

# **Final Report**

## **Urbanization & Environment: Opportunities for Refocusing USAID Assistance in Sub-Saharan Africa**

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# **Final Report**

## **Urbanization & Environment: Opportunities for Refocusing USAID Assistance in Sub-Saharan Africa**

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## Acronyms

AED	Africa Enterprise Fund
AfDB	African Development Bank
AFR/SD	Africa Bureau/Sustainable Development
AVU	African Virtual University
BOT	Buy-Own-Transfer
CBI	Cross Border Initiative
CIDA	Canadian International Development Agency
CLDB	Country Live Database
DAC	Development Assistance Committee (OECD)
EC	European Commission
ECA	Economic Commission for Africa
ECOLOG	<i>Economies Locales</i> (Club du Sahel/OECD Programme in West Africa)
EMS	Environmental Management Systems
EPM	Environmental Planning Management
EPIQ	Environmental Policy and Institutional Strengthening Indefinite Quantity Contract
FRAME	Framework for
GCA	Global Coalition for Africa
G/ENV	Global Environment Bureau, USAID
HIPC	Heavily Indebted Country Initiative

HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IBRD	International Bank of Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
LDB	Live Database system
MCW	Making Cities Work
MELISSA-KERN	Managing the Environmental Locally in Sub-Saharan Africa – Knowledge and Expertise Resource Network
NRM	Natural Resources Management, USAID
ODA	Overseas Development Agency
OECD	Organisation for Economic Co-operation and Development (OECD)
PACT	Partnership for Capacity Building in Africa
PARIS21	Partnerships in Statistics in the 21 <sup>st</sup> Century
SIPs	Sector Investment Programs
SO	Strategic Objective
SPA	Special Program of Assistance for Africa
SSA	Sub-Saharan Africa
UNCHS	United Nations Centre for Human Settlements
UNEP	United Nations Environmental Program

UNISA	United Nations System Wide Special Initiative for Africa
USAID	U.S. Agency for International Development
UNDP	United Nations Development Programme
UVST	Integrated Assistance to Urbanizing Villages and Small Towns
WAEN	West African Enterprise Network

# Executive Summary

## Background

In February 1998, EPIQ prepared the report *Urbanization Issues and Development in Sub-Saharan Africa* for the Africa Bureau. The report outlined potential elements for an urban strategy for sub-Saharan Africa (SSA), characterized urbanization trends in SSA, enumerated the major urban environmental and economic issues, and described current international support for sustainable urban development in Africa.

As a follow-up to the report, the Africa Bureau requested EPIQ to examine, in more depth, the linkages between urbanization and environment in SSA and define strategic opportunities for USAID to address both urbanization and environmental issues in a mutually reinforcing, synergistic way.

This report responds to the Africa Bureau's request and fulfills the requirements of the EPIQ Africa Bureau Policy Support Task Order for Component Six: Addressing Urbanization and Environment Strategically. The report reflects comments and feedback from USAID and the FRAME Contact Group, to whom the draft report was presented on May 2, 2000 in Senegal.

## Population Growth and Urbanization

Population of SSA has increased 2 ½ times in last 30 years. Even though population growth rates will slow, SSA population in 2025 is projected to be between 1.2 and 1.4 billion. This population growth will occur in both rural and urban areas, with the urban population approaching or surpassing the rural population in many countries. By 2020, 10 countries in SSA will be at least 50% urban, compared to two (Botswana and South Africa) in 2000. Over next 20-25 years, population growth rates for urban populations will be 3 times growth rate for rural populations.

The process of urbanization involves both changes in people and the places they live. The urban transformation for people and places involves three types of changes: (1) movement from one place to another, (2) expansion of the population through population growth and (3) changes in the character of places as they add population due to migration and population growth.

The population of urban areas in SSA is expected to increase by 439 million by 2020, with significant increases in the number and sizes of cities. By 2020, there will be 70 cities with populations exceeding 1 million and 660 cities with populations ranging

between 100,000 and 1 million. By 2020, there will be a three-fold increase in the number of small cities (9,000).

## Urbanization Trends and “Drivers”

The process of urbanization is very rapid in SSA, driven by population growth in both urban and rural areas. Urban population growth in SSA is comprised of several components, the most important being the growth in existing urban populations. For the period 1990-2020, 65% of urban population growth (285 million) in the region will result from indigenous growth of urban areas. Rural-urban and transnational migration will contribute an estimated 104 million urban residents (24% of urban growth), while the transformation of rural villages and urban fringe areas will add approximately 50 million urban residents (11% of urban growth).

Political, economic, and social factors or “drivers” account for the increase in urban population growth due to migration and the increase in urban places. Most of these factors are incapable of altering urbanization rates in short time periods. Thus, government policies and donor assistance programs (including those focused on population growth) are unlikely to influence the process of urbanization in more than a marginal way, although they may contribute to shifts in the rate of urbanization in the long term. In any event, there are significant benefits of the process of urbanization, both in rural and urban areas. Thus, it may be undesirable to structure policies or assistance to discourage urbanization. Instead, a better understanding of urbanization trends and their drivers may be useful in better anticipating and addressing the negative impacts of urban development on the environment and in economic and social terms.

Political drivers such as political instability, civil war, and repression mainly influence trans-national migration patterns. In many cases, political factors do not directly account for increased migration rates but lead to other impacts (economic losses, food shortages) that precipitate the exodus of populations. The most important long-term drivers of urbanization are economic factors. These economic factors can be divided into those that *push* migrants from rural areas (e.g., environmental degradation, deforestation, soil erosion and associated declining productivity of cropland, low rural incomes from agriculture, *exode rural*, lack of new lands for farming, limited off-farm employment) and those that *pull* or attract migrants such as higher incomes, greater employment opportunities, economic safety net in informal settlements. Generally, social factors are those that pull rural populations to cities and include relatively better availability of social services, education, and health care.

## Analysis of the Impacts of Urbanization

The process of urbanization engenders both positive and negative impacts. These impacts affect both rural and urban people as well as the environment and natural resources in both areas. Urban areas play a role in connecting rural areas to infrastructure, even if the motivation is self-serving. Macro-level benefits from urbanization include “economies of scale,” “localization economies,” and “agglomeration economies” for industries, communications, and modern infrastructure (including water and electricity supply) (Erbach and Gaudet, 1998).

Urbanizing countries enjoy a substantial number of benefits related to the incomes generated by urban employment and the services and amenities associated with urban life. From an economic perspective, cities provide higher incomes per capita with productivity in urban areas three to four times greater than productivity in rural areas (ISTED, 1999). Urbanization also increases the productivity of the rural sector. The 1999 ISTD study, *The Dynamics of Urbanization in sub-Saharan Africa*, found that a moderate but durable urbanizing trend, characterized by a 2 percent differential in urban/rural growth, would be more likely to induce more regular and independent growth in rural incomes than the export of “deluxe” products to industrialized countries. The conversion of agricultural lands at the urban fringe has also generated wealth for its owners, with land values increasing in response to residential and commercial demand and benefiting from improved access to services and infrastructure.

Urbanization has been associated with a significant and differential impact on social services and amenities. Generally, urban populations have better access to education, health services, and municipal services such as electricity, piped water, sanitation and waste collection relative to rural areas. As a result, urban populations attain higher educational levels, have lower rates of infant mortality, and lower birth rates than rural populations.

While urbanization has generated significant benefits for both migrants and existing populations, there have been a number of negative impacts as well. These negative impacts affect urban residents as well as rural residents, although in the latter case, the negative impacts are mainly associated with urbanization’s impacts on the environment and the natural resource base in rural areas. For urban residents, the negative impacts largely are related to the inability of the urban area and its officials to respond adequately to the rapid increase in population. These failures relate to poorly designed policies, lack of institutional capacity, and limited financial resources to respond to demands for services and amenities.

The informal urban settlements, which account for the largest share of the urban population, are overcrowded with poorly developed infrastructure, inadequate housing, and limited amenities. These areas lack the social services capacity to educate and train new entrants. High unemployment rates contribute to crime and damages from theft and vandalism. High crime rates lead residents and businesses to incur expenditures to increase security through the use of security services, fences, and alarm systems.

The health impacts associated with rapid urbanization are also significant. The lack of sanitary facilities and potable water, coupled with poorly developed solid waste disposal and crowded housing conditions contributes to a high incidence of water-borne illnesses, epidemics and rodent infestations, and higher infant mortality rates. Poor medical facilities, lack of awareness of socially transmitted diseases, and limited family planning in the informal settlements contributes to health risks.

Municipal governments are increasingly incapable of responding to these problems. The increasing demand for new infrastructure erodes the city's ability to maintain existing infrastructure, delaying repairs and renewal in order to extend services to areas without services. The inability of cities to expand and maintain roads in response to increasing demand leads to unsafe conditions, increased accident rates, poorly controlled traffic, and congestion

Within the urban areas, there are substantial environmental impacts of urban activities. The environmental problems in the city include:

- *Air pollution from industrial, commercial, and residential sources*
- *Air and noise pollution from motor vehicles and construction sites*
- *Lack of solid waste disposal services leads to health problems, litter, clogged drainage canals, and open burning.*
- *Lack of sanitary facilities and poorly treated sewage*
- *Microclimate effects associated with the conversion of land with vegetative cover to urban uses such as buildings and pavement*

Urbanization also has an impact on rural environmental and natural resources. The most immediate and noticeable impact is at the urban fringe, where agricultural, grazing, and wooded areas are converted to built up uses. Urban residents have significant demands on the resources of rural areas, including food from agriculture and fisheries and wood for

building and fuel. As the demand for these resources in urban areas increases because of population growth and the lack of affordable substitutes (e.g., electricity and natural gas for fuel wood), rural resource managers, farmers and fishers may be encouraged to accelerate production above levels that can be sustained in either biological or economic terms.

Finally, urban areas have a significant impact on the quantity and quality of water resources. In areas where water is in scarce supply, farmers and rural residents cannot compete with urban customers. While alternative water supplies may be obtained through irrigation projects and pumping of groundwater, these sources are more costly to develop. The major impact of urban water users, however, is on water quality. Where urban wastewater is discharged untreated or inadequately treated into rivers, lakes, and bays, it can have an adverse impact on fisheries, wildlife, tourism areas, and other downstream water users. Some of the water impacts may involve downstream cities and industries that must incur costs to treat water to minimum standards associated with the intended use.

## **Trends in Assistance to Sub-Saharan Africa**

The paper provides an overview of SSA assistance programs of the multi- and bi-lateral donors and international financial institutions in terms of their focus on addressing urbanization and environment issues. In addition to the trend in declining assistance to the SSA region in total assistance expenditures, the following trends have been observed:

- There is little mention of “urban” in multilateral or bilateral assistance programs – urban areas may be beneficiaries but are not targeted. However, notable exceptions include the African Development Bank’s considerations of urban implications of projects in design and USAID’s urban strategy that calls for the agency to “internalize an urban perspective within its broader development activities”
- There is a growing consensus that regional economic integration and expansion of trade are fundamental to economic growth in SSA. These assistance efforts focus on the modern economic as opposed to the informal urban sector, may accelerate exploitation of SSA natural resources to balance trade, and requires more attention to cross-border/trans-boundary issues (such as supply and demand for water resources)
- Performance, increasingly, is the major basis for continued assistance. Some of the implications are that there will be greater emphasis on trade and investment opportunities for the donor country, greater emphasis on immediate and

measurable results, and more responsibility placed on assistance recipients to demonstrate the foundation for graduation and/or reduced reliance on assistance.

- Development is best sustained by financial and economic independence. Thus, African recipients will be expected to take a stronger leadership role and forge partnerships with donors. There will also be a shift in assistance toward human and institutional capacity building.
- There has been some shifting away from project-specific to sector and budget assistance
- Greater emphasis has been placed on private-public partnerships and on participatory, community-based approaches to sustainable development
- There is increasing concern about the environmental impacts of assistance. As a result, more emphasis may be placed on integrating compliance with environmental protection and on capitalizing on synergies between improved management of natural resources and other development sectors.

## **Opportunities for Effective USAID Intervention**

The report elaborates five opportunities for strengthening USAID assistance efforts that can be integrated into an urban-environment activity. These include:

### **1. Applying an urban/environment “lens” to USAID’s SSA assistance programs**

This approach would give greater recognition to the linkages between USAID’s strategic objectives (SO) and urbanization/environment issues in program design and indicators, would lead to more effective blending of program components to exploit synergies in urban areas, and would refocus assistance programs to specific geographical areas to better address urbanization impacts.

### **2. Targeting urban areas in assistance programs**

Urban areas play an important role in absorbing rural migrants and mitigate the economic, social, and environmental problems that uncontrolled and unplanned urban growth engenders. Greater emphasis would be placed on informal settlements in meeting infrastructure needs, addressing capital requirements of small business, organizing communities to assess, prioritize and take actions to address problems in their communities.

### **3. Targeting program resources to urbanizing villages and small towns**

These communities are expected to play key role in the process of urbanization, but many are not prepared to absorb migrants from rural areas. Assistance could focus on the creation of employment opportunities – at present, migrants may first try to relocate to smaller cities before continuing to larger cities in search of employment; community governance – to begin planning for “urban” demands of residents; development of market links between rural producers (farmers, herders, managers of woodlots, fishponds, fruit orchards, irrigated gardens and other natural resource based production systems) and larger cities, and development of infrastructure services.

### **4. Focusing on urban services and infrastructure**

This approach would recognize links between services and economic development, emphasize the organization of communities to solve problems and exploit the potential synergy to other aspects of local governance. This approach represents an opportunity to assist in development of private-public partnerships, leverage IFI resources, and develop local financial institutions

### **5. Concentrating assistance in selected geographical areas**

Several geographical areas (coastal West Africa, urbanized corridors in Southern Africa) are expected to absorb the largest share of migrants. Assistance could involve comprehensive assistance packages in selected geographical areas to address the full range of USAID strategic objectives (economic development, health, education, environment, and governance).

## **Recommendations for a USAID Urbanization/Environment Activity**

The proposed activity would involve assistance to small urban areas and is referred to as, *Integrated Assistance to Urbanizing Villages and Small Towns* or (UVST). The activity would stress the involvement and strengthening of community groups and local government entities to solve priority environmental and urban problems in their communities. The activity would be focused in a select number of villages and small towns to ensure adequate assistance resources can be mobilized to allow multiple objectives (e.g., environment, economic development, health) to be addressed and to increase the likelihood of achieving tangible results.

The rationale for the UVST assistance activity includes the following:

- Facilitates more proactive assistance approach early in the stage of urbanization.
- Addresses environmental and health impacts in urban areas.
- Allows for cost-effective delivery of multi-faceted, multi-objective assistance.
- Capitalizes on urban/rural linkages and increased opportunities for trade and investment. Builds on USAID successes and lessons learned in working with rural communities in SSA.
- Provides opportunity to adapt “Making Cities Work” approaches to small-scale urban areas and apply urban/environment “lens.”

The UVST would be concentrated initially in a few selected villages and towns and could be expanded later. For each location, an integrated assistance activity would be developed to include some or all of the following components:

### **1. Organization of community groups to identify and address priority environmental and infrastructure issues**

Illustratively, community group participation in the UVST activity might include: a) Preparation of Local Environmental Action Plans; b) Implementation and promotion of education programs in health issues such as HIV/AIDS, family planning, natural resource management and environmentally sound economic activities; c) Facilitating role in the marketing and exchange of commercial agriculture and farm products, development of markets in urbanizing villages and small towns, and linkages between buyers in larger towns and cities; d) Involvement, including capacity building, in the preparation, financing and implementation of local infrastructure projects with consultants or twinning partners; and e) Organization of community-based financial institutions, with credit based at least partially on capital raised from local savings deposits.

### **2. Development and identification of financing for small infrastructure investments**

The UVST activity would include a component to develop or improve basic infrastructure in selected villages and towns. The emphasis would be on infrastructure projects that involve modest financing requirements to enable communities to raise all or part of the capital costs from local sources. Provided adequate capital can be raised locally, there may be opportunities to secure co-financing in the form of grants or credits from USAID (e.g., the Matching Grants Fund for support of projects that demonstrate the MCW principles) or IFIs. The level of infrastructure and facilities would need to be

matched with local physical conditions, social preferences, population size, settlement functions and available economic and natural resources.

### **3. Educational activities on health (HIV/AIDS) and environment**

A third component would include educational programs implemented by community groups, local schools or government agencies and focused particularly on health, personal hygiene, and the environment. These programs would be designed to raise awareness among the youth and young adult populations about these issues and to provide them with options for prevention (HIV/AIDS), improved personal hygiene practices, and solutions to environmental problems (particularly those related to solid waste, water, and sanitation practices).

### **4. Evaluation and training in employment opportunities**

This component would involve two types of analysis: 1) determination of the potential pool of workers and 2) the types and number of jobs that can be matched to this labor pool. Two types of job seekers must be considered: rural residents seeking supplementary off-farm employment and residents of small urban areas without farm incomes.

### **5. Development of marketing capacity**

A fifth component of the UVST activity would focus on strengthening small urbanizing settlements so that they can play crucial roles in marketing agricultural products, facilitating trade and providing commercial and public services to the surrounding rural population. Small urbanizing settlements and market towns provide an essential link between the urban and rural components of the food production and commercialization system. These market towns absorb a high proportion of the surplus food produced by surrounding subsistence farmers and also provide these farmers with credit organizations; distribution centers and warehouses for farm inputs, food processing centers, agricultural extension advice and sources of market information for potential crops.

### **6. Development of microenterprise funding**

Microenterprise funding is another key component of the proposed UVST activity. These funding programs are designed to assist small businesses and individual entrepreneurs, have been implemented successfully in SSA, and often exhibit the following features: a) lending programs are tied to a village-based savings bank or other local financial intermediary created to provide loan capital; b) borrowers must deposit savings or purchase shares in the institution as a prerequisite for loans; c) selected groups are targeted for loans such as women or low-income households; d) most loans are for small

amounts with repayment periods of one year or less; and e) loans may only made to groups, to increase the likelihood of repayment.

## **Next Steps to Initiate the Activity**

To provide the groundwork for the recommended UVST Activity, a number of tasks are envisioned that would help USAID finalize the design, scope, and location of the assistance activity. All of these tasks could be carried out by USAID and/or USAID contractors and are briefly described below.

### **1. Summarize lessons learned in working with community organizations in rural areas and implications for DG activities in urbanizing villages and small towns.**

In advance of the UVST activity, it would be valuable to identify lessons learned in working with community groups and utilize this analysis in designing the UVST activity to most effectively involve community groups and local governmental bodies. The output would be a summary of lessons learned and recommendations for designing the UVST activity to mobilize and strengthen community groups.

### **2. Review donor-funded case studies on smaller cities.**

SSA cities have been the focal point of a number of donor and IFI-funded projects. Typically, three types of urban projects have been undertaken: 1) projects concentrated on a single programmatic element (e.g., health education, microenterprise financing, development of markets or infrastructure); 2) projects focused on assessment of urban or environmental issues; or 3) projects designed to link cities into networks for sharing experiences, solving similar problems, etc. Project documents would be reviewed to better characterize project features, successes, and recommendations for adapting these urban assistance “best practices” to the design of the UVST activity.

### **3. Use the FRAME contact group to develop an “African” perspective on urban problems and solutions.**

One of the concerns that has been raised by USAID staff in discussions of the report is that Africans need to be consulted in solving urban problems. In other words, some of the traditional Western approaches to urban problems may be inappropriate or ineffective when applied in SSA. A cost-effective option for eliciting input from Africans knowledgeable about the problems of urban areas in SSA proposed during discussions with USAID would involve a dialogue with the FRAME contact group. A series of questions would be developed and circulated to the FRAME contact group and the responses summarized in a memorandum. The questions would focus on refining our

understanding of urban problems and priorities and identifying specific solutions or at least suggested approaches for addressing these problems. This dialogue would also be valuable in providing feedback on the UVST activity as well as specific components.

