multilateral development institutions, other donors, and American private financial groups, in collaboration and coordination with selected country USAID Missions. Discussions have already been held with the World Bank concerning the possibility of using \$400,000 in the southern Africa region in conjunction with World Bank loans of approximately \$75 million. Other potential regions in which this mechanism might be appropriate include ENI, Africa (in connection with the African Infrastructure Fund recently announced by the White House), Latin America (in connection with the North America Development Bank along the U.S.-Mexico border), Central America (in connection with funding committed to the Guatemala peace process), various IDB programs, and Asia (in connection with a number of programs currently being discussed with both the World Bank and the Asian Development Bank). Countries in transition from crisis might also be appropriate recipients, where external funding is also potentially available.

9.2.2 Agency Strategies

Recommendation 2: USAID should further develop its internal strategies at all three levels: Agency; Bureau; and Mission:

- a. **Agency:** PPC should ensure that the Strategic Plan Team (SPT) review and revise the overall Agency strategy to include a greater focus on urbanization and 'making cities work' to enhance achievement of Agency goals and SOs. As part of this review, the SPT should hold a rigorous technical discussion with Agency urban specialists from all sectors, as well as outside urban development experts, comparable to a recent session convened by PPC and G/WID with Agency economists.
- b. **Regional and Central Bureaus:** Each bureau should establish its own process to begin to integrate urbanization and related issues into its strategic planning framework. Global Bureau would be asked to assist in such exercises.
- c. **Country Missions:** Several country missions should be invited to participate in an exercise to ascertain how a greater focus on 'making cities work' might enhance achievement of their Strategic Objectives. These countries would be identified by the Regional Bureaus in consultation with the missions themselves and with central bureaus. AID/W would assist and fund the analyses and potential follow-on activities. \$2 million would be set aside for this component..

9.2.3 Agency Capacity

Recommendation 3: The Agency should increase its capacity to carry out this program. \$2 million has been budgeted for the following activities:

- a. **Technical Experts and Assistance Group:** An ad hoc technical experts and assistance group for broad-based urban programs, should be established to provide assistance to bureaus, missions, and external organizations in carrying out the various activities proposed under the Making Cities Work program. This group would consist of USAID direct hire technical and country experts from AID/W, and USAID funded consultant experts. In working with any particular country, the group would include appropriate mission and country personnel. The group would assist in strategy reviews, development of results packages, and the joint development of broad-based urban activities for external funding by MDB or private sector financing, and would ensure a wide-ranging information exchange within the Agency. The group would be chaired by the Environment Center.

- b. **Other Capacity-Strengthening Measures:** The Agency's capacity to monitor and address urban conditions around the world should be strengthened over the next three years. It is particularly important that the Agency integrate state of the art indicators work in this effort. While additional USDH professional capacity in each of the Bureaus, including Global, would be optimal, it is proposed that, initially: (1) current non-direct hire ceilings be increased to allow Missions and Bureaus to obtain the necessary expertise immediately and (2) short-term training courses - such as the types currently being developed by the Environment and Urban Programs Office - be expanded while the Agency reviews its long term workforce requirements. Bureaus represented in the task force have consistently expressed a need for additional human resources to enable them to devote the necessary attention, both in Washington and the field to this activity.

9.3 Anticipated Results in 3 - 5 years

As noted above, the transformations sought are unlikely to occur without a sustained effort over a period of ten years or longer. Nevertheless, very real achievements are possible within five years.

o First, strategically designed technical assistance activities and alliance activities -- by other donors, the private sector, and NGOs -- will have leveraged up to a billion dollars of urban investments by other donors, the private sector, and NGOs, all contributing to making cities work. This will contribute to better living conditions for millions of mostly low-income families. There will be increased American partners' participation in ongoing urban programs, and increased American business involvement in the design of USAID-assisted municipal programs.

o Second, the Agency's core staff of direct-hire and contract employees with urban expertise will be of sufficient size to have built strong external alliances and to be able to advise USAID Missions and the Agency's humanitarian relief efforts on a broad inter-sectoral development approach to urban issues critical to improving overall strategy development and effectiveness.

More specifically:

o An alliance with numerous American business and non-profit organizations that share the common goal of making cities work will be up and running. Grants totaling \$4 million will have been made in the first two years. There will be increased American participation in on-going urban programs in five countries, expanded American presence and technical exchange programs in at least five countries, and increased American business involvement in the design of at least two municipal programs. This will be expanded proportionally over the next three years.

o Shared design efforts costing \$8 million will be underway with financial partners and missions in up to three countries or regions that are expected to leverage \$300 million of new investment supportive of Agency goals. Within five years, a figure of at least \$1 billion is anticipated.

o USAID will have integrated urbanization issues into its strategic approach to development by the year 2000. In the ensuing three years, the Agency's urban activities will be increasingly be formulated and carried out within the parameters what makes cities workable.

o Three country missions will be participating in an analysis of their current programs to determine how having better working cities can help to achieve their objectives. Within five years, the number of participating missions will rise to ten.

o The technical experts group will be operational and will ensure that a broad inter-sectoral development approach is taken in the assistance that it provides to bureaus, missions and in crisis situations.

o Additional program funded human resources will have been made available to bureaus to assist them to undertake this effort. Twelve non-DH persons will have been added, both in Washington and overseas.

Additional resources are necessary to accomplish the program laid out above. If the resources are made available and the measures are undertaken, the Agency should see significant short-term differences in its approach to urbanization and be well on its way to preparing for the new century. The Task Force proposes that the next step is to ascertain and confirm the Agency's commitment to a Making Cities Work effort. If it is confirmed, the Task Force will then develop a detailed plan and budget and results package.