**4. Develop criteria and select candidate urbanizing villages and towns for demonstration.**

The selection of urbanizing villages or towns to serve as a major focus of the Africa Bureau's approach to urbanization in sub-Saharan Africa will depend to a great extent on the regions and types of activities in which Missions are already involved. In order to select candidates for demonstrating the UVST integrated approach, criteria should be developed that can be applied in the evaluation and selection process.

**5. Develop detailed proposal for demonstration activity in urbanizing village/town.**

The final step in preparing to implement the UVST activity would involve preparation of detailed proposals for the demonstration activity(ies). This would require completion of all of the above tasks and selection of the demonstration site(s). A preliminary proposal, including possible components would be prepared for discussion with leaders in the candidate communities, USAID, and other donors (if cooperation/coordination is envisioned). Based on these discussions, the proposal would be revised to include a detailed work plan, schedule and budget.

# 1. Introduction

## 1.1 USAID's Urban Strategy

For more than 40 years, USAID has been extensively involved in urban programs through the Office of Housing and Urban Programs and the Housing Guarantee Program. As urbanization pressures have intensified with high rates of population growth, USAID has become increasingly aware of the important linkages between the process of urbanization and the range of strategic objectives addressed in its assistance programs. After decades of assisting cities around the world, USAID has formally adopted an urban strategy based on the document prepared by the Urbanization Task Force in 1998: *Making Cities Work – A Proposed Urban Strategy for USAID*. The goals of this urban strategy are to integrate urban management approaches into the Agency's development programs and assist partners in meeting the challenges of providing adequate water, sanitation, housing, electricity, health care and education to the expanding urban population.

The strategy recognizes the importance of linkages between urbanization and virtually all elements of development: economic growth, democracy, health, environment, population, information, industry, and disaster mitigation. The strategy does not suggest that urbanization or urban problems should be given a higher priority relative to the elements of development assistance enumerated above. Rather, these more traditional development programs should be examined, designed, implemented, and evaluated through an urban lens to ensure that potential complementarities and synergies are exploited to the greatest extent possible.

The strategy focuses on building alliances with organizations that share an interest in making cities work, promoting demonstration projects that showcase the strategy's visions and the capacity of USAID and its partners to address urban challenges. The demonstration projects have focused on urbanization-development linkages such as linkage with economic growth (solid waste management in peri-urban areas of Peru), information (community learning centers in Ghana), democracy (local government partnership program in Poland), and disaster mitigation (Kathmandu Valley earthquake risk management project in Nepal). Future demonstrations could focus on linkages to environment (degradation of air, water, land, and natural resources) and health (morbidity and mortality due to water-borne and sanitation-related diseases) as well as those noted above.

## 1.2 Urbanization Issues in Sub-Saharan Africa

In February 1998, EPIQ prepared the report *Urbanization Issues and Development in Sub-Saharan Africa* for the Africa Bureau. The report outlined potential elements for an urban strategy for sub-Saharan Africa (SSA), characterized urbanization trends in SSA, enumerated the major urban environmental and economic issues, and described current international support for sustainable urban development in Africa.

As a follow-up to the report, the Africa Bureau requested EPIQ to examine, in more depth, the linkages between urbanization and environment in SSA and define strategic opportunities for USAID to address these linkages. This request reflects a sense at USAID that there are opportunities to address both urbanization and environmental issues in a mutually reinforcing, synergistic way. As part of the requested study, the Bureau asked EPIQ to examine urbanization trends in terms of assessing their compositions and the range of factors or “drivers” that contribute to the rates of urbanization. In addition, EPIQ was asked to look more closely at the interrelationships between the economic and environmental impacts of urbanization.

## 1.3 Outline of the Report

This report responds to the Africa Bureau’s request and fulfills the requirements of the EPIQ Africa Bureau Policy Support Task Order for Component Six: Addressing Urbanization and Environment Strategically. The remaining chapters of the report are organized as follows: **Chapter 2** summarizes the urbanization trends in SSA and provides some data on cities in an effort to better characterize urban areas. These issues were previously addressed in the earlier EPIQ report. **Chapter 3** examines the composition of urbanization trends and the drivers that influence the rate of urbanization. **Chapter 4** describes and assesses the economic and environmental impacts of urbanization. **Chapter 5** provides a framework for assessing assistance programs and surveys donor and international financing institution (IFI) programs that have links to urbanization and environment. **Chapter 6** describes a number of strategic approaches that might be considered by USAID to better address the urbanization-environment nexus and provides recommendations for a new activity focused in urbanizing villages and small towns.

The current draft of the report should be viewed as an intermediate product in the process of USAID’s development of an urbanization/environment “initiative.” In relation to the earlier EPIQ Report, it includes more analysis of urbanization drivers and updates trends in SSA assistance. The current draft will be presented to the FRAME Contact Group on May 2, 2000 to discuss and validate the analysis. Following this presentation of the

report, EPIQ anticipates a follow-up briefing and discussions on the strategic opportunities and recommendation with AFR/SD. On the basis of the conclusions of the meetings with AFR/SD and its partners, EPIQ will prepare a paper summarizing the proposed components of an urbanization/environment “initiative” or investment in SSA.

## 2. Population Growth and Urbanization

This chapter provides an overview of urbanization trends in Sub-Saharan Africa. It is not an exhaustive analysis of trends but rather an attempt to provide background for the subsequent discussions of urbanization drivers, the impacts of urbanization, and linkages to the environment. A more complete review of urbanization trends is provided by Erbach and Gaudet (1998). Much of the data cited in this chapter has been compiled for the EPIQ Report, *Economic & Environmental Trends in Sub-Saharan Africa*, June 1999 from various data bases developed by the United Nations, World Bank, and World Resources Institute.

### 2.1 Definitions

A number of terms are associated with the location and movement of populations. Some of these terms are used to describe the process of change while others provide a basis for assessing the current demographic situation. Most demographic statistics classify areas and populations as either urban or rural. There does not appear to be universally accepted definitions of urban and rural, although demographers have set threshold levels delineating urban and rural because of the interest in such statistics.

#### 2.1.1 Urban versus Rural

In its 1984 Urban Policy Paper, USAID defined urban areas as “any separately administered population agglomeration in which at least two-thirds of the households derive their main income from activities other than farming.” Apart from the obvious difficulty of determining whether farming is the main source of income and what the boundaries of the agglomeration are for the purposes of governance, such a definition can be contrary to perceptions or statistical practices in a country. For example, a village with 50,000 inhabitants in Botswana may be perceived as rural rather than urban even though there may be towns or cities of smaller size which all would agree are urban (Erbach and Gaudet, 1998). Thus, statistics on urban and rural populations are country-specific; two countries may report similar ratios of urban to rural populations, even though some populations are counted as rural but would be urban in the other country. USAID’s proposed urban strategy, *Making Cities Work*, states:

*The “essence of urban is not size, but the inevitable existence of processes and interactions that demand collective action and planning.”*

Statistics reviewed for this paper are taken from the United Nations Population Division and classify rural areas as those with less than 5,000 population and urban areas as those

areas of greater population size. In addition, urban areas are divided into three groups according to population size:

Small cities – population of 5,000 to 100,000

Medium cities – population of 100,000 to 1 million

Large cities – population of over 1 million

Cities may be described also in other terms related to relative size, general character, or economic function. For example, large cities may refer to “world” class (cities of over 10 million population, primate (a major urban center that is at least four times larger than the next largest city in a country), or simply cities of over 1 million in population. Medium-sized cities have been referred to as secondary cities and regionally oriented market towns) and small-size cities as market towns and rural agricultural centers (Erbach and Gaudet, 1998).

### **2.1.2 The Nature of Urban Areas**

There is significant variation between cities in sub-Saharan Africa as well as differences within cities. Cities vary in terms of population density, employment opportunities, governance, level of services provided, type of housing, development of transportation and communications infrastructure, and focus of economic activities. Table 2.1 provides a view of selected SSA cities. The difference in terms of the availability of water and sewerage services is quite striking. For example, while most of Harare’s residents have access to water and sewerage, such services are practically non-existent in cities such as Porto Novo.

**Table 2.1**  
**A Survey of Cities: Socioeconomic Characteristics**

Country	City	% of Urban Households Connected to:		Socioeconomic Indicators, 1993	
		Water	Sewerage	% Informal Employment	% Poor Households
Angola	Luanda	41	13	36	36
Benin	Porto Novo	16	1	90	32
Botswana	Gaborone	40	33	45	55
Congo	Kinshasa	50	3	80	70
Ethiopia	Addis Ababa	58	0	61	-
Ghana	Accra	46	12	70	25
Guinea	Conakry	48	17	73	41
Kenya	Nairobi	78	35	52	27
Madagascar	Antananarivo	31	17	57	32
Malawi	Lilongwe	17	12	51	66
Mali	Bamako	26	2	36	36
Mozambique	Maputo	28	23	-	-
Namibia	Windhoek	90	75	-	30
Nigeria	Ibadan	68	0	77	62
Rwanda	Kigali	36	-	75	50
Senegal	Dakar	41	25	47	13
Tanzania	Dar es Salaam	22	6	-	23
Uganda	Kampala	30	9	46	77
Zambia	Lusaka	36	36	-	17
Zimbabwe	Harare	89	93	17	-

Source: United Nations Centre for Human Settlements – developed from *World Resources, 1998-99*, Data Table 9.3, World Resources Institute, Washington, D.C. 1999.

Within cities, there are also striking differences between districts. In Southern Africa, colonial cities tend to be characterized by a distinct central business district and adjoining residential neighborhoods. Informal settlements are an important part of the urban landscape. In the last 3-plus decades, the population in informal settlements has increased 7-fold (Erbach and Gaudet, 1998). Virtually all cities in SSA have informal settlements although their scope may vary considerably. Typically, informal settlements suffer relative to other urban districts in terms of the poorer condition of housing, limited availability of services, and lower quality of health and environment. However, the ability of informal settlements to provide adequate incomes varies across cities. For example, while informal settlements in Accra, Ghana account for 70% of employment in

the city, only 25% of households are viewed as poor. In other cities, there is a closer correspondence between employment in informal settlements and poor households (e.g., Bamako, Mali; Luanda, Angola). Informal settlements are poorly represented in municipal governance and have limited access to capital. It has been estimated that the informal economic sector provides for 75% of the basic needs of urban populations. Many of the goods produced by the informal sector would not normally be accessible to a large number of low and medium income households.

The growth in urban areas has been such a recent phenomena in SSA that the village or rural community is still the reference point for many city dwellers (Erbach and Gaudet, 1998). In many countries, one-half of urban dwellers are either formerly residents of rural communities or the children of rural dwellers. There may be economic, social, or political ramifications of this phenomena in urban areas as many new residents are slowly integrated into their new urban “communities.”

### 2.1.3 Urbanization

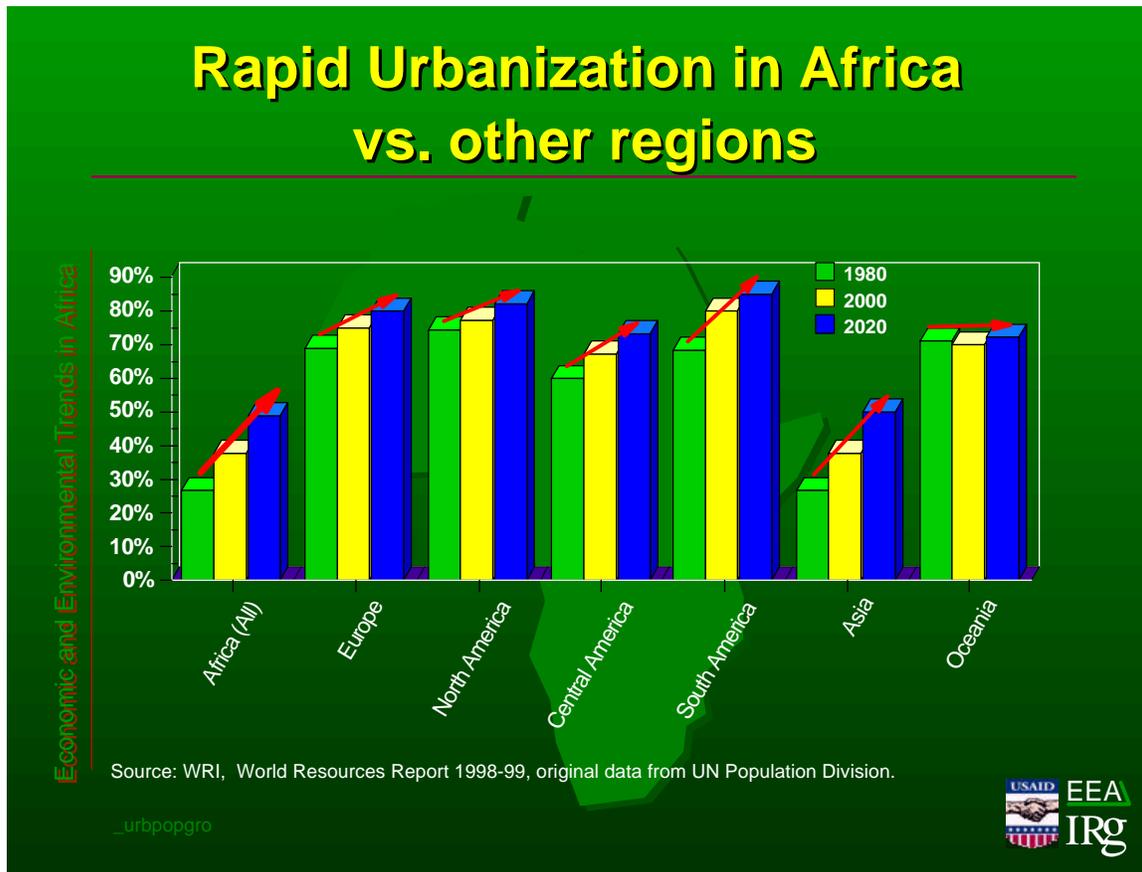
Urbanization, simply put, is the process of becoming urban. The process of urbanization involves both changes in people and the places they live. The urban transformation for people and places involves three types of changes: (1) movement from one place to another, (2) expansion of the population through population growth and (3) changes in the character of places as they add population due to migration and population growth. Table 2.2 summarizes the types of transformations that take place.

**Table 2.2 Dynamics of Urbanization**

Type of Change	Impact on Rural/Urban Population Distribution
<b>Movement of People</b>	
Rural→Rural Migration	Increase in population of rural destination, may lead to reclassification of area as urban
Rural→Urban Migration	Increases urban population in proportion to decrease in rural population
Urban→Urban Migration	Redistribute urban population among cities
Urban→Rural Migration	Typically, at urban fringe – expands area of land in urban area, may lead to reclassification of rural area (and people) as urban
<b>Increase in Population</b>	
Rural Population	Increase population in rural areas w/o reclassification as urban Increase in population results in reclassification as urban
Urban Population	Increase in urban population, increase in size classification of cities from small to medium, medium to large

To reflect changes in the extent of urbanization, demographers use two types of indicators. First, the relative proportion of rural and urban populations provides an indication of the degree of urbanization that has already occurred. Thus, for example, a country is urbanized if over 50% of the population resides in urban areas. The degree of urbanization could increase under a number of scenarios. Assuming there is no migration, uniform population growth in a country is sufficient to increase the share of urban population due to the reclassification of rural villages as small or medium sized cities. Also, depending on the initial ratio of rural to urban population, differential population growth rates could increase the degree of urbanization. Thus, if the population mix is 70% rural, 30% urban, differentially higher population growth in the urban population (for example, 5% in urban area, 2% in rural area) could shift the population mix. In SSA, fertility rates are higher in rural areas than in urban areas, suggesting that increases in the degree of urbanization are explained by a combination of rural-urban migration and reclassification of rural villages as urban, due to population growth.

**Figure 2.1**  
**Economic and Environmental Trends in Sub-Saharan Africa**



A second urbanization indicator is the rate of change in urban population. Urban growth rates capture several types of population change:

1. Migration from other countries;
2. Migration from rural areas;
3. Reclassification of rural villages as urban;
4. Reclassification of rural populations annexed into existing urban areas; and
5. Growth in existing urban population.

The first term could involve movements of foreign populations from either rural or urban areas but is viewed in the country of destination as a component of urbanization. The second, third, and fourth terms are all components of the rate of urbanization, reflecting a combination of population movements and population growth. The fifth term is an

important component of the urban growth rate in increasing the density of urban areas. This term does not result in a reclassification of people, but may precipitate ex-urban migration and movement between urban areas.

## 2.2 Urban-Rural Composition of Population Growth Rates

In the last thirty years, the population of SSA has increased 2 ½ times. However, the population of urban areas of SSA has increased 5 times (Erbach and Gaudet, 1998). In comparison to other regions of the world, Africa is less urbanized but is catching up quickly (Figure 2.1).

Overall population growth in SSA is expected to continue to grow but at a lower rate. By 2025, the estimated population of SSA will be between 1.2 and 1.4 billion, depending on investments in education and health, which the urban areas experiencing relatively higher growth rates than rural areas. Table 2.3 provides projections on the expected trends in urban and rural populations for selected SSA countries<sup>1</sup>.

From Table 2.3, a number of observations can be drawn regarding urban population trends:

- Between 2000 and 2020, all but three countries (Botswana, South Africa, and Zambia) will experience 100% increases in urban population while Ethiopia's urban population will triple during this period.
- While only two countries were projected to be at least 50% urban in 2000 (Botswana and South Africa), the number of countries with at least 50% urban population is expected to increase to ten in 2020<sup>2</sup>.

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<sup>1</sup> Selected countries are those that are currently receiving USAID assistance. Botswana is included as a recipient of regional assistance as part of Southern Africa.

<sup>2</sup> In various reports, estimates of the percentage of urban population can vary considerably. For example, data cited in the report, *Capitalizing on Regional Dynamics in Southern Africa*, prepared by IRG (1997), provide percentage of urban population for 1996 for Botswana and South Africa as 46% and 57%, respectively. These percentages are significantly different from those reported in Table 2.1. Interestingly, for a number of other countries in the earlier study, the percentage of urban population is only slightly less than reported in Table 2.1 and therefore consistent, given the differential growth rates of urban and rural areas.

- For the period 1980-1985, the median growth rate in urban population (5.4%) was more than twice the growth rate in rural areas (2.2%).
- Urban population growth rates are expected to slow down to a median rate of 4.6% in the period 2000-2005 compared to the median rate of 5.4% in the period 1980-1985, with a further decline in median growth rate for the period 2020-2025 of 3.4%.
- Rural population growth is projected to exhibit a similar declining trend, with median rural population growth falling to 1.8% for the period 2000-2005 and then to 1.0% for the period 2020-2025.

**Table 2.3**  
**Population Trends in Selected SSA Countries**

Country	Urban Population (000s)		Percentage Urban		Population Growth Rate (%)					
					1980-85		2000-05		2020-2025	
	2000	2020	2000	2020	Urban	Rural	Urban	Rural	Urban	Rural
Angola	4,371	10,697	34	47	5.6	1.8	4.9	2.0	3.8	1.2
Benin	2,630	6,109	42	56	5.4	2.1	4.6	1.5	3.3	1.0
Botswana	1,191	2,142	74	89	13.7	0.9	4.2	-5.5	1.6	0.2
Congo	15,670	39,648	30	43	2.7	3.4	4.5	2.3	4.1	1.4
Eritrea	714	1,738	19	29	4.3	2.2	4.4	1.9	3.9	0.9
Ethiopia	11,679	34,429	18	29	4.6	2.2	5.7	2.5	4.7	1.7
Ghana	7,644	16,742	38	51	4.2	3.1	4.2	1.7	3.2	0.7
Guinea	2,577	6,269	33	46	5.3	1.4	4.9	1.8	3.7	1.1
Kenya	10,043	22,468	33	48	7.7	2.7	5.0	1.2	2.6	0.1
Liberia	1,560	3,457	48	60	5.5	1.8	4.5	2.1	3.4	1.1
Madagascar	5,133	13,088	30	43	5.8	2.6	5.1	2.1	3.8	1.1
Malawi	1,686	4,657	15	26	5.8	2.9	5.2	2.0	4.5	1.4
Mali	3,773	9,462	30	43	5.4	2.2	5.0	1.9	3.8	1.2
Mozambique	7,869	17,344	40	55	10.1	0.8	4.8	0.7	3.2	0.9
Namibia	708	1,528	41	56	5.7	1.7	4.5	0.7	2.9	0.6
Nigeria	56,651	124,888	44	58	5.5	1.8	4.6	1.2	3.0	0.8
Rwanda	472	1,248	6	10	4.4	3.1	4.5	2.2	4.8	1.3
Senegal	4,463	9,090	47	59	3.9	2.2	4.0	1.3	2.8	0.6
South Africa	23,291	39,548	50	59	2.6	2.4	2.7	1.5	2.2	0.0
Tanzania	9,376	23,354	28	42	6.7	2.5	5.2	1.7	3.7	1.0
Uganda	3,180	9,333	14	23	4.8	2.1	5.5	2.5	4.8	1.7
Zambia	4,067	8,019	45	55	2.8	1.8	3.3	1.8	2.9	0.6
Zimbabwe	4,387	8,928	35	49	5.8	2.5	4.1	1.0	2.5	0.0

Source: United Nations Population Division – developed from *World Resources, 1998-99*, Data Table 9.1, World Resources Institute, Washington, D.C. 1999.

By 2020, more than half of SSA is expected to be urban. In terms of the distribution of urban population among cities of different sizes, it is expected that there will be significant increases in both the numbers of cities of each size and their population. Using 1990 as a baseline, the number of small cities and towns will increase from approximately 3,000 to approximately 9,000 in 2020. The population in small cities will increase by 133 million. The number of medium-sized cities will increase from 206 in 1990 to 660 in 2020, an increase in the population for this category of 123 million. Large

cities in SSA are expected to experience the largest population increase with the number of cities increasing from 18 to 70 and population increasing by 183 million. In 1990, the total population living in large cities was only 33 million, suggesting an increase in population of over 6 times by 2020. In addition, the average size of large cities will increase from 1.8 million in 1990 to over 3 million in 2020 (World Bank, 1996).

Population trends for selected cities in SSA are provided in Table 2.4. Every city in the table for which population estimates in 2010 are provided is expected to double in population between 1995 and 2015. Five of these cities (Addis Ababa, Monrovia, Antananarivo, Maputo, and Kampala) are expected to increase by more than 2.5 times.

**Table 2.4**  
**Population Trends in Selected Cities in SSA Countries**

Country	City	Population (000s)	
		1995	2015
Angola	Luanda	2,081	4,969
Benin	Porto Novo	183	-
Botswana	Gabarone	473	-
Congo	Kinshasa	4,241	9,430
Ethiopia	Addis Ababa	2,431	6,578
Ghana	Accra	1,673	3,469
Guinea	Conakry	1,558	3,527
Kenya	Nairobi	1,810	4,228
Liberia	Monrovia	962	2,609
Madagascar	Antananarivo	876	2,218
Malawi	Lilongwe	220	-
Mali	Bamako	919	2,249
Mozambique	Maputo	2,212	5,306
Namibia	Windhoek	142	-
Nigeria	Ibadan	1,484	2,968
Rwanda	Kigali	275	-
Senegal	Dakar	1,708	3,489
Tanzania	Dar es Salaam	2,323	-
Uganda	Kampala	954	2,548
Zambia	Lusaka	1,317	2,923
Zimbabwe	Harare	1,410	3,164

Source: United Nations Population Division – developed from *World Resources, 1998-99*, Data Table 9.2, World Resources Institute, Washington, D.C. 1999.

## 2.3 Regional Differences in Urbanization Trends

While all sub-regions of SSA are experiencing urban growth, there are distinct differences between sub-regions.<sup>3</sup> By 2010, two sub-regions – Humid West Africa and Southern Africa are expected to be approximately 50% urban, with the Congo Basin close behind at 44%. In these three sub-regions, urban areas account for approximately two-thirds of the projected population increase between 1990 and 2010 (Table 2.5). Nevertheless, the expected growth in urban populations for all sub-regions is substantial in absolute and/or percentage terms. In these sub-regions, urban growth is concentrated in a few countries and urban areas. For example, for the period, 1990-2010:

- In Humid West Africa, Nigeria will account for 70% of urban population growth in the sub-region
- In the Congo Basin, the increase in *urban* population in the Democratic Republic of Congo will exceed the *total* population growth in the other countries combined
- In Southern Africa, Mozambique and the Republic of South Africa will account for 58% of urban population growth

Coastal areas have experienced the greatest growth in urban populations and conversion of land area to urban uses, especially in West and Central Africa, Southern Africa (South Africa and Mozambique), and in Eastern Africa (Djibouti, Eritrea, and Somalia). The coastal zone from Accra, Ghana to the Niger Delta in Nigeria is expected to become a continuous urban area spanning 500 kilometers of coast with an estimated population of over 50 million residents by 2020 (World Bank, 1996)

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<sup>3</sup> Erbach and Gaudet (1998) provide a detailed discussion of each sub-region, including population trends, ecological characteristics and anticipated environmental pressure points.

**Table 2.5**  
**Population Trends in SSA by Sub-Region**

<b>Sub-Region</b>	<b>Population Growth (1990-2010) in millions</b>	<b>Urban Population Growth (1990-2010) in millions</b>	<b>Increase in Urban Population</b>
Sudano-Sahelian Belt	67	32	169%
Humid West Africa	129	89	162%
Congo Basin	44	26	145%
East Africa	105	41	206%
Southern Africa	63	43	127%
Islands in the Indian Ocean	11	6	181%

Source: Erbach and Gaudet, Urbanization and Development Issues in Sub-Saharan Africa, 1998

Countries in each sub-region are as follows:

Sudano-Sahelian Belt – Burkino Faso, Cape Verde, Chad, Djibouti, Gambia, Mali, Mauritania, Niger, Senegal, Somalia, and Sudan

Humid West Africa–Benin, Côte d’Ivoire, Ghana, Guinea Bissau, Guinea, Liberia, Nigeria, Sierra Leone and Togo

Congo Basin–Cameroon, Central African Republic, Congo, Gabon, Democratic Republic of Congo, Equatorial Guinea and Sao Tome

East Africa–Burundi, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania and Uganda

Southern Africa–Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe

Island of the Indian Ocean -Comoros, Madagascar, Mauritius and Seychelles

## **3. Urbanization Trends and “Drivers”**

As discussed in the previous chapter, sub-Saharan Africa is one of the most rapidly urbanizing regions of the world, although the region is still predominantly rural. The rate of urbanization is quite high and views differ on whether and for how long the current rate of urbanization can or will be sustained. The goal of this chapter is to examine and analyze urbanization trends and the drivers that influence them. These analyses will provide a better characterization of the process of urbanization, likely changes in the rate and nature of this process in the future, and linkages to the environment, discussed in the next chapter.

There are two premises in which urbanization trends are to be examined. First, the process of urbanization is very rapid in SSA, driven by population growth in both urban and rural areas. Most of the drivers beside population growth are incapable of altering urbanization rates in short time periods. Thus, government policies and donor assistance programs are unlikely to influence the process of urbanization in more than a marginal way, although they may contribute to shifts in the rate of urbanization in the long term. Second, there are significant benefits of the process of urbanization, both in rural and urban areas. Thus, it may be undesirable to structure policies or assistance to discourage urbanization. Instead, a better understanding of urbanization trends and their drivers may be useful in better anticipating and addressing the negative impacts of urban development on the environment and in economic and social terms.

### **3.1 The Relative Importance of the Components of Urban Growth**

In Chapter 2, estimates of population growth of urban areas were divided among small, medium, and large cities, with the projected increase in urban population to the Year 2020 estimated to be 439 million. As noted previously, five components are reflected in urban growth. The purpose of this analysis is to provide some sense of the relative importance of each of these components.

#### **3.1.1 Population growth of existing urban areas**

Population growth of existing urban areas is likely to be the major component in urban growth. Based on a cursory review of birth rates, it appears the growth rate of existing urban populations is approximately 2.0% to 2.5%. As the ratio of urban to rural population increases in line with urbanization, the differentially lower birth rates in urban areas – which can be attributed higher incomes, family planning and improved health care – will exert downward pressure on the overall population growth rate of 3.0%.

Assuming an average urban population growth rate of 5.0% over the period 1990-2020 (accounting for all five components of urban population growth), population growth of existing urban areas will account for 60 to 70 percent of total urban population growth.<sup>4</sup>

### **3.1.2 Population Growth in Urban Fringe Areas**

The increase in the existing urban populations takes place in the urban area but also spills over into the urban fringe. As cities spread out and annex surrounding areas, the residents in these fringe areas are absorbed into the urban population. Arguably, even if residents in urban fringe areas were previously counted as part of the rural population, they are not truly rural and probably depend on urban area for off-farm employment, goods, and possibly even services such as education. Without reliable census data and information on land use over time, it is difficult to estimate the magnitude of the “rural” population at the urban fringe that will be reclassified as urban as the city spreads. However, in extreme cases such as the burgeoning megalopolis on the coast of West Africa, countless rural areas and their residents will be urbanized as this megalopolis expands toward a population of 50 million people.

### **3.1.3 Transformation of Rural Areas**

In addition to the urban growth occurring at the urban-rural fringe, rural villages and towns are also undergoing transformation to small cities. Over the period, 1990-2020, this transformation of rural villages and towns may account for between 20 and 30 million new urban residents or 4 to 6% of total urban population growth. This estimate is derived using the information provided in Table 3.1 and making an assumption about the average size of rural villages in 1990 that are reclassified as urban in the year 2020. In the table, approximately 6,506 new small cities are added to the urban population. By definition, these new cities should have had a population of less than 5,000 residents in 1990. Thus, the reclassification of these rural villages can account for no more than 32 million of the increase of 133 million in the last column of Table 3.1 and we have estimated the reclassification to account for slightly less than this amount.

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<sup>4</sup> Due to migration, annexation, and reclassification of rural areas occurring throughout the 30-year period, the base population growing at 2-2.5% increases, thus accounting for more than half of the overall increase in population.

**Table 3.1**  
**Projected Population Growth in Urban Areas of SSA (1990-2020)**

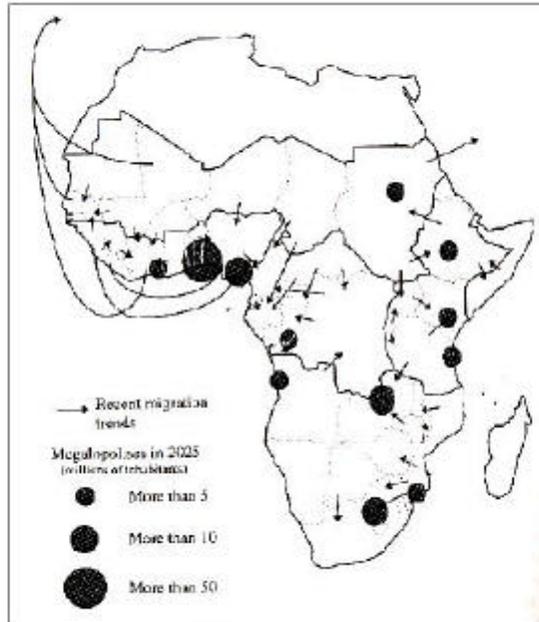
Category by Population Size	Number of Cities in 1990	Number of Cities Lost to Larger City Size	Number of Cities Gained from Smaller Size Category	Number of Cities in 2020	Population Increase for Category (1990-2020)
Small (5,000 to 100,000)	3000	506	6506	9,000	133 million
Medium (100,000 to 1 million)	206	52	506	660	123 million
Large (over 1 million)	18	0	52	70	183 million

Source: World Bank, *Toward Environmentally Sustainable Development in Sub-Saharan Africa – A World Bank Agenda*, Washington, D.C. November 1996

### 3.1.4 Trans-National Migration

Trans-national migration involves the relocation from one country to another. Migration occurs both within the SSA region and to countries outside the region. Two studies – Russell, Jacobsen, and Stanley (1990); and Cook and Falloux (1994) – have developed crude estimates of the number of people (35 million) who have migrated to new countries within SSA. Including in this estimate are approximately 4 million refugees. Another study – Snrech et al. (1994) – has estimated that there are approximately 8 million trans-national migrants in the coastal nations of West Africa with this number expected to increase to 20 million by 2020. According to the 1988 Census for Abidjan, 37% of residents were foreign born (Antoine and Kouame, 1994). Figure 3.1 illustrates recent migration patterns in SSA and the projected size and location of megalopolises in 2025.

Figure 3.1 Current Migration and Major Urban Centers and Projections for 2025



Source: Venard (1995).

It should be noted that these patterns of trans-national migration do not indicate whether migrants settle in urban or rural areas. However, a number of factors suggest that, with the exception of migrants who settle in coastal fishing villages and refugees in rural camps, the majority of migrants settle in cities. The main reasons for this settlement pattern relate to the difficulty of relocating in rural areas already in local ownership and under cultivation. As there are few new agricultural areas opening up, the greatest opportunities for employment are in urban areas (and particularly in informal settlements). Also, it may be easier to find shelter in urban areas, especially if there is already an established enclave of migrants from the country of origin.

With 12 million additional trans-national migrants projected through the year 2020 in West Africa, the overall contribution of trans-national migration to urban growth in SSA will probably be twice the level overall, given migration patterns in Southern Africa, the Congo Basin, and East Africa (see Figure 3.1). Assuming all of these migrants came from rural areas and settle in urban areas, trans-national migration will only account for approximately 4-5% of projected urban growth. This share could be lower or higher

depending on the level of political stability in the region and difference in economic growth.

### 3.1.5 Rural-Urban Migration

It is difficult to estimate the contribution of rural-urban migration to urban growth. Absent survey or census data which asks urban citizens where they resided in the past, the most practical way to estimate the extent of rural-urban migration is to view it as a residual after accounting for the other components of urban growth. Since each of the other components is uncertain, the error in the residual could be substantial.

Using the projections in the sections above, the residual attributed to rural-urban migration is calculated as follows:

<b>Urban Population Growth (1990-2020)</b>	439 million
Growth in existing urban areas	285 million
Conversion of rural areas	50 million
Trans-national migration	24 million
Rural-urban migration	80 million

The estimated population growth for the conversion of rural areas has been increased from the estimate in Section 3.1.3 to reflect urban fringe conversion. The residual after accounting for other components of urban population growth is 80 million residents from rural to urban areas due to migration. While this is a crude estimate of rural-urban migration, it does suggest a significant movement of rural people over the next 30 years.

## 3.2 Factors Contributing to Migration

When examining factors that contribute to migration rates (both trans-national and rural-urban intra-national), a distinction can be made between factors that “push” migrants from the country/area of origin and those that “pull” migrants to the country/area of destination. Generally, migration occurs because the destination is relatively attractive in terms of the political, economic, or social situation than the place of origin. Below, these factors or determinants are examined for both trans-national and rural-urban migration.

### 3.2.1 Political Factors

The political legacy of the last three decades in sub-Saharan Africa is one of political instability, civil war, and repression. Few countries have escaped these political problems. Many of these problems are related to the challenges of self-rule following centuries of colonial rule. In addition, some political problems have their roots in environmental problems related to land degradation, poor land use practices, compounded by drought. However, as the new millennium begins, the region is fairly stable.

Civil war has accounted for the largest segment of refugee populations and has played an important role in trans-national migrations, with populations migrating because of destruction of their homes, businesses, and farms and/or because of safety concerns. Rural areas have often been the theater for civil war skirmishes between government troops and opposition forces and many of the refugees and migrants originate in rural areas. It is difficult to assess the underlying factors that precipitate civil war, but it is clear that civil conflicts can have a large and immediate impact on migration, provided there is an available destination.<sup>5</sup>

Political repression can also have an effect on trans-national migration, although it would generally affect the movement of different segments of the population than civil war. Dissident factions – often better educated than the general public – may migrate or seek asylum to avoid imprisonment or other sanctions. Overall, civil war is more likely to have a greater influence on trans-national migration than political repression in terms of the numbers of migrants and the rate of migration.

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<sup>5</sup> This section will be expanded in the final version to consider findings of the “Flashpoint” paper.

In terms of rural-urban migration within a country, civil strife may lead to movements of rural populations to cities, primarily because government forces may be able to provide better protection to urban populations. Political repression is not likely to account for rural-urban migrations.

It is difficult to assess the long run effect of political factors on urbanization. In part, this is a result of the inherent uncertainties in the political landscape, and the difficulty of anticipating the range of events that may precipitate political unrest. It is also difficult to separate the political problems from their economic manifestations. Thus, migrations may be attributed to either the initial political problems or to the resulting economic impacts. At least four linkages between political problems and economic impacts can be identified:

1. Civil wars drain government budgets and shift expenditures away from development and maintenance of infrastructure.
2. Civil war has a disruptive effect on trade and economic activity including the flow of agricultural goods to markets. Africa has suffered massive capital flight, estimated at \$22 billion between 1982 and 1991 (UN-ECA, 1999b).
3. There is a strong correlation between capital flight and the political situation in SSA countries. For example, the ratio of capital flight to national debt in 1991 was 94.5% in Nigeria and 94.3% in Rwanda (UN-ECA, 1999b).
4. Foreign direct investment (FDI) is virtually non-existent in politically unstable countries in SSA. Thus, one of the important manifestations of political unrest is on a country's economic performance.

### **3.2.2 Economic Factors**

In terms of long run sustained trans-national and rural-urban migration, economic factors exert two types of influence. Relatively weaker economic opportunities in rural areas and in poorer countries serve to *push* migrants toward urban areas, while better economic opportunities in cities *pull* or attract migrants to urban areas. Thus, economic motivation for migration is related to differences in economic conditions and opportunities across countries of the region and between rural and urban areas.

### **Rural *pushing* factors**

In the rural areas, agriculture accounts for the largest share of employment opportunities. The growth of the rural populations, absent expansion of the cultivated land area or productivity increases, has led to a decline in yields per capita (even though total yields have increased) and undermined agriculture's ability to generate incomes for its residents. Between 1986 and 1997, food production per capita declined by 8 percent and agricultural land per capita decreased by about 25 percent (UN-ECA, 1999b). Periods of drought, coupled with poorly developed irrigation networks, have reduced yields in some areas, particularly in ecologically fragile regions such as the Sahel. Degradation of soil fertility has necessitated the use of costly fertilizers to maintain yields, but at a loss in profitability. The high rate of population growth has led to the development of marginal, less productive lands, generating only subsistence farm incomes.

Related problems in agriculture have included limited access to capital, lack of resources for research, deterioration of extension services, slow or no development in supporting infrastructure (roads, electrification, irrigation networks), land tenure arrangements and poorly developed marketing opportunities. Some of these problems may be overcome as the growth in urban markets provides incentives for commercial farming. Box 3.1 illustrates some of the agricultural problems in the region.

Forests, woodlands, and grazing lands have experienced similar patterns of over utilization resulting in degradation of the resource base. Poorly developed incentives for sustainable management of forests and woodlots, land tenure problems, and poor enforcement may diminish the profitability of sustainable management of these resources. On the other hand, the strength of urban market demand may also provide incentives for improved woodlot and grazing land management, provided appropriate policies are in place.

Outside the agricultural and natural resource sectors, employment opportunities in rural areas are limited. Thus, where rural populations have pursued education beyond primary school, their major employment opportunities have been in the cities. Cities can play an important role in providing markets for rural products and closing the gap in economic opportunities between rural and urban areas in the future.

### **Box 3.1**

#### **Agricultural Problems in Southern Africa**

The amount of cultivated land has increased by 0.2% per year in Southern Africa over the last decade. Between 1980 and 1989, the amount per person declined from 0.4 hectares/person to 0.34 hectares/person. Land tenure problems have contributed to a lack of incentives for effective management and over-exploitation and misuse of natural resources. In Zambia, most lands are under customary tenure or government lease arrangements. In Zimbabwe and Tanzania, land tenure reforms have progressed slowly because of political and economic constraints.

Recent estimates indicate that 20% of soils in the Southern Africa region need some rehabilitation and are continuing to degrade. Overgrazing has exerted pressure on farmlands. Agricultural yields in the region could fall by one-half in the next 30 years unless the soil degradation pattern is reversed.

Although fertilizer use is growing, soils are still being “mined” as nutrients in the soil are not being replenished. Soil erosion, waterlogging, salinization, and soil compaction have also degraded soils. Maize production has declined 30-40% on farmlands degraded by soil compaction.

**Source: Developed from *Capitalizing on Regional Dynamics in Southern Africa*, International Resources Group, 1997.**

#### **Urban and regional *pulling* factors**

Urban areas account for a higher share of GDP per capita than rural areas and provide a broader range of employment opportunities. One study estimates that urban productivity may be three to four times greater than productivity in rural areas (ISTEP, 1999). Even for the unskilled or poorly educated, the job opportunities in the city may still exceed those in the rural areas. The informal economic sector in cities (see Section 4.1) often provides job opportunities for many new entrants.

Economic factors also serve to pull migrants to urban and industrial areas in other countries. There are significant differences in GDP and GDP per capita among SSA countries. On the African continent, just five countries (including Nigeria and South Africa from SSA) account for 59% of GDP but only 37% of population while the 33 poorest countries account for only 17% of GDP but 45% of the population (UN-ECA, 1999b). Countries such as South Africa and Botswana had per capita incomes of \$3040 and \$2800 in 1994, respectively, while Mozambique had per capita income of only \$90 (IRG, 1997). By comparison, the poverty line for SSA in 1998 was \$34 per capita, but only \$14 per capita for the poor in rural areas (UN-ECA, 1999b). Generally, the destinations for trans-national migrations motivated by economic factors are the oil-exporting countries in West Africa and the Congo, the mineral rich countries in Southern Africa and industrial centers in South Africa and Nigeria.

Absent significant changes in immigration policies, trans-national migration in response to differential economic opportunities can be expected to continue. Even if the poorest countries have higher growth in GDP than their wealthier neighbors, the gaps are substantial and the time required to close these gaps is quite long. In addition, the economic situation in the poorest countries is more sensitive to exogenous factors than in the richer countries. For example, GDP growth in 1998 in the 33 poorest countries in Africa grew at a higher rate (4.1%) than the continent average of 3.3%, but this success was partially attributed to recovery of agriculture and declining oil prices (UN-ECA, 1999b). Disparities in FDI also can be expected to prolong the income gap. Overall, Africa lags far behind other regions in its ability to attract FDI and the FDI it receives is skewed toward a few countries.

### **3.2.3 Social Factors**

Social factors that may influence migration relate to the better availability of social services such as health care and shelter, and education in cities. In some cases, it may be difficult to separate social factors from economic factors. Poverty has both economic and social dimensions and alleviation of poverty has been the driving force in much of development assistance. One exception relates to the impact the HIV/AIDS epidemic has had on families, particularly children who have lost family members to the virus and have gone to the cities. The lack of adequate health care services in rural areas has often led rural residents infected with the HIV virus to seek medical help in cities.

The potential magnitude of social factors pushing rural residents toward cities is dampened by the negative social aspects of cities related to crime, disease and drug use. When rural people move to the informal settlements in urban areas, they lose the sense of community and family of the rural village. The lack of community values in the informal areas, coupled to unemployment and underemployment, can contribute to the incidence of crime.

Poor sanitary conditions, especially in the informal settlements not served by piped water, sewers, and waste collection services may also be a deterrent to migration, although these services may still be superior to those in rural areas.

## **3.3 Rural-Urban Land Transformation**

As noted in Section 3.1, a significant portion of urban growth will occur in the transformation of villages and other rural areas to small cities and towns. In addition, the cities consume land at the urban fringe. This section examines these processes and the factors that influence their rates of transformation.

### **3.3.1 The Conversion of Rural Villages and Towns**

It is difficult to determine when a village loses its identity as a rural settlement. As it increasingly has attributes described above. As noted in Chapter 2, the transformation of the village can be viewed in two ways. From a statistical perspective, once a village reaches a certain population level, it is reclassified as an urban settlement. However, these villages also undergo fundamental changes as they grow. These changes may occur when the population of the village reaches 5,000 or not until 50,000. As population increases, villages surpass a threshold above which it becomes practical to provide some services to residents collectively because of desirable economies of scale. This could include improved roads to handle an increased volume of traffic, public transportation and communications infrastructure, electricity, piped water, waste disposal, or sanitation services. In addition, as the population grows, there will be demand for services such as fire and police protection, schools, and hospitals and health clinics. The provision of these services requires collective action that may be beyond the capacity of village governance and involve more formal structures and full-time administrators, mechanisms for collecting and disbursing revenues and closer linkages to regional or national governmental bodies. Also, as noted in Chapter 2, the nature of employment tends to change, as a village becomes more urban. There is an increasing share of employment in non-agricultural activities including public sector jobs, the informal economic sector, retail and market activities, and requirements for skilled workers in medical fields, education, and finance.

The immediate and most direct cause of the transformation of small villages and towns is population growth. Some of the growth in villages also comes from migration from outlying rural areas, motivated primarily by economic factors, but also by social and political factors. It is probably the case that the migration of rural populations to large cities will often involve an intermediate step of relocation to the village prior to the second step. This transition may assist migrants in adjusting to urban life or developing capacity to undertake non-agricultural employment. It may also be the case that the move to the village, precipitated by economic factors, proves to be temporary, with migrants moving on to larger settlements because the village cannot meet the needs of migrants.

### **3.3.2 Development of the Urban Fringe**

The development of the urban fringe involves both rural-urban migration and growth outward from the urban center. Migrants often set up or move to informal settlements at the edge of the city. These informal settlements may provide the best employment opportunities for uneducated or unskilled rural migrants. In addition, there may be better access to land that can be used for subsistence cultivation away from the more developed

urban center as well as water that can be drawn from rural surface water sources. The urban fringe may provide migrants with better access to their previous communities, enabling them to maintain contact with family members.

In addition to migration from rural areas, urban areas spread out as their populations increase. There is increasing residential and commercial demand for space. This increasing demand is partly a response to increasing density, higher property values in the urban center, and desire among residents to avoid some of the social problems in the center. The ex-urban expansion is also catalyzed by the expansion of infrastructure and services to outlying fringe areas. The extension of roads and public transportation can enable workers to reach employment centers from more distant districts.

Urban fringe development may also involve growth between two cities. Initially, transportation and communication links are developed for the purposes of trade and market access, but these improvements also encourage residential development and complementary retail business. Areas such as the West African coast are subject to this type of inter-urban development.

## 4. Analysis of the Impacts of Urbanization

Urbanization as a process and urban development as an outcome of urbanization and population growth have both positive and negative impacts. While many of these costs and benefits are internalized by urban households and businesses, these effects often spill over to communities outside the urban area. This chapter provides an overview of the economic, social, and environmental impacts of urbanization.

### 4.1 Is Urbanization Undesirable?

Cities throughout history have served an important function as marketing and distribution points, centers of service and industry, and gateways for trade. They play a role in connecting rural areas to infrastructure, even if the motivation is self-serving. Macro-level benefits from urbanization include “economies of scale,” “localization economies,” and “agglomeration economies” for industries, communications, and modern infrastructure (including water and electricity supply) and for social services (including health care and education) that can significantly improve the lives of millions of urban inhabitants (Erbach and Gaudet, 1998).

#### 4.1.1 Economic Benefits

Urban shifts have been consistent with improved efficiency in the agricultural sector that has reduced labor requirements. From an economic perspective, cities provide higher incomes per capita with productivity in urban areas three to four times greater than productivity in rural areas (ISTED, 1999). The highest productivity rates come from the modern or formal sector that includes large-scale industry and manufacturing, trade, and finance. The formal sector is a major source of national revenues and accounts for the bulk of exports. It is the major source of government tax revenue for most countries, given the greater difficulty in collecting taxes in the informal and rural sectors.

While present day urbanization of sub-Saharan Africa owes very little to industrial development, it has been characterized by the development of the vast informal sector of small-scale, fragmented work activities that verge on self-employment. This informal urban economy is an integral part of the urbanization process. Much of its activity, targeted at meeting basic household needs, has gone unreported. This sector receives and integrates migrants by providing them with at least a minimum means of subsistence. It has managed to expand and replicate itself under a situation of almost constant productivity. While the sector provides very low wages, it also imposes economic relationships on a considerable portion of the population. The end result is that the urbanization of sub-Saharan Africa is entirely consistent with an economic logic. The

informal urban economy has also helped to cushion any major macroeconomic shock due to the imposition of recent structural adjustment programs (ISTED, 1999).

Urbanization also increases the productivity of the rural sector, in part by drawing people off the land and in part because of the creation of markets for rural goods. The 1999 ISTD study, *The Dynamics of Urbanization in sub-Saharan Africa*, found that a moderate but durable urbanizing trend, characterized by a 2 percent differential in urban/rural growth, would be more likely to induce more regular and independent growth in rural incomes than the export of “deluxe” products to industrialized countries. If the urbanizing process were to be slowed to any significant extent, however, the 1997 rural population would likely double by the year 2025. The urban market offered to farmers under this situation would not increase very much and they would have fewer resources for investment. An increase in farm exports at the rate of population growth would only enable rural incomes to remain steady. Such a trend, already begun in some areas, would lead to intolerable or even irreversible situations for natural resources and/or bring development to a standstill.

The conversion of agricultural lands at the urban fringe has also generated wealth for its owners, with land values increasing in response to residential and commercial demand and benefiting from improved access to services and infrastructure. As discussed in Section 4.2, this increase in value may overstate the “social” value of the land because of external impacts and reduced level of food security resulting from land conversion.

#### **4.1.2 Social Benefits**

Urbanization has been associated with a significant and differential impact on social services and amenities. Generally, urban populations have better access to education, health services, and municipal services such as electricity, piped water, sanitation and waste collection relative to rural areas. As a result, urban populations attain higher educational levels, have lower rates of infant mortality, and lower birth rates than rural populations. Table 4.1 provides a comparison of urban and rural populations in Kenya for selected indicators. The differences between urban and rural residents are quite striking in terms of educational attainment, health, and amenities.

**Table 4.1**

**Urban Versus Rural Demographics and Health in Kenya (1993)**

<b>Demographic Category</b>	<b>Urban Residents (%)</b>	<b>Rural Residents (%)</b>
<b><i>Household population with no education</i></b>		
Female (6 years and older)	13.5	29.1
Male (6 years and older)	7.0	18.2
<b><i>Household amenities</i></b>		
Electricity	42.5	3.4
Drinking water piped to residence	55.8	10.7
Flush toilet	44.9	1.6
<b><i>Health of children</i></b>		
Mortality rate of children under age 5*	75.4	95.6
Infant mortality rate*	45.5	64.9
Underweight**	12.8	23.5
<b><i>Maternal health</i></b>		
Women receiving delivery care from a health provider***	77.6	39.2
Total fertility rate	3.4	5.8

Source: Institute for Resource Development, Demographic and Health Survey Data Archive, Columbia, Maryland

\* Deaths per thousand live births; based on data for ten years and community samples of at least 500 live births

\*\* Underweight is defined as the percentage of children with alpha scores that are two standard deviations below those for the International Reference Population

\*\*\* Doctor, nurse, or trained midwife

Access to these services and amenities varies considerably within a given urban area. Generally, informal settlements receive less services of lower quality than people in wealthier districts in the cities. Nevertheless, residents of informal settlements are still better off than their rural counterparts. They may have cleaner water and better shelter. Also, there are economies of scale to allow development wastewater treatment.

## **4.2 The Negative Impacts of Urbanization**

While urbanization has engendered significant benefits for both migrants and existing populations, there have been a number of negative impacts as well. These negative impacts are affect urban residents as well as rural residents, although in the latter case, the negative impacts are mainly associated with urbanization's impacts on the environment and the natural resource base in rural areas. For urban residents, the negative impacts largely are related to the inability of the urban area and its officials to respond

adequately to the rapid increase in population. These failures relate to poorly designed policies, lack of institutional capacity, and limited financial resources to respond to demands for services and amenities. Box 4.1 provides an illustration of the impacts of urbanization on one of Africa's largest cities, Abidjan.

**Box 4.1**  
**Impacts of Urbanization in Abidjan**

Abidjan, capital of Côte d'Ivoire and sub-Saharan Africa's third largest city, experienced population growth rates of 12% in the 1980s. Despite poor macroeconomic performance featuring negative growth in GDP between 1980 and 1993, Abidjan continued to grow in population during the 1990s at a rate of 5%.

Much of the growth has occurred at the urban fringe while the cities colonial center and business district have declined in population. The government has been unable to respond to the increasing demand for services associated with population growth. Between 1988 and 1993, the number of people without access to piped water increased from 800,000 to 1 million. 15% of residents lack sanitation facilities of any kind and over half of residents have only septic tanks or pit latrines. Wastewater is discharged into the city's lagoons and municipal, industrial, and hazardous wastes are combined prior to disposal.

Infant mortality has increased since 1978. In the poorest sections of the informal settlements, mortality rates are five times rates for richer districts of the city. The costs of health services are prohibitive for most residents and AIDS is the leading cause of death among the city's adult population.

Source: Developed from *World Resources, 1996-1997*, Chapter 1, Box 1, World Resources Institute, 1997

#### **4.2.1 Social/Economic Dimension**

Many of the new residents in urban areas arrive without resources, education, training, or jobs and are absorbed into the informal settlements. These areas are overcrowded with poorly developed infrastructure, inadequate housing, and limited amenities. The informal settlements can offer low wages to some new entrants but the rate of unemployment is high. Although poverty levels in urban areas (43% below the poverty line) are lower than in rural areas (59%), the urban poverty level is expected to exceed 50% early in the 21<sup>st</sup> century.

The informal settlements lack the social services capacity to educate and train new entrants. High unemployment rates contribute to crime and damages from theft and vandalism. High crime rates lead residents and businesses to incur expenditures to increase security through the use of security services, fences, and alarm systems.

The health impacts associated with rapid urbanization are also significant. The lack of sanitary facilities and potable water, coupled with poorly developed solid waste disposal and crowded housing conditions contributes to a high incidence of water-borne illnesses, epidemics and rodent infestations, and higher infant mortality rates. Poor medical facilities, lack of awareness of socially-transmitted diseases, and limited family planning in the informal settlements contributes to health risks.

Municipal governments are increasingly incapable of responding to these problems. Many urban residents are unable to pay the full costs of services and amenities, thus shifting the burden to other taxpayers, or more often, requiring government to cut back on other expenditures to meet priority spending needs. Thus, increasing demand for new infrastructure erodes the city's ability to maintain existing infrastructure, delaying repairs and renewal in order to extend services to areas without services. The inability of cities to expand and maintain roads in response to increasing demand leads to unsafe conditions, increased accident rates, poorly controlled traffic, and congestion

Nevertheless, despite the obvious magnitude of the urban problems that literally surround them, most migrants believe they are better off living in these cities than in the rural areas from where they came (Erbach and Gaudet, 1998).

#### **4.2.2 Environment/Natural Resources Dimension**

Within the urban areas, there are substantial environmental impacts of urban activities. Among the environmental problems in the city are the following:

- *Air pollution from industrial, commercial, and residential sources* – the use of low grade fuels, wood burned for heating and cooking. Environmental control equipment, particularly for small facilities, is non-existent. Often there is a lack of planning that results in pollution sources in close proximity to residents.
- *Air and noise pollution from motor vehicles and construction sites* – pollutants include lead in leaded gas, sulfur dioxide and particulates from diesel fuels, hydrocarbons, nitrogen oxides, and carbon monoxide.
- *Lack of solid waste disposal services leads to health problems, litter, clogged drainage canals, and open burning.* Inadequate separation and disposal of different types of solid wastes exposes residents and particularly scavengers to toxic chemicals and results in leaching of pollutants to surface and groundwater. Lack of recycling, reuse options results in waste accumulation in unmanaged dumps.

- *Lack of sanitary facilities and poorly treated sewage*—contaminates rivers, lakes, coastal areas, and groundwater.
- *Microclimate effects* – the conversion of land with vegetative cover to urban uses such as buildings and pavement results in increased temperatures in the urban area that are a few degrees higher than surrounding areas, may increase electricity consumption rates.

Urbanization also has an impact on rural environmental and natural resources. The most immediate and noticeable impact is at the urban fringe, where agricultural, grazing, and wooded areas are converted to built up uses. Urban fringe land conversion illustrates the cumulative impact of small decisions. Viewed incrementally, the conversion of a few hectares of land at the urban fringe can be viewed as beneficial since the urban uses place a higher economic value on the land than was realized in its previous use. However, if the land conversion process is viewed in terms of the accumulated loss of productive land, it can undermine food security and encourage development of poorer quality lands to meet food needs. These marginal lands typically require greater quantities of water and fertilizer to achieve comparable yields of those lands at the urban fringe.

Urban residents have significant demands on the resources of rural areas, including food from agriculture and fisheries and wood for building and fuel. As the demand for these resources in urban areas increases because of population growth and the lack of affordable substitutes (e.g., electricity and natural gas for fuel wood), rural resource managers, farmers and fishers may be encourage to accelerate production above levels that can be sustained in either biological or economic terms.

Urban areas also have a significant impact on the quantity and quality of water resources. In areas where water is in scarce supply, farmers and rural residents cannot compete with urban customers. While alternative water supplies may be obtained through irrigation projects and pumping of groundwater, these sources are more costly to develop. The major impact of urban water users, however, is on water quality. Where urban wastewater is discharged untreated or inadequately treated into rivers, lakes, and bays, it can have an adverse impact on fisheries, wildlife, tourism areas, and other downstream water users. Some of the water impacts may involve downstream cities and industries that must incur costs to treat water to minimum standards associated with the intended use.

To summarize and illustrate the scope of negative impacts of urbanization, Table 4.2 provides results from the case studies conducted under the Environmental Planning and Management (EPM) process developed jointly by UNCHS and UNEP. The basic

concepts and approaches for this process have been evolving and maturing over the last several years, largely through the participation of cities in the Sustainable Cities Program.

**Table 4.2**  
**Summary of EPM Case Studies**

City	Basic Characteristics	Key Issues	
Accra	1.8 million people, 2.3% annual growth, 10% of total employment in country, 15-20% of GDP	<ul style="list-style-type: none"> <li>• Poor housing and infrastructure</li> <li>• Inadequate sanitation</li> <li>• Poor drainage and flooding</li> </ul>	<ul style="list-style-type: none"> <li>• Poor solid waste management</li> <li>• Decay of natural areas</li> </ul>
Bamako	1 million people, 6-7% annual growth, 45% in illegal settlements	<ul style="list-style-type: none"> <li>• Inadequate sanitation</li> <li>• Loss of open and green space</li> </ul>	<ul style="list-style-type: none"> <li>• Surface water pollution</li> </ul>
Cape Metro Area	3.1 million people, on 50 km long peninsula	<ul style="list-style-type: none"> <li>• Environmental hazards</li> <li>• Stress on special ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental health risks</li> </ul>
Cotonou	550,000 people, 4% annual growth, area of 70 sq. km, ½ of labor force unemployed	<ul style="list-style-type: none"> <li>• Rapid growth and poor land use</li> <li>• Degradation of water resources</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental risks</li> </ul>
Dakar	1.8 million people, 22% of country's population, 80% of country's industry	<ul style="list-style-type: none"> <li>• Environmental health</li> <li>• Water pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Natural risks</li> <li>• Industrial risks</li> </ul>
Dar es Salam	3 million people, 5% annual growth, area of 1350 sq. km	<ul style="list-style-type: none"> <li>• Environmental hazards in low income neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>• Improper waste disposal</li> <li>• Natural hazards</li> </ul>
Durban	2.4 million people, 2.3% annual growth, area of 1365 sq. km, 9% of GDP, 55% of provincial economic output	<ul style="list-style-type: none"> <li>• Unequal access to environmental services</li> <li>• Natural risks – landslides and floods</li> </ul>	<ul style="list-style-type: none"> <li>• Degradation of ecosystems</li> <li>• Industrial risks – chemical</li> <li>• Inefficient transportation</li> </ul>
Ibadan	2-3 million people, largest indigenous city, covers radius of 12-15 km	<ul style="list-style-type: none"> <li>• Insufficient waste management</li> <li>• Flooding</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate infrastructure</li> <li>• Poor environmental health</li> </ul>
Johannesburg	4 million people, among fastest growing cities, area of 1100 sq. km, market/information function	<ul style="list-style-type: none"> <li>• Poor water and air quality</li> <li>• Lack of open space and flooding</li> </ul>	<ul style="list-style-type: none"> <li>• Improper solid waste disposal</li> <li>• Poor residential hygiene</li> </ul>
Kenya Small Towns	Towns between 5,000 and 80,000 population, areas 5 – 80 sq. km	<ul style="list-style-type: none"> <li>• Natural resource degradation</li> <li>• Loss of amenities/quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental risks related to rapid growth</li> </ul>
Nairobi	2.5 million people, area of 685 sq. km, political and administrative capital	<ul style="list-style-type: none"> <li>• Vulnerability of low income areas</li> <li>• Environmental health risks</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate infrastructure</li> <li>• Exposure to natural risks</li> <li>• Threats to natural heritage</li> </ul>
Ouagadougou	750,000 people, area of 200 sq. km, informal sector dominates	<ul style="list-style-type: none"> <li>• Pollution of water resources</li> <li>• Land degradation and air pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Poor sustainability of water supply</li> </ul>

Source: UNCHS/UNEP, *Sustainable Cities Program Workshop on Environmental Problems in Africa*, Dakar, Senegal, June 26-30, 1995

## 5. An Urbanization/Environment Perspective on Current Assistance Programs in Sub-Saharan Africa

This chapter is divided into four sections. **Section 5.1** begins by outlining a practical framework for analyzing assistance options. **Section 5.2** provides a brief overview of donor assistance programs while **Sections 5.3** and **5.4** examine current assistance provided to SSA countries and the region by USAID and the other major donors, respectively.

### 5.1 Framework for Analyzing Assistance Programs

This section is divided into three parts. For the purposes of discussion, assistance programs are divided into categories, using the groupings related to USAID's strategic objective framework. Assistance programs are next delineated in terms of their timeframe for achieving results. Finally, assistance programs are examined in terms of their relationships to urbanization and environment.

#### 5.1.1 Overview of the Major Categories of Assistance

There is considerable consensus among multilateral and bilateral donors concerning the strategic objectives to be addressed in sub-Saharan Africa. Virtually all of the donors see the region as one of growing potential for trade and investment that could benefit their own countries. While detailed descriptions of strategic objectives vary from one donor and country to another, the different policies and programs of USAID, multilateral donors and other major bilateral donors generally fit within a consistent overall framework and address many of the same problems.

Strategic objectives initially can be stratified according to the six major categories of current USAID projects. These categories relate to:

- *economic growth and development* with a major emphasis on agriculture. Efforts include helping African nations to join the global economy and to strengthen their economic independence;
- *population and health* with an emphasis on addressing some of the root causes of both urban and rural poverty in sub-Saharan Africa;
- *environment* with a particular emphasis on natural resource management and a growing concern for the urban environment and ecology;

- *governance and democracy* with an emphasis on institutional strengthening and the rule of law that can provide a stable environment for investment and sustainable development;
- *human capacity development* with an emphasis on addressing other major causes of poverty through primary education, information sharing and training;
- *humanitarian assistance* with an emphasis on easing the immediate suffering due to major natural and man-made catastrophes.

While other donor agencies combine some of these categories (for example, population and health with human capacity development as part of a poverty alleviation approach) or describe them differently, the six USAID categories outline a coherent framework through which to address the most important development issues in sub-Saharan Africa.

### **5.1.2 Timeframe of Assistance Programs**

Activities and projects in each of these six major categories can be further stratified by the basic perspective and timeframe in which their results are expected to occur. Assistance programs can:

- produce a tangible, short term impact that addresses a pressing problem or situation;
- build an underlying foundation for development that reduces threats to stability from over population, destruction of biodiversity and forests, pollution, corruption, ethnic conflicts; or
- provide a sustainable, long term impact that strengthens both human and institutional capacity.

Most humanitarian assistance falls into the first category, providing food, medical assistance, and temporary shelter for victims of natural disasters and civil conflicts. To be effective and lead to sustained impacts, it must be complemented by other categories of assistance.

Population and health programs cover the full range of timeframes and impacts. Vaccination programs and HIV prevention programs can have an immediate impact, while family planning, development of institutional and human capacity in the health

services sectors, or public awareness programs have a longer term, potentially sustained impact.

Environment and economic development programs also cover a range of timeframes and impacts. Discrete capital investments in wastewater treatment, sanitation, or waste disposal can lead to immediate reductions in pollution loads. Similarly, economic developments such as construction projects in the power and transportation sectors address immediate problems. In all of these cases, the impacts can be sustained if adequate resources are devoted to management, maintenance, and renewal of equipment and infrastructure over time. To the extent that assistance in environment and economic development directly assists or stimulates the creation of policies and institutional capacity to nurture environmental improvement and sustained economic growth, these programs can have a longer term impact. For example, development of environmental regulations and capacity within agencies, structural adjustment programs, and banking reform all have the potential to sustain improvements, absent development assistance.

Generally, governance and democracy and human capacity development assistance have longer term but more permanent effects. For example, the recent study by ISTD (1999) provides the observation that:

*The process of decentralization, even though now actively engaged, will take at least a generation to become effective. The process of empowerment at the local level is extremely difficult. Even at the neighborhood level, years of living together are not enough for groups of different origins, some of whom are only there temporarily, to form social units capable of self organization.*

### **5.1.3 Assistance Through an Urbanization/Environment “Lens”**

All of the strategic objectives enumerated above have merit in terms of the importance of the problems they address and the results that can be achieved if assistance activities are fully successful. However, these strategic objectives can also be viewed in the context of urbanization and environment. These linkages can take one of the following forms. First, the problem that the strategic objective responds to may have its roots in the process of urbanization. For example, deforestation and excessive utilization rates of forests may be a result of demand for lumber, fuel wood, or space for housing. Second, rapid rates of urbanization may exacerbate problems such as those to be addressed by health programs. Third, urbanization may alter the types of approaches that are considered in assistance programs. For example, informal settlements may pose different challenges for governance programs at the local level. Fourth, assistance to promote or achieve the

strategic objective may also address urban environment issues, resulting in some joint benefits. However, assistance may also engender added environmental costs. These potential linkages between the six strategic objectives and urbanization and environment are examined below.

### **Economic Growth and Development**

The urbanization/environment linkages to economic growth and development depend on the type of assistance activity and beneficiary sector. Generally, all economic development assistance that increases per capita incomes can potentially yield benefits to urban populations and the environment depending on how the additional incomes are used. For example, if tax revenues increase and are earmarked for water infrastructure improvements, they can provide benefits to urban populations and improve the quality of water bodies into which wastewater is discharged. Generally, when economic development assistance is not directed to specific investments in infrastructure, the expected outcome (increased per capita incomes) can be viewed as having an “enabling” impact on urbanization and environment. That is, these programs increase incomes and revenues, but these resources do not necessarily flow to activities that reduce negative urban or environmental impacts.

To the extent that economic growth assistance is provided differentially in the SSA region, it may have a marginal impact on increasing the rate of trans-national migration. If assistance programs focus on the wealthier, better performing economies, the gap between the poorer and wealthier countries will grow.

Economic development programs may have different impacts, depending on whether they target agriculture, the modern urban economic sector, or the informal sector. In agriculture, assistance programs are designed to improve productivity, increase incomes, and utilize the resource base on a sustainable basis. Such programs enhance income opportunities in rural areas and may contribute to small reductions in rural-urban migration rates. However, given the rapid rate of population growth, such potential gains in productivity are unlikely to have more than a marginal effect on urbanization. More importantly, in the long run, these programs will help rural areas support urban populations with affordable food and other rural products.

Most economic development programs (and foreign direct investment) target the modern economic sector. Where these activities focus on the development of transportation and communications networks, their benefits spread beyond the modern sector and benefit both the informal and rural sectors, depending on the scope of these developments.

Programs to build up financing capacity and the banking sector may have limited effect in sectors that cannot meet minimum requirements for financial creditworthiness.

Investments in infrastructure and economic development in the informal sector may have a more immediate and significant impact on urbanization and the environment. Projects to provide services such as water and sanitation in the informal settlements can result in rapid improvements in health, sanitation and the quality of the urban environment. These developments can help informal settlements absorb the flow of migrants more effectively. Programs to improve access to capital, such as micro enterprise financing facilities, although more risky than investments in the modern sector can have a more immediate impact on poverty, given the informal sector's role in providing employment to new residents.

Economic development programs may also have adverse impacts on urban areas, particularly if there is inadequate institutional capacity to plan and make complementary investments in infrastructure. For example, the extension of road networks without planning and extensions of other services may result in inefficient utilization of land and expansion of informal settlements into urban fringe areas.

### **Population and Health**

Linkages between urbanization and population and health are more obvious than those between environment and population and health. Programs to reduce the incidence of disease, improve health care, and encourage family planning mitigate some of the negative aspects of rapid urbanization and, in the case of family planning, contribute to lower birth rates over time. In terms of environmental impacts, the linkages are indirect. As programs contribute to improved health among urban residents, the remaining health issues will be closer linked to poor water and air quality, with impacts that are chronic as well as acute. In effect, lack of attention to environmental quality will diminish the potential benefits that can be achieved through health programs. Thus, with the exception of health programs to address immediate problems, there are synergies that can be exploited between health and environment programs.

### **Democracy and Governance**

Programs to improve governance at both the national and local levels can make a positive contribution to the mitigation of urbanization and environment issues, although these impacts may be observed over a longer timeframe. At the national level, the key issues concern devolution of governance and financing authorities to local levels, empowerment of citizens, and improved transparency and accountability of government agencies. At the

local level, assuming governance and financing powers have been decentralized, programs focus on building capacity in decision making, priority setting, managing the growth of the community, and providing services and amenities. Governance programs that encourage democratic processes may contribute to increased incentives for foreign and domestic investment and stimulate economic growth. However, from the perspective of urbanization and environment, nationally-targeted governance programs primarily serve an enabling function for local areas. Local officials are better positioned to assess the problems in the urban area, set priorities to mitigate the adverse impacts of urbanization on the environment, and develop and implement programs. However, the challenge is in developing adequate administrative capacity. Empowerment of the informal settlements is a greater challenge, given the level of poverty and the difficulty of defining these settlements as “communities.” As noted previously, the rural village of origin is often the reference point for many new residents in the city. As a result, there is a transition period during which informal districts develop a sense of community.

## **Environment**

The primary focus of environment and natural resource assistance has been on the rural areas. Programs designed to improve the management of natural resources, protect biodiversity, and improve the capacity to manage protected areas will benefit urban areas in terms of sustained production of goods, provision of amenities and recreation opportunities, and in terms of increased quality and quantity of water that is subsequently utilized by urban areas.

Agenda 21 and the Sustainable Cities/Environmental Planning and Management Program (see Table 4.2), and the development of national and local Environmental Action Plans have drawn more attention to the environmental problems in urban areas and stimulated increased focus of environment assistance on urban areas. Assistance efforts have included investments in wastewater systems, construction of waste disposal sites, and improved collection and separation of wastes. Assistance to develop environmental management and policy capabilities at the national and local levels, which are a prominent feature of donor support in other regions of the world, would benefit urban areas in SSA countries.

## **Human Capacity Development**

Basic educational programs involve long term investments in people, where the potential linkages to urbanization and environment are indirect through alleviation of poverty and increased incomes. In addition, improvements in basic education can increase the effectiveness of family planning and public awareness and education programs focused

on the urban environment. Another aspect of human capacity building concerns training. Training of local officials and experts in urban planning, environmental management, and investment preparation and financing can enhance the effectiveness of local initiatives to mitigate environmental impacts in urban areas.

### **Humanitarian Assistance**

Programs to assist victims of civil strife, floods, earthquakes and other natural disasters will often be targeted to higher density populations in cities. These programs alleviate immediate threats associated with disasters. They do not address the root problems in urban areas but simply respond to problems that occur. Their linkage to urbanization and environment is weaker than for other types of assistance in terms of mitigation of long-term environmental impacts or potential to influence urbanization patterns. They may have a marginal impact in slowing the migration of refugees to cities.

## **5.2 Overview of Current Assistance Programs**

Since 1991, there has been a steady decline in the priority given by donor agencies to poorer African countries. Between 1994 and 1995 alone, bilateral aid to Africa from OECD countries, in real terms, decreased by US\$ 1,530 million or 14 percent. The drop in multilateral aid for the same one-year period was even more pronounced at \$1,660 million or 22 percent. Altogether, 17 of the 21 international donors cut their bilateral aid to the region resulting in a reduction in aid to 35 sub-Saharan countries. The total monetary value of the combined multilateral and bilateral reduction for this one-year period was more than the combined national outputs of all 16 million people living in Malawi, Guinea Bissau and Sierra Leone.

Studies have shown that poverty can be reduced through a wide range of donor-funded activities as long as the needs and capacities of people and countries living in poverty are properly taken into account. Basic health and education are considered to be the two most important activities to reduce long-term poverty. Stated expenditures on critical areas for poverty eradication and basic social services, however, remain seriously under funded even though their importance is well understood. Bilateral aid commitments to education, health and water/sanitation amounted to only US\$ 7,400 million in 1995, or roughly 17 percent of the total.

As their financial resources decline, both multilateral and bilateral donor agencies have agreed on the need to increase African responsibility and authority for development. All of the donor agencies now emphasize a consultative process and an active involvement by the host country and other local stakeholders in all phases of project development.

The steady decline in international donor aid to sub-Saharan Africa has encouraged a number of donors to consider concentrating their resources on a smaller number of countries. USAID currently has resident missions in only 22 of the 48 sub-Saharan countries while the World Bank devotes almost 78 percent of its resources to these same 22 countries. Little effort has been made thus far, however, to coordinate moves towards greater concentration so that maximum benefit is achieved.

Despite the need for greater donor coordination and leadership by multilateral agencies, most bilateral donors have shown little inclination to increase their level of multilateral spending. The trends are rather towards bringing multilateral allocations more closely into line with the national priorities of individual countries that encompass both development and business interests. A more open debate about development cooperation has resulted in more transparent discussion about the legitimate place of business interests in aid to developing countries, not only in terms of direct returns to the donor country but also of the role that business should play in contributing to sustainable development. Initiatives are underway in a number of countries to engage the capacity of the private sector in the development effort. At the 1996 G7 meeting, for example, the United States proposed action to stimulate trade and investment in Africa based on its own African Growth and Opportunity Act. The US act would create a high level US-Africa Trade and Economic Cooperation Forum, a US-African free-trade area and two equity funds, supported by private capital and US government guarantees, that could be used to finance equity investments and infrastructure throughout Africa.

Despite this growing emphasis on modern trade and investment, much of the foreign aid to sub-Saharan Africa continues to come in the form of curative social welfare programs related to famine relief, food aid, population control, refugee camps, peace-keeping forces and humanitarian relief. Financial resources provided for sustainable human development programs that involve functional education and training, basic infrastructure, institutional and capacity building, food production and processing and/or promotion of creative innovations and entrepreneurship are much less. Funds for the development of African culture, spiritual and social programs that could contribute towards greater African empowerment and release creative energies are almost non-existent.

Because of this situation, symptoms of poverty and disillusionment are present throughout sub-Saharan Africa. They can be seen in the lack of basic facilities that include clean water, adequate food supplies, medical care, sanitation and infrastructure. They are also evident in the large number of refugees, migrations, environmental

degradation, sustained hunger and malnutrition, political instability, internal ethnic conflicts, alcoholism and other forms of drug abuse, disease and low life expectancy.

Part of the reason for the economic marginalization and impoverishment of sub-Saharan Africa is that citizens of the region do not actively participate in the formulation and implementation of development policies that directly affect their lives.

## **5.3 USAID Assistance to the SSA Region**

### **5.3.1 USAID Assistance in 1999**

Table 5.1 summarizes USAID assistance to Sub-Saharan Africa in 1999. The table is divided between country programs and regional programs and allocates assistance funds to the six strategic objective areas. Approximately 66% of total funding was for country programs, with the largest amounts for Ethiopia, Mozambique, and Uganda. The major categories for country programs in terms of expenditure levels, were population and health (28.6% of country program funding), economic growth and agriculture (22.5%), and humanitarian assistance (18.3%).

USAID's regional portfolio includes six regional programs. The Africa Regional Program is by far the largest, accounting for 73.9% of regional program funding. For the regional assistance programs, economic growth and agriculture garnered the largest share of resources (36.4%) followed by democracy and governance (19.9%) and population and health (17.6%).

In terms of total funding, two categories – economic growth and agriculture and population and health account for 52% of total funding. Environment and human capacity development received about 10% of available funding.

### **5.3.2 USAID Assistance Request for 2000**

USAID funding requests for FY2000 are quite similar to those for 1999, although there has been some shifting between strategic objectives. The total amount of funds requested by USAID for sub-Saharan Africa in its FY2000 Congressional Presentation was US\$ 868 million. USAID provides country specific assistance through 22 resident Missions that assist close to half the 48 countries in the region. The amount of funds requested by these Missions was US\$ 632 million or about 66 percent of the total for the region. Six major regional programs also requested close to US\$ 320 million or the remaining 34 percent. The Africa Regional Program is the largest of these regional programs, with an amount of US\$ 236 million.

The program provides the best opportunity to introduce urban considerations into the Africa Bureau's development approach. Table 5.2 presents a summary of USAID's FY2000 funding proposal for the 22 resident Missions. In comparison to 1999 funding, the proposed assistance program for FY2000 has a greater focus on economic growth and agriculture (34.7%). Funding for population and health proposed for FY2000 is similar to funding in 1999. The major change between 1999 and 2000 is in funding for democracy and governance, which increased to 18.4% of the budget for country programs.

**Table 5.1**  
**1999 USAID Project Financing in SSA Mission Countries**

Country Programs	Economic Growth & Agric.	Population & Health	Democracy & Governance	Environment	Human Capacity	Humanitarian Assistance	Total
Angola	1.10	4.50	3.00	0.40		7.45	16.45
Benin		6.10	1.70		6.30	1.86	15.96
Congo		8.50		1.00			9.50
Eritrea	3.80	4.03	0.40	0.30	0.50		9.03
Ethiopia	3.30	18.20	2.40	0.50	13.35	38.10	75.85
Ghana	12.00	13.40	0.90	2.00	6.45	15.85	50.60
Guinea	0.30	5.60	2.90	4.00	5.50	2.66	20.96
Kenya	8.60	12.40	3.00	2.90		7.28	34.18
Liberia	5.30	2.25	3.50	0.00		6.48	17.53
Madagascar	1.40	6.60	0.50	8.50		6.80	23.80
Malawi	10.00	7.30	1.90	8.90	2.75		30.85
Mali	12.55	11.30	2.50	5.00	5.95	1.01	38.31
Mozambique	20.30	14.50	2.40	8.50		18.44	64.14
Namibia	4.00		1.10	2.00	2.20		9.30
Nigeria		11.00	4.00		5.00		20.00
Rwanda	7.10	3.50	2.40			1.52	14.52
Senegal	8.00	6.70	2.75	3.60			21.05
South Africa	11.90	5.10	14.55	5.60	10.25		47.40
Tanzania	5.95	11.20	2.50	3.80			23.45
Uganda	15.85	13.60	1.70	8.60	10.10	8.33	58.18
Zambia	7.75	11.30	1.30	1.20	0.80		22.35
Zimbabwe	3.50	4.20	1.50				9.20
<b>Sub-Total</b>	<b>142.70</b>	<b>181.28</b>	<b>56.90</b>	<b>66.80</b>	<b>69.15</b>	<b>115.77</b>	<b>632.60</b>
<b>% of Total</b>	<b>22.56</b>	<b>28.66</b>	<b>8.99</b>	<b>10.56</b>	<b>10.93</b>	<b>18.30</b>	<b>100.00</b>
Great Lakes			10.00				10.00
GHAI-REDSO	12.60	6.40	4.75	2.00			25.75
Southern Africa	16.52		1.90	6.40			24.82
Sahel	3.45	1.10	0.50	1.90			6.95
Regional West Africa		15.80					15.80
Regional Africa	83.90	33.06	46.50	21.80	32.60	18.60	236.45
<b>Sub-Total</b>	<b>116.47</b>	<b>56.36</b>	<b>63.65</b>	<b>32.10</b>	<b>32.60</b>	<b>18.60</b>	<b>319.78</b>
<b>% of Total</b>	<b>36.42</b>	<b>17.63</b>	<b>19.90</b>	<b>10.04</b>	<b>10.19</b>	<b>5.82</b>	<b>100.00</b>
<b>Total</b>	<b>259.16</b>	<b>237.64</b>	<b>120.55</b>	<b>98.90</b>	<b>101.75</b>	<b>134.37</b>	<b>952.37</b>

Source: USAID Web site

Table 5.3 presents a similar summary for its six regional programs. About 1/3 of the regional budget is allocated to broad-based support for Africa that covers several strategic objectives.

**Table 5.2**

**USAID Mission FY2000 Funding Requests Based on Congressional Presentations**

Country	Objective	Funding Request
<b>Angola</b>	Resettlement, rehabilitation and food crop self-reliance of war affected Angolan communities	13.46
	Strengthened democratic and political institutions	3.00
<b>Benin</b>	More children receive basic education on equitable basis	6.30
	Increased use of FP, MCH, STD and HIV services and prevention measures within supportive policies	7.96
	Improved governance and reinforced democracy	1.70
<b>Congo</b>	Processes for inclusive participation in national reconciliation	4.03
<b>Eritrea</b>	Increased use of sustainable primary health care	4.10
	Increased income from enterprises, primarily rural, with emphasis on exports	0.90
	Increased capacity for accountable governance	3.50
<b>Ethiopia</b>	Increased availability of domestically produced grains	18.20
	Increased use of primary and preventive health care	13.35
	Improved quality and equity of primary education	2.40
	Development of effective government and civil society organizations	38.40
	Enhanced food security in targeted areas	21.13
<b>Ghana</b>	Increased private sector growth	13.11
	Increased effectiveness of primary education	15.46
	Improved family health	0.90
	Public policy decisions better reflect civic input	5.90
<b>Guinea</b>	Increased use of sustainable NRM practices	6.66
	Increased use of reproductive health services/products	5.50
	Quality primary education provided to more children	2.90
	Improved local governance through citizen participation	3.00
<b>Kenya</b>	Political, constitutional and legal reform created	3.00
	Increased commercial smallholder agriculture and NRM	18.78
	Reduced fertility and risk of HIV through FP and MHC	12.40
<b>Liberia</b>	Democratic transition through free and fair elections	3.50
	Transition from relief to recovery through reintegration	14.03
<b>Madagascar</b>	Improved environment for private initiative	1.90
	Smaller, healthier families	13.40
	Biologically diverse ecosystems conserved	8.50
<b>Malawi</b>	Increased per capita income from agriculture	10.00

Country	Objective	Funding Request
	Increased sustainable natural resource management	8.90
	Increased adoption of fertility and HIV reduction measures	7.30
	Increased access to quality basic education	2.75
	Strengthened institutional base for democracy	1.90
<b>Mali</b>	Improved social and economic behavior among youth	17.11
	Sustainable economic growth for specific subsectors	11.80
	Strengthened community organizations for governance	3.40
	Improved access to and use of information	1.00
	Broad based development for stability in Northern Mali	5.00
<b>Mozambique</b>	Increased rural household income in target areas	38.67
	Government and civil society partners in governance	2.40
	Increased use of FP, MCH services in focus areas	17.27
	Increased environmental protection and NRM	4.50
	Improved environment for private sector-led growth	1.30
<b>Namibia</b>	Enhanced roles for historically disadvantaged in key public sector, non-governmental and private organizations	4.00
	Improved delivery of quality primary education	2.20
	Increased benefits from local management of NR	2.00
	Increased accountability of Parliament to all citizens	1.10
<b>Nigeria</b>	Increased voluntary use of family planning	7.00
	Improved maternal/child health practices	5.60
	Improved HIV prevention, control and mitigation	3.40
	Strengthened civil society contribution to democracy	4.00
<b>Rwanda</b>	Increased rule of law and transparency in governance	2.40
	Increased use of health services for MCH and HIV	3.50
	Improved food security for rural households	8.62
<b>Senegal</b>	Increased private sector income generating activities	9.00
	More effective local management of services	5.35
	Increased use of reproductive health services/products	6.70
<b>South Africa</b>	Democratic institutions strengthened	15.25
	Transformed education based on equity of access	10.45
	Increased use of essential primary health care for HIV etc.	5.30

<b>Country</b>	<b>Objective</b>	<b>Funding Request</b>
	Improved capacity to implement economic policy	3.70
	Increased access to financial markets	6.90
	Increased access to housing and urban services	5.80
<b>Tanzania</b>	Increased use of FP, MHC and HIV preventive measures	11.20
	Foundation established for sustainable NRM practices	3.80
	Civil society and government more effective partners	2.50
	Increased micro and small enterprise participation	3.00
	Improved rural roads	2.80
	Tanzanian bomb victims	0.15
<b>Uganda</b>	Increased rural household incomes	22.68
	Conserved critical ecosystems	8.60
	Quality basic education	10.10
	Increased use of reproductive and child health care	13.60
	Demand for constitutional checks and balances	1.70
	Reintegration of northern Uganda	1.50
<b>Zambia</b>	Increased sustainable rural incomes	8.95
	More equitable access to quality basic education	0.80
	Increased use of integrated child reproductive health etc.	11.30
	Expanded participation in democratic governance	1.30
<b>Zimbabwe</b>	Reduced fertility and increase use of HIV prevention	4.20
	Increased citizen participation in political process	5.00

Source: USAID Web site

## 5.4 Other Assistance Programs

### 5.4.1 World Bank Assistance

The World Bank currently has committed US\$17 billion through a total of 455 loans (453 projects) to sub-Saharan African governments (Table 5.4). World Bank loans are concentrated in two areas: economic and private sector development (37.7% of projects, 41.7% of funding) and governance (32.6% of projects, 30.7% of funding). As shown in Table 5.5, roughly 67 percent of the projects and 78 percent of the amount of World Bank loans are provided to countries where USAID also has a resident Mission and in-country activities. Nearly all of these are made through the International Development Association (IDA), which lends to the poorest countries classified as having an average annual per capita GNP of less than US\$785.

**Table 5.3**  
**USAID Regional FY2000 Funding Requests Based on Congressional Presentations**

Country	Objective	Funding Request
<b>Great Lakes</b>	Great Lakes Initiative	10.00
<b>GHAJ-REDSO</b>	Program and technical support to all ESA missions	3.85
	Increase use of critical information	5.30
	Strong basis established for GAI implementation	13.38
	Effective delivery of USAID's humanitarian assistance	3.22
<b>Southern Africa</b>	Increased regional capacity for democracy	1.90
	More integrated regional markets	11.92
	Regional adoption of agriculture/NRM practices	6.50
	Increased regional capacity to manage resources	3.00
	Capacity for more informed regional decision making	1.50
<b>Sahel Regional</b>	Promote regional policies for trade and investment	1.88
	Promote dialogue on civil society role in NRM	0.63
	Increased access to information on food security, population and environment	4.45
<b>West Africa Regional</b>	Increased regional use of reproductive health and HIV prevention measures	4.45
<b>Africa Regional</b>	Strengthened cross-sectional synergies with governance	0.50
	Improved strategies for economic growth	34.10
	Improve agricultural policies, programs and strategies	8.25
	More effective mechanisms for sharing information	2.70
	Accelerated spread of environmental management	8.00
	Increased equity of basic education services	4.22
	Increased equity of basic health services	16.03

Country	Objective	Funding Request
	Increased quality of family planning services	2.10
	Strategies to prevent the spread of AIDS	3.50
	Improved strategies for transiting out of crises	11.20
	Improved applications of environmental procedures	0.68
	Polio eradicated through sustainable immunization	6.13
	Education initiative	30.00
	Broad based support for Africa	109.05

Source: USAID Web site

The Bank's focus in FY1999 continued to be place on reinvigorating both the quality and rate of implementation of existing Bank financed operations. New FY99 commitments by the International Development Association (IDA) were around US\$2.2 billion with over 75 percent of this funding dedicated to infrastructure, agriculture, human development and public sector management.

New instruments being considered by the Bank focus on problems related to post conflict resolution, cultural preservation, social needs and public-private partnerships.

Experience has shown that a viable policy framework is essential if African countries are to obtain full benefit from development efforts. The World Bank's Africa Region, like USAID, has begun to distinguish among countries based on their policy performance and to increase Bank lending to countries with policies that seek to reduce poverty through economic growth, trade and investment.

**Table 5.4**  
**World Bank SSA Portfolio: Projects and Commitments**

Strategic Objective Sector	Number of Projects	% Total	US\$ Amount for Projects	% Total
<b>Economic and Private Sector Development</b>				
• Agriculture	77	17.0	1863.1	10.9
• Electric Power and Energy	25	5.5	1611.3	9.4
• Industry	4	0.9	97.6	0.6
• Mining	7	1.5	84.4	0.5
• Oil and Gas	7	1.5	258.7	1.5
• Transportation	48	10.6	3121.7	18.2
• Telecommunications	3	0.7	98.0	0.6
<b>Sub-Total</b>	<b>171</b>	<b>37.7</b>	<b>7134.8</b>	<b>41.7</b>

Strategic Objective Sector	Number of Projects	% Total	US\$ Amount for Projects	% Total
<b>Human Development</b>				
• Education	47	10.4	1650.7	9.6
• Population and Health	46	10.2	1504.3	8.8
<b>Sub-Total</b>	<b>93</b>	<b>20.5</b>	<b>3155.0</b>	<b>18.4</b>
<b>Governance</b>				
• Finance	18	4.0	405.4	2.4
• Social Protection	34	7.5	790.0	4.6
• Public Sector Management	39	8.6	1006.1	5.9
• Urban Development	31	6.8	1219.7	7.1
• Multi-sector	26	5.7	1836.7	10.7
<b>Sub-Total</b>	<b>148</b>	<b>32.7</b>	<b>5257.9</b>	<b>30.7</b>
<b>Environment</b>				
• Environment	19	4.2	360.9	2.1
• Water Supply and Sanitation	22	4.9	1220.1	7.1
<b>Sub-Total</b>	<b>41</b>	<b>9.1</b>	<b>1581</b>	<b>9.2</b>
<b>Total</b>	<b>453</b>	<b>100.0</b>	<b>17128.7</b>	<b>100.0</b>

Source: World Bank Group Web site

#### 5.4.2 International Finance Corporation (IFC)

During the past four years, the IFC has increased its investments in Africa to US\$1.3 billion in FY99. Since its creation in 1989, the Africa Enterprise Fund (AEF) has provided a total of US\$ 206 million for 309 projects in 30 African countries. A typical project costs less than US\$ 5 million with IFC funding between US\$ 100,000 and US\$1.5 million of its cost. Projects are appraised, processed and supervised by IFC representatives living in Africa. Most projects are owned by African shareholders that are registered as legal entities, either as companies or, in a few cases, partnerships and cooperatives.

AEF financing may be used for fixed assets, working capital, and pre-operating costs. It can provide up to 40 percent of project financing, either as a loan, equity investment or some combination of the two. Loans are made at market rates and are usually denominated in convertible currencies. AEF very rarely assumes more than 30 percent of a venture's share capital and is never the largest shareholder.

**Table 5.5**  
**1999 World Bank Projects in USAID Mission Countries**

Country	Number Projects	of % Total WB Africa Projects	US\$ Amounts for Projects	% Total US\$ WB Africa Amount
Angola	10	2.2	277.8	1.6
Benin	15	3.3	250.0	1.5
Eritrea	5	1.1	125.4	0.7
Ethiopia	14	3.1	1382.4	8.1
Ghana	34	7.5	1526.3	8.9
Guinea	15	3.3	370.1	2.2
Kenya	15	3.3	701.5	4.1
Liberia				
Madagascar	24	5.3	731.2	4.3
Malawi	18	4.0	776.4	4.5
Mali	16	3.5	468.3	2.7
Mozambique	19	4.2	873.7	5.1
Namibia				
Nigeria	13	2.9	1039.5	6.1
Rwanda	11	2.4	342.8	2.0
Senegal	18	4.0	682.2	4.0
South Africa				
Tanzania	22	4.9	1337.4	7.8
Uganda	28	6.2	1194.2	7.0
Zambia	16	3.5	728.6	4.3
Zimbabwe	10	2.2	511.6	3.0
<b>Total</b>	<b>303</b>	<b>66.9</b>	<b>13319.4</b>	<b>77.8</b>

Source: World Bank Group Web site

### 5.4.3 Partnerships

The World Bank is also involved in several different types of programs and partnerships that include or have an impact on USAID activities. Two very important programs include the Special Program of Assistance for Africa (SPA), of which USAID is a member, and the Heavily Indebted Country (HIPC) Initiative. Other key global partnerships include the Partnership for Capacity Building in Africa (PACT), the Global Coalition for Africa (GCA) and the UN System Wide Special Initiative for Africa (UNISA). The African Virtual University (AVU), Information Technology for Development and West African Enterprise Network (WAEN) are among the most important thematic partnerships with which USAID is also involved. A brief description of each of these programs and partnerships is provided as follows.

### *Special Program of Assistance for Africa (SPA)*

The SPA was established in 1987 in response to the economic crises of debt-distressed countries in sub-Saharan Africa. The program involves an informal association of some 30 eligible countries and 22 supporting donors and is now in its fourth three-year cycle of activity. Since 1987, SPA donors have mobilized close to US\$ 15 billion in support of economic reform. This amount has been over and above the roughly US\$ 13 billion obtained from the IMF and World Bank during the same period. Largely as a result of this effort, sixteen SPA countries were able to register GDP growth rates of more than 5 percent in 1996 and 1997.

### *Heavily Indebted Poor Country (HIPC) Initiative*

The HIPC Initiative was designed to: (1) provide deep, broad and fast debt relief; (2) improve the framework for poverty reduction by establishing greater budgetary transparency and dialogue with large segments of the population; and (3) build upon the agreement among leading IMF and World Bank countries to refinance HIPC through the sale of gold. Efforts include reinforcing both methods and practices to: (1) promote sustainable development; (2) strengthen incentives for poor countries to adopt strong adjustment and reform packages; (3) provide an appropriate cushion against exogenous shocks; and (4) design proposals for financing the cost of the initiative to be presented to multilateral institutions.

Easing the burden of unsustainable debt is essential if macroeconomic stability, social investment and investor confidence are to be restored within poor, debt ridden countries. The Heavily Indebted Poor Countries (HIPC) Initiative has made significant progress in improving the investment climate in Africa during the first three years of its implementation. Five countries in sub-Saharan Africa were found to be facing unsustainable debt (i.e. Burkina Faso, Cote d'Ivoire, Mozambique, Uganda and Mali) and subsequently received debt relief under the program. Two other sub-Saharan countries, Benin and Senegal, also required debt relief but were able to apply traditional mechanisms to resolve their problem. In addition, the Paris club provided US\$ 219 million to Zambia. Based on Zambia's satisfactory performance in terms of economics and governance, another US\$ 240 million would be made available for balance of payments support and US\$ 390 million for project assistance.

#### **5.4.4 Other Collaborative Efforts**

Consensus has emerged over the past few years on the measures required to increase economic development and couple it with specific policies for poverty alleviation.

Partnership is clearly a central element in the region's development strategy. Enhanced coordination is considered to be a crucial step towards improving the effectiveness and efficiency of donor efforts. The Partnership Group (PG), headed by the World Bank, supports regional efforts to assist sub-Saharan countries in reducing poverty and improving the lives of their populations. The Group works to achieve its mission by leveraging resources, encouraging synergies and building on comparative advantages.

### ***Partnership for Capacity Building in Africa (PACT)***

PACT is based on an African initiative put forward by the African Governors of the World Bank. Its purpose is to strengthen human and institutional capacities in sub-Saharan Africa, spur economic growth, reduce poverty and improve the region's standards of living. Its basic approach is based on the belief that:

- African ownership and leadership need to be the essential cornerstone of this partnership initiative;
- “capacity” is central to the development process in Africa;
- African countries must take direct responsibility for creating a conducive policy and operational environment for capacity building;
- partnership is essential in achieving common goal and approach to development; and
- all actions must be phased in a practical and realistic manner.

The PACT outlines a collaborative framework to overcome major gaps in Africa's human and institutional capacity. The partnership is based on a new approach to capacity building that is comprehensive and holistic, led by Africans and linked to verifiable criteria for management and performance. The basic approach focuses on four broad areas that were identified during the consultation and assessment process. These areas include: public sector, private sector, civil society and education, and research and training institutions.

The World Bank has contributed an initial US\$ 30 million to initiative the partnership.

### ***Global Coalition for Africa (GCA)***

The Global Coalition for Africa (GCA) is a North-South forum dedicated to forging policy consensus on development priorities among African governments, international donor agencies and non-governmental groups. This forum has been established to follow up and implement a “global coalition for Africa” that involves an ongoing association of interested parties. The GCA itself is not a donor organization, nor does it manage assistance programs. It acts primarily as a catalyst for action.

#### ***UN System Wide Special Initiative for Africa (UNSI)***

UNSI was established in 1995 to help improve coordination among UN agencies, the World Bank and bilateral agencies in support of Africa-led development. World Bank participation is concentrated on six priority components: education, health, water, capacity building, micro-finance and information technology.

#### **5.4.5 Thematic Partnerships**

Typical thematic partnerships include the: River blindness Program, Africa Road Maintenance Initiative, Africa Virtual University, Information Technology for Development and the West African Enterprise Network (WAEN). Several of these partnerships have urban implications and can be described as follows

##### ***The African Virtual University (AVU).***

This AVU program involves a satellite-based distance education program that began in 1995. It attempts to provide African countries with university education in science and engineering, noncredit/continuing education programs and remedial instruction. The university’s three main objectives are to:

- train a large number of African scientists, technicians, engineers, business managers and employees;
- encourage the further development of these categories ; and
- provide an academic environment in which African educational institutions, faculty and students can participate effectively in worldwide education.

Private and public donors are supporting pilot phase activities through specific trust funds administered by the World Bank. These funds are complemented by the Bank’s own funding.

## **Information Technology for Development**

More accurate and reliable statistics are essential in attempting to improve the ability of national governments to formulate sound policies, manage economic and social development and/or monitor improvements in living standards.

An international strategy has been developed to ensure that adequate funding and support is provided for national statistical systems. The immediate objectives of this effort, called PARIS21 (Partnerships in Statistics in the 21<sup>st</sup> Century), are to:

- initiate statistical capacity building programs in HIPC countries qualifying for enhanced debt relief as part of their strategy to reduce poverty; and
- create a consortium to promote well coordinated, effective statistical initiatives at the national, regional and international levels.

Much closer collaboration among agencies that previously produced inconsistent statistics in an uncoordinated way would be the primary outcome of this activity.

The current round of population and housing censuses is being undertaken as a joint venture in the Southern African Development Community region. Eight members of the community are planning to implement a census during the 2000 to 2002 period. The purpose of their collaboration is to ensure that comparable statistics are produced.

The Africa Statistical Best Practice Program is another collaborative effort to promote and disseminate new approaches in the organization and management of statistical services and in the collection, storage and dissemination of development information. Country Live Databases (CLDBs) are among the first products to be developed under this program. These databases are being modeled on the Bank's own statistical Live Database system (LDB). The Economic Commission for Africa (ECA) is closely involved in the development and testing of the CLDB concept with an initial pilot activity underway in Mozambique. Guinea, Rwanda, Ethiopia and Mali have also expressed interest in establishing their own CLDBs.

### *The West African Enterprise Network (WAEN)*

WAEN is an international NGO registered in Ghana that brings together the business networks of 13 West African countries. A total of some 350 businessmen and women from a wide variety of sectors are members of this network. A similar network has recently been established in East Africa with members from Ethiopia, Kenya, Uganda

and Tanzania. A Southern Enterprise Network has also being created. Working in partnership with regional business networks such as these provides an important means to solicit foreign private investment for the right uses.

#### **5.4.6 OECD Countries**

General reductions in aid to developing countries have increased the focus on helping them to eradicate poverty and to achieve economic self-reliance. The objective is to strengthen the capacities of recipient countries and to increase their ownership of the development process. A shift in approach to themes rather than countries is being adopted that also replaces project with program assistance wherever possible.

Within this context, the Dutch have identified eight relevant themes. Listed in order of their allocated budget amounts, these themes are: social development; humanitarian aid; agriculture; education; environment; economy and private sector; macro-economic program aid; and human rights coupled with conflict prevention. About 40 percent of all Dutch aid to developing countries goes to sub-Saharan Africa, with Mozambique and Tanzania as the largest recipient countries. The new focus on flexibility, coupled with moving away from countries to sectors, allows the Dutch government to react very quickly to changing situations and to provide aid in a manner that reflects its own priorities. The scale of aid to a particular country depends on the extent to which Dutch policy aims can be achieved.

Similar to the Dutch, both Denmark and the EU are moving away from project aid to sectoral and budgetary support. Irish aid, for example, now focuses on Sectoral Investment Programs (SIPS) related to education and health. Norway, however, has tried to put a brake on the rush to donor flexibility by favoring longer term, untied development grants.

For the French, sustainable development and the reduction of poverty have been reaffirmed as “priority objectives.” Little progress has been made, however, in linking the distribution of current development aid to these objectives. It should be noted that most of bilateral Western donors will need to make a significant effort in order to translate their current policy statements into effective implementation.

While allocating a small amount of its aid to meet the basic human needs of the poor, the Japanese government essentially considers development aid as a promoter of growth through industrialization and the expansion of industrial goods.

Given the large number of women headed households, policies and mandates related to gender have now become universal among donor agencies. A distinction is made, however, between WID specific activities and WID integrated activities. WID integrated activities, where attention to the impact on women is integrated into an overall project, have proven to be the more successful.

Finally, the OECD/Club du Sahel Support Unit for Private Sector Development provides small grants for private sector development and is supported by a number of donor countries and organizations that include the United States and the World Bank. Beneficiary countries include 13 West African countries, South Africa and East Africa. The objectives of the club are to build private sector capacity, create and develop new organizational models and networks, provide support to WAEN and expand the business networking concept to other areas of sub-Saharan Africa in order to bring the private sector together. The program has access to roughly US\$ 2 million per year.

#### **5.4.7 African Development Bank (AfDB)**

The basic mission of the African Development Bank is to assist Regional Member Countries (RMCs) in breaking the vicious cycle of poverty that affects their populations. A broad-based consultative process to develop a vision for the Bank's future activities has resulted in an approach that is:

- country focused and client-responsive to encourage stakeholder commitment and ownership; and
- bottom up and participatory in order to ensure long term sustainability

The AfDB also believes that it has a special role to play in politically sensitive areas of governance due to its acceptance by member states as a trusted and reliable partner.

There is general agreement that sub-Saharan Africa needs to sustain an economic rate of growth of 8 to 10 percent per year, or more than double its current rate, in order to make any real progress against poverty. Within this framework, African countries also need to increase their levels of investment from 20 to between 25 and 30 percent of GDP. This requires increased access to concessional resources and consistent policy actions that will: (1) encourage private foreign investment; (2) generate domestic savings; and (3) ensure an efficient use of investment funds. Much of the required private foreign investment will be applied in urban areas.

The AfDB has adopted a development assistance strategy that effectively promotes accelerated and sustainable economic growth. Improved equity and poverty reduction are the two central components of this strategy. Its success will be achieved through good governance and programs that provide opportunities to the poor through better access to productive assets, technology, information and social services. The provision of social services would be complemented by the provision of basic infrastructure in order to bring the poor more in line with the monetized economy.

Economic well-being, social development and environmental sustainability and regeneration will need to be achieved within a framework of: (1) diminished access to concessional funding due to the 20 percent decline in ODA assistance and a greater number of the Bank's RMCs qualifying for this type of financing; and (2) only a meager 2.6 percent of the recent eight-fold increase in the global flow of private capital reaching Africa.

The pervasive nature of the poverty problem calls for more attention to agriculture, environment and natural resources management, the social sector and governance in order to ensure a participatory approach to development that does not marginalize the poor.

The achievement of long term sustainable development in Africa calls for the institution of true partnerships, with client countries fully in the lead. The AfDB has identified the following areas of intervention in which to pursue this partnership:

- three sectoral, county-level themes involving agriculture and rural development, human resource development and private sector development;
- one generic theme involving governance;
- economic integration and cooperation at the regional level; and
- two cross cutting themes related to the environment and gender.

The AfDB has developed an urban policy statement and operational manual through which to consider the urban implications of its projects. Although agriculture and rural development remain the basis for overall production growth and improvement in Africa living standards for the immediate future, basic urban infrastructure and micro-enterprise development are increasingly needed to improve development results.

Social sector assistance involving primary health care, population activities, family planning, maternal and child health, disease control, primary education and vocational training and institutional development also require basic infrastructure and human settlements in order to achieve success. Gender disparities in the delivery of social services for poor and vulnerable groups can also be rectified more easily in urban areas.

In terms of private sector development, the AfDB recognizes that Africa's investment climate is extremely vulnerable due to the lack of necessary public and institutional infrastructure, weaknesses in the legal and regulatory environment and the greater risks of conducting business.

The African Development Bank is collaborating with the World Bank and other development partners to facilitate the adoption and internalization of Sector Investment Programs (SIPs). SIPs would provide the necessary vehicle for a joint approach to country programming at the sectoral level and for coordinating the actions of development partners. African countries would lead the effort and all stakeholders would participate fully in the program. Sector Investment Loans would provide the appropriate lending instrument for SIPs. Non-lending instruments would include institutional strengthening, well tailored training and technical assistance, creation of a Knowledge and Information Center within the Bank itself. The building of adequate facilities and a strong and reliable information and technology base would provide a ready source of information and data dissemination to both public officials and private sector operators.

Finally, the AfDB has defined a new set of corporate values to guide its future assistance efforts. These include: (1) developing a strong client focus to ensure the efficient, timely and responsive delivery of services to its members; (2) maintaining quality in its operations and promoting excellence, competitiveness and professionalism in all of its activities; (3) promoting teamwork and partnership both internally and externally; and (4) making maximum use of a Best Practices approach.

## 6. Strategic Options for Addressing Urbanization and Environment Issues

### 6.1 Current Assistance – A Synthesis of Approaches and Trends

In the previous chapter, the current assistance programs were described in detail. Before examining potential opportunities for USAID interventions in sub-Saharan Africa, it is useful to summarize some of the major approaches and trends identified in current programs.

- *There is hardly any mention of “urban” in multilateral or bilateral programs.* Although urban communities may be beneficiaries of donor assistance, they are not targeted. Notable exceptions include USAID’s urban strategy that recommends the Agency “internalize an urban perspective within its broader development activities” (USAID, 1998), and the approach of the AfDB which has developed an urban policy statement to ensure that the urban implications of their projects are taken into consideration in project design.
- *There is growing consensus that expansion of trade is fundamental to Africa’s economic growth.* Trade development is seen as the best approach to high rates of sustained growth and is consistent with the view of globalization of Africa. There is also keen interest in expanding regional trade and cooperation within the region. Activities include such regional initiatives as the Cross Border Initiative (CBI) and trade linkages in the Southern African Development Community and the Common Market for Eastern and Southern Africa. Assistance to spur greater participation in international trade in the region will focus on the modern economic sector including industry and minerals. Given the low level of industrial development throughout the region, greater emphasis on trade will place greater emphasis on the development and exploitation of SSA’s natural resource base, at least in the short or medium term. In addition, support for trade will probably lead to greater targeting of assistance to those countries best prepared to expand trade such as the wealthier countries in Southern Africa and the oil-producing countries.
- *Increasingly, performance will be the basis for continued assistance.* Most donors face increasing pressure to be accountable for development assistance and to demonstrate results. The types of results expected from assistance vary from donor to donor but include three dimensions: (1) promotion of trade and investment opportunities in the donor country; (2) immediate and measurable

impacts; and (3) a foundation for graduation and reduced reliance on assistance. The most important ramification of this trend is that the performance bias may contribute to a widening of the gap between the poorer and richer countries in the region.

- *Development is best sustained by financial and economic independence.* This approach requires a greater leadership role on the part of Africans and stronger partnerships between donors and recipient countries. It also suggests a shift to human and institutional capacity building to promote sustainable growth.
- *There is some shifting away from project-specific assistance to sectoral and budget assistance.* This shift provides greater flexibility to recipients in prioritizing programs, but requires increased leadership by Africans.
- *Greater emphasis will be placed on private-public partnerships.* Consistent with a worldwide trend, donor governments are trying to encourage a shift from development assistance to foreign direct investment. Private investment opportunities to be nurtured include private-public partnerships in developing and/or operating basic infrastructure, creation of equity financing facilities, and expansion of investments in communications, banking, and retail.

These trends are consistent with several of the findings of a report presented to the Senate Appropriation Committee in 1997. USAID's ability to support long-term sustainable development in sub-Saharan Africa and to help alleviate human suffering, as stated in the report: *US Development Assistance to Africa Over the Next Decade: Anticipated Needs and Appropriate Responses*, must recognize that:

- Development is sustained not by long term aid, but by financial and economic independence;
- Resources managed by USAID must be used to support this financial and economic independence;
- Careful planning is needed for the transition away from development assistance; and
- Humanitarian relief efforts must support African-led efforts to avoid, alleviate and resolve natural and man-made disasters.

As the process of urbanization in SSA continues, it is clear that urban areas will be one of the key focal points for retooling USAID's assistance to the region. In addition, many of the development goals for 2015 as specified in collaboration with European and Japanese donors and stated in the DAC report, "2000 – A Better World For All," will target urban populations. These development goals include:

- Reducing in half the proportion of people living in extreme poverty;
- Providing universal primary education in all countries by the year 2015;
- Demonstrating progress toward gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by the year 2005;
- Reducing mortality rates for infants and children under the age of 5 by two-thirds and reducing maternal mortality by three-quarters, all by the year 2015;
- Providing access to reproductive health services for individuals of appropriate ages through the primary health care system as soon as possible and no later than the year 2015; and
- Implementing national strategies for sustainable development in all countries by 2005, in order to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015."

## **6.2 Opportunities for Effective USAID Intervention**

In light of the trends and approaches enumerated above, there is a range of assistance options that USAID might consider in focusing more attention on the urbanization/environment nexus. This section describes five assistance options that could contribute to improved targeting of assistance on urbanization and environment. These "opportunities" are not presented in a particular order of priority, although some basic criteria have been considered in identifying options. Basic criteria that could be used to determine the extent to which "urban" should be formally considered in USAID projects for sub-Saharan Africa would include the following:

- Opportunity to capitalize on the presence of urban synergies that could be developed and strengthened at very little or no additional project cost;

- Need to address environmental impacts of development in urban and ex-urban areas;
- Opportunity to capitalize on market and other urban/rural linkages;
- Potential for mobilizing financing for investments in urban infrastructure
- Potential for increasing overall program benefits by concentrating resources in small geographical area.

### **6.2.1 Applying an Urban/Environment Lens to USAID's SSA Assistance Program**

The fundamental precept to be applied to sub-Saharan development is that it is no longer beneficial or affordable to place urban activities in opposition to agriculture and rural development. Because of strong, existing linkages, rural and urban activities in sub-Saharan Africa must be closely coordinated within a systemic approach. Many of USAID's programs in private sector development, population, health, education, governance and environment can only be completely successful if they make full use of the potentials offered by the urban environment in which most of them are implemented. Based on the particular situation in sub-Saharan Africa, urbanization/environment activities should be considered as a cross cutting theme in USAID programs, very similar to the way in which gender considerations are treated and integrated into ongoing programs.

In practical terms, program design should give more explicit consideration to the potential synergies or negative impacts that the proposed program may have on urbanization and environment. At a minimum, proposed results and indicators should consider the environmental impacts associated with a proposed program. In some cases, it may be possible to add a component to a proposed program or shift the geographical focus of planned activities, without significant increases in costs. The urban/environment lens requires USAID to consider medium to long term impacts, even if program results are expected to occur in the immediate term. Urbanization is a process that has been underway in SSA for more than two decades and is expected to continue. While it may be attractive and more immediately rewarding to "pick the fruit off of low-lying branches," USAID's goal of encouraging greater financial and economic dependence cannot be achieved without recognizing the cumulative impacts of urbanization and the negative environmental impacts that will accompany this growth, absent targeting of domestic and foreign resources.

## 6.2.2 Targeting Urban Areas in Assistance Programs

Urban areas are where the major transformation in African society is taking place and where the new expression of African creativity will occur. Assistance could be directed to a greater extent to mitigate the problems associated with urbanization and the environmental, social, and health impacts that uncontrolled urban growth engenders. Given the extent of informal settlements, targeting would have implications for economic growth and development as well as governance and democracy. Assistance to promote economic growth has tended to focus either on agricultural/natural resources or the modern sector in urban areas. Economic growth programs would need greater focus on meeting the infrastructure needs of informal settlements and assisting incipient businesses obtain capital. In governance and democracy, greater focus would be placed on organizing informal settlements to assess, prioritize and take actions to alleviate the problems in their communities. In terms of environmental programs, three types of activities would increase the urban focus: (1) support for environmental policy at the national level that would give greater emphasis to water, air, and waste problems; (2) increased environmental planning, as embodied by local environmental action plans; and (3) development and demonstration of urban environmental management systems (EMS). USAID has supported urban EMS in other parts of the world, including Egypt (see Box 6.1). Such programs promote dialogue between officials and stakeholders and help to mobilize and empower citizens.

### Box 6.1

#### ***Environmental Management in 10<sup>th</sup> of Ramadan City, Egypt***

The 10th of Ramadan Industrial City in Egypt is adapting an Environmental Management System, a concept originally developed by the private sector and the International Standards Organization, for the management of industrial and other urban wastes. EMS provides a framework for defining the roles and responsibilities of stakeholders and mechanisms for monitoring, evaluation and continual improvement. The 10th of Ramadan has gathered stakeholders including private industry, city officials, community organizations and national level environmental officials to solve solid waste problems, create an incentive system for improving environmental management and build a monitoring system. These systems are all being based on existing command and control regulations, combined with market based incentives for improved environmental management. The EMS approach to urban environmental management, in this case, has allowed local level action to define needed actions and identify financing and management needs. The EMS strengthens environmental policy implementation and provides a demonstration vehicle for other local governments. Overall, such an approach could improve urban environmental management by integrating both “bottom-up” and “top down” approaches and thus creating a win-win situation for all stakeholders

.Source: Adapted from EPIQ Lessons Learned II (in draft), 2000.

### **6.2.3 Targeting Program Resources to Urbanizing Villages and Small Towns**

As noted in Chapter 3, a considerable factor in the increased urban population will be the growth and transformation of rural villages and towns to small cities. USAID could help these villages prepare and plan for the inevitable transitions they face. Two possible outcomes could be anticipated. First, villages may be able to respond to the demands of an urbanizing population more cost-effectively. Some advance planning to anticipate growth may enable these smaller villages or towns to direct the growth into areas that can be accommodated with services. Second, by improving job opportunities, strengthening market infrastructure and agro-processing capabilities, some of the migration to primate cities might be redirected toward these smaller cities and towns.

A logical assistance package would focus on strengthening the rural agricultural sector and market towns that provide the linkages to larger markets in urban areas. A sufficient degree of food processing and distribution capacity should be in place that can facilitate both local and regional consumption of commercialized food products. Specific projects to achieve this necessary level of infrastructure could be developed through various combinations of public private partnerships and potential BOT activities that could be developed, for example, with help from the Trade and Development Agency. USAID's role would be that of a catalyst to private sector trade and development.

### **6.2.4 Focusing on Urban Services and Infrastructure**

Many of the most important urban/environment problems stem from inadequate planning and provision of water, wastewater, and waste collection and disposal services and infrastructure. The effective and efficient provision of basic infrastructure is central to any effort to encourage economic development and reduce poverty through trade and investment. Basic infrastructure is needed to provide the urban poor with reliable and affordable services that essentially include water and sanitation, energy, urban infrastructure and transportation. The provision of basic services also provides the necessary foundation for production and trade. Such investments also serve to connect people in the urban areas, legitimizing the informal sector and forging links in terms of governance. The lack of infrastructure impedes investment in informal settlements and stymies economic growth. Experience suggests that improvements in environmental services tend to elevate a sense of community among residents.

New public private partnerships for infrastructure and investment are emerging as African governments begin to rethink and redefine their role in infrastructure provision and as they are challenged to develop a more flexible culture and approach. Multi-level

ties among entrepreneurs and financial and public institutions could be built upon for the provision of infrastructure.

While USAID does not have the financial resources to fund capital investments, it could play a greater facilitation role by providing assistance in planning infrastructure development, identifying private partners, and developing sound cost recovery proposals. USAID could also help city and national governments develop a more flexible culture in the provision of infrastructure and to redefine the role they should play in its provision. Considerable opportunities exist in the development of new forms of public-private partnerships. Such partnerships could be built based on multilevel ties among entrepreneurs and financial and public institutions. USAID could follow the example of the Swiss in forming a public private sector foundation to harness the capacities of the private sector in the interests of sustainable development. The Swiss foundation is partially funded from market sources and focused on promoting private sector involvement in developing countries.

The financing of urban investment will require the mobilization of both local and international resources. In countries with promising trade opportunities, USAID could work closely with the Equity Fund in order to ensure that the lack of infrastructure does not remain a bottleneck to the implementation of poverty alleviation programs. World Bank tools such as private sector guarantees for IDA countries, fixed spread loans for IBRD countries and the Cross Border Initiative could be used to further private sector investment in basic infrastructure based on the fact that infrastructure partnerships are often linked to regional integration. The Bank is developing new lending procedures for these types of activity and has already modified the rules of the International Development Fund in order to allow grants to regional organizations.

### **6.2.5 Concentrating Assistance in Selected Geographical Areas**

Several geographical areas (coastal West Africa, urbanized corridors in Southern Africa) are expected to absorb the largest share of migrants. Assistance could involve comprehensive assistance packages in selected geographical areas to address the full range of USAID strategic objectives (economic development, health, education, environment, governance). The geographical focus could be applied to urbanizing villages, urban fringe areas, informal settlements, or urban centers. Ideally, the geographical approach would address a broad enough urban area that the issues of more than one type of urban or urbanizing area could be addressed in the assistance program. For example, a geographical focus could include the informal settlements in an urban area, the urban fringe where new development is occurring and rural villages in close proximity to the urban fringe that are expected to be urbanized.

A geographical focus would capitalize on synergies between different sectors and potentially improve the prospects for sustaining desirable changes in urban areas. USAID could develop criteria to identify the urban areas most suitable for a geographical assistance package, taking into consideration factors such as magnitude of potential benefits, current level of development, potential to leverage other donor assistance and projects, and potential for replication.

### **6.3 Recommendations for a USAID Urbanization/Environment Activity**

This section presents the elements of an activity that USAID might support to address urbanization and environment issues. The recommended activity is the result of discussions between the EPIQ team and USAID and reflects inputs from participants at the FRAME meeting in Portugal, Senegal, May 2, EPIQ's briefing on the draft report on June 12 for USAID, and a meeting on July 6 organized to elicit feedback on the proposed activity from AFR/SD and G/ENV.

#### **6.3.1 Description**

The proposed activity would involve assistance to small urban areas, covering a range of objectives consistent with USAID's strategic objective framework for Sub-Saharan Africa. For the purposes of presentation, the activity is referred to as *Integrated Assistance to Urbanizing Villages and Small Towns* or (UVST). The activity would stress the involvement and strengthening of community groups and local government entities to solve priority environmental and urban problems in their communities. The activity would be focused in a select number of villages and small towns to ensure adequate assistance resources can be mobilized to allow multiple objectives (e.g., environment, economic development, health) to be addressed and to increase the likelihood of achieving tangible results.

#### **6.3.2 Rationale**

All of the options for an urban/environment activity described in Sections 6.2.1 – 6.2.5 have merit and received support in discussions with USAID. The rationale for the UVST assistance activity includes the following:

*Facilitates more proactive assistance approach early in the stage of urbanization.* The assistance would be targeted and sequenced in a way that allows the communities to anticipate and solve problems rather than attempt to correct problems after they have occurred.

*Addresses environmental and health impacts in urban areas.* These impacts will affect both urban and rural natural resources and people.

*Allows for cost-effective delivery of multi-faceted, multi-objective assistance.* Targeting urbanizing villages and small towns will enable USAID to implement multi-faceted, multi-objective assistance activities more cost-effectively than in larger cities.

*Capitalizes on urban/rural linkages and increased opportunities for trade and investment.* In the small towns and urbanizing villages, the urban/rural linkages are strongest and markets can be organized without large infrastructure requirements.

Builds on USAID successes and lessons learned in working with rural communities in SSA. USAID has been active in the region and many of its assistance efforts, while not focused on the urbanization/environment nexus, include elements and approaches that can be transferred directly or adapted to the UVST activity.

Provides opportunity to adapt “Making Cities Work” approaches to small-scale urban areas and apply urban/environment “lens.” The UVST assistance activity would include several features of the MCW approach including alliance building through community-based activities, the use of pilot activities to demonstrate the merits of integrated, crosscutting assistance, and capacity building at the level of urbanizing villages and small towns as well as with other partners.

### **6.3.3 Components**

As noted above, the UVST would be concentrated initially in a few selected villages and towns. A process for evaluating and selecting these pilot villages and towns is discussed in Section 6.3.4. For each location, an integrated assistance activity would be developed to include some or all of the components described below. Each of these components represents activities that could be undertaken as free-standing projects. However, it is recommended to blend components in order to capitalize on the potential synergies between components and increase assistance effectiveness by exploiting joint benefits.

The six components described below are not presented in any particular order of prioritization or effectiveness. Prior to start-up of pilot activities, it is recommended that USAID draw on the lessons learned from previous assistance efforts to better assess effectiveness of individual components, then set priorities through a dialogue involving local authorities, other stakeholders and counterparts, and USAID.

## Organization of community groups to identify and address priority environmental and infrastructure issues

Community groups and local governments have come to play an increasingly important role in USAID assistance activities in SSA, both as recipients of assistance and as partners. From a traditional focus on assisting governments in building management capacity and promoting open and democratic processes, USAID's governance and democracy assistance programs have branched out to capacity building in local community groups, NGOs, and local governments. This trend reflects the perceived need to build up demand for democratic and participatory government by engaging people in decision making in their communities and aligns with officially endorsed decentralization policies in many African countries. In other USAID assistance programs such as agriculture and natural resources, health, education, and economic development, there has been growing recognition that the involvement of community groups in assistance programs is essential to their success and sustainability and often will precipitate self-initiated follow-up activities.

It is envisioned that community groups and local governmental bodies would participate in a variety of UVST activities. From the initiation of this activity, community groups in partnership with USAID, would help set assistance priorities and help design activities. The process of prioritization and design might take the form of a series of facilitated meetings and public discussions to help define the scope of assistance activities or, more formally, involve a process that culminates in the development of a local action program to address environmental and urbanization issues. During implementation community groups and local governments would receive training, serve as local implementer of some USAID-funded assistance, monitor and publicize program activities, and help USAID disseminate, replicate, and sustain activity results.

Illustratively, community group participation in the UVST activity might include the following:

- Preparation of Local Environmental Action Plans or development of environmental management systems for urbanizing villages and small towns. Such plans and systems have been developed by larger communities in Africa and other regions of the world with USAID, World Bank, and UNDP support.
- Implementation and promotion of education programs in health issues such as HIV/AIDS, family planning, natural resource management and environmentally sound economic activities.

- Facilitating role in the marketing and exchange of commercial agriculture and farm products, development of markets in urbanizing villages and small towns, and linkages between buyers in larger towns and cities.
- Involvement, including capacity building, in the preparation, financing and implementation of local infrastructure projects with consultants or twinning partners. Improved local administration is required in order to determine the real needs of the population and the appropriate development standards to be applied, to establish practical and resident supported cost recovery systems, to ensure the future operation and maintenance of urban infrastructure and services, and to facilitate private sector investment.
- Organization of community-based financial institutions, with credit based at least partially on capital raised from local savings deposits. Further discussion and examples from SSA are provided below.

### **Development and identification of financing for small infrastructure investments**

Human settlements provide the basic infrastructure for national, regional and local development and for the successful implementation of both urban and rural projects. Key infrastructure elements required for small urbanizing settlements to be able to interface with their surrounding hinterlands include:

- Basic support infrastructure for agricultural marketing with a particular emphasis on adequate storage and transportation facilities and farm-to-market roads to help increase the physical access of farmers to market towns and small urban centers;
- Public services, facilities and utilities to support small and medium scale enterprise development;
- Basic health, education and social services that improve the productive resources of settlement residents and the surrounding rural population; and
- Investments in market facilities, credit and technical assistance for small and medium scale commercial activities, farm supply, agricultural processing, and food distribution enterprises.

The lack of access to small market towns in rural regions not only limits the ability of farmers to sell their goods and increases their transport costs, but also limits their access to consumer goods that provide the necessary incentives to increase production and to raise household incomes as well as social services. Once a viable network of small

market towns has been established, it can be linked to bulking and assembly centers in medium size cities that will insure an efficient flow of goods to and from rural areas.

The UVST activity would include a component to develop or improve basic infrastructure in selected villages and towns. The emphasis would be on infrastructure projects that involve modest financing requirements to enable communities to raise all or part of the capital costs from local sources. Provided adequate capital can be raised locally, there may be opportunities to secure co-financing in the form of grants or credits from USAID (e.g., the Matching Grants Fund for support of projects that demonstrate the MCW principles) or IFIs. The level of infrastructure and facilities would need to be matched with local physical conditions, social preferences, population size, settlement functions and available economic and natural resources.

Small scale infrastructure improvements must be based on appropriate standards and technologies. A growing number of successful examples of self-financing infrastructure improvements are taking place throughout the world to help small communities match incremental improvements in infrastructure and services with local affordability. Traditional savings societies, group participation and solidarity, and the application of sound micro-finance lending practices provide viable financing opportunities for a wide range of small, local improvements in services and infrastructure. Self-financing opportunities of appropriately designed and managed transportation or “paratransit” systems also provide an example of a self-financing infrastructure.

### **Educational activities on health (HIV/AIDS) and environment**

A third component would include educational programs focused particularly on health, personal hygiene, and the environment. These programs would be designed to raise awareness among the youth and young adult populations about these issues and to provide them with options for prevention (HIV/AIDS), improved personal hygiene practices, and solutions to environmental problems (particularly those related to solid waste, water, and sanitation practices).

These programs would be implemented by community groups, local schools or government agencies in an effort to build up greater awareness among younger members of the community. As these small urban areas grow and experience some of the problems that larger cities face, a more informed population may be able to better respond to the challenges. In addition, such educational programs would also better prepare young people for the types of problems they may face if they migrate to the large urban areas in search of employment opportunities.

Ideally, these educational programs would be linked to the development of infrastructure such as health care centers, waste collection services, improved water and sanitation. In addition, educational programs could be offered in conjunction with employment training.

### **Evaluation and training in employment opportunities**

Assessment of employment opportunities requires two types of analyses: 1) determination of the potential pool of workers and 2) the types and number of jobs that can be matched to this labor pool. Two types of job seekers must be considered: rural residents seeking supplementary off-farm employment and residents of small urban areas without farm incomes. These groups will generally be differentiated according to education, skills, age, type of employment desired, and employment/career goals.

The second analysis would focus on determining the number and types of employment opportunities that exist and could be created through stimulation of new enterprises, development of markets, and provision of urban services. An important criterion for the implementation of other UVST components such as microenterprise and infrastructure development would be the creation of employment opportunities. The evaluation of employment opportunities would also identify mechanisms for better matching workers with jobs and identifying, through a needs assessment, training programs to prepare workers for the types of jobs that will be available on the market.

Studies have shown that increasing agricultural production and expanding off-farm employment need to occur in tandem in order to raise rural household incomes, retain populations in rural areas, moderate the migration from rural areas to larger cities and diversify rural economies. Increasing the productivity of the informal economy, particularly for women, and establishing circular, rather than linear systems for water, garbage, sewerage, energy and food supply have significant implications for future local level development. Future development possibilities of most small urbanizing settlements depend on making the best possible use of both renewable and non-renewable resources in their hinterlands.

As agricultural practices modernize and become more efficient, rising incomes from improved production lead to increased demand for a wide range of basic household and consumer goods. Many of these goods can be distributed and some even produced in smaller urban centers and market towns. To achieve this, smaller settlements must play an active and direct role in supporting small-scale enterprises and in generating off-farm employment to provide needed consumption goods. Increased agricultural productivity frees workers from farming, while town based employment can supplement agricultural

incomes and provide very important remittances to rural households still involved in subsistence farming.

### **Development of marketing capacity**

A fifth component of the UVST activity would focus on strengthening small urbanizing settlements so that they can play crucial roles in marketing agricultural products, facilitating trade and providing commercial and public services to the surrounding rural population. Small urbanizing settlements and market towns provide an essential link between the urban and rural components of the food production and commercialization system. These market towns absorb a high proportion of the surplus food produced by surrounding subsistence farmers and also provide these farmers with credit organizations, distribution centers and warehouses for farm inputs, food processing centers, agricultural extension advice and sources of market information for potential crops.

The characteristics of agricultural marketing in largely rural subsistence areas of sub-Saharan Africa include but are not limited to the following:

- Weak trade linkages between rural areas and towns and cities result in low levels of market interaction among low-income households. Most low-income and subsistence farmers in rural areas are dependent on intermediaries and brokers to collect and market their surplus goods. While travel distances to periodic marketplaces are usually short and acceptable, those to towns for the purchase of specialized goods and services are often longer and more inconvenient.
- Agricultural and commercial trade opportunities are generally restricted to periodic markets in which subsistence farmers exchange goods among themselves and/or with small-scale market intermediaries. The lack of effective marketing networks between rural and urban areas acts as a major constraint to development in both areas.
- *Larger than expected marketable surpluses for subsistence farmers.* Inefficient agricultural marketing systems and limited access to market towns seriously hamper the ability of farmers to market surplus agricultural production. Without a wide network of small market towns, farmers are unable to reap the benefits of the agricultural improvements that are taking place. Poor access to markets increases the proportion of marketing costs for all farmers with a greater adverse effect on small and medium sized farmers due to the smaller amount of goods to market.

The UVST activity would build on lessons learned from other USAID marketing assistance programs in SSA, identify and address weak links in market chains, and determine other impediments to more effective marketing of agricultural products. Other components of the UVST, such road and other infrastructure, public transportation services, and improved communications with larger cities could increase the effectiveness of marketing programs.

### **Development of microenterprise funding**

Microenterprise funding is another key component of the proposed UVST activity. These funding programs are designed to assist small businesses and individual entrepreneurs and have been implemented successfully in SSA (see Table 6.1). Typical features of these programs include the following:

- Lending programs are often tied to a village-based savings bank or other local financial intermediary created to provide loan capital.
- In many programs, borrowers must deposit savings or purchase shares in the institution as a prerequisite for loans.
- In some programs, selected groups are targeted for loans such as women or low-income households.
- Most loans are for small amounts with repayment periods of one year or less.
- In some programs, loans are only made to groups, to increase the likelihood of repayment.

In the UVST activity, assistance would be provided to participating communities to create financial intermediaries, secure start-up financing and obtain necessary training in the operation of these financial intermediaries. In the UVST, microenterprise funding is viewed as a strategic complement to the marketing, employment, and infrastructure components. In addition, lending programs that target women will potentially increase female incomes and complement health education programs.

**Table 6.1 – Microenterprise Lending Programs in Sub-Saharan Africa**

Program Title	Country	Timetable	Clients/Target Groups	Total Lending	Program Features
Kolda Branch Office Project <sup>6</sup>	Senegal	1997–present	Approx. 2,300/poor self-employed women	NA	Small group loans; loan package info NA
Self-reliant Village Savings and Credit Banks <sup>7</sup>	Mali	1986–present	21,500+ members/poor of the Dogon Region	\$1.3 mil	Maximum loans of \$5,000; average loan is \$98; individual and group loans, savings program for poor
Le Projet de Promotion du Petit Credit Rural <sup>8</sup>	Burkina Faso	1988–present	25,000+ clients/female, rural, poor	\$2.35 mil	Loans from \$40–\$300; average loan is \$59; group loans (5 persons minimum)
FECECAM Fédération des caisses d'épargne et de crédit agricole mutuel (Federation of Rural Savings and Loans Coops) <sup>9</sup>	Benin	Begun in 1977 with the creation of the National Agricultural Credit Bank	16,500 members plus 40,800 non-member depositors/self-employed poor – mostly cash crop farmers; some urban enterprises	Equity: \$917,000; Deposits:\$26.6 mil; Loans: \$18.14 mil	Loans of \$100 or more; short term loans to farmers, women; plus medium term loans of up to 3 years repayment period
The Kenya Rural Enterprise Program <sup>10</sup>	Kenya	1984- current	15,014 direct borrowers/NGOs and microenterprise workers	Savings: Ksh 55.3 mil	Group loans; borrowers must have savings of at least 10% of requested loan amount

<sup>6</sup> <http://www.catholicrelief.org>

<sup>7</sup> <http://www.cgap.org/assets/images/mali.PDF>

<sup>8</sup> <http://www-esd.worldbank.org/html/esd/agr/sbp>

<sup>9</sup> <http://www-esd.worldbank.org/sbp/home.htm>

<sup>10</sup> <http://www.worldbank.org/afr/findings/english/find80.htm>

Program Title	Country	Timetable	Clients/Target Groups	Total Lending	Program Features
Get Ahead Foundation: Stokvel Program <sup>11</sup>	South Africa	1984–present	9,865 active clients/black entrepreneurs	\$1,689,000	Maximum loans of \$1,160; average loan is \$171; loans for 4-12 months repayment period for individuals or groups
Zambuko Trust <sup>12</sup>	Zimbabwe	1992- present	2,197 clients/lower class entrepreneurs	\$500,823	Average loan is \$180; group or individual loans
**Agence de Crédit pour l'Entrprise Privée / Alliance de Crédit et d'Epargne pour la Production <sup>13</sup>	Senegal	1986–present	NA/poor small business owners	Approx. \$4.3 mil	Maximum loan is \$10,000; average loan is \$1,600; average loan duration is 12 months
Low Income Women's Bank <sup>14</sup>	Benin	1992–present	2,000 members/lower income women	Loans: \$46,000; Savings = \$20,400	Savings and credit programs, but not specified
African Revitalization Program <sup>15</sup>	Ghana	NA	5,508 members	Loans: \$1.1 mil	No information
	Kenya		95,050 members	Loans: \$2.14 mil	
	Senegal		1,975 members	Loans: \$61.7 mil	
	Swaziland		12,549 members	Loans: \$820,000	
**Kaolack Agricultural Enterprise	Senegal	1993 -1997	120 borrowers/poor rural women and men	Loans:\$440,000	Loan packages of \$600–\$12,000; loans for animal husbandry and

<sup>11</sup> <http://www-esd.worldbank.org/html/esd/agr/sbp/>

<sup>12</sup> <http://www-esd.worldbank.org/html/esd/agr/sbp/>

<sup>13</sup> <http://www.globenet.org/horizon-local/esf/esf12.html>

<sup>14</sup> <http://www.soc.titech.ac.jp/icm/wind/benin.html>

<sup>15</sup> *African Revitalization Program; A Market-Based Approach to Credit Union Development*. World Council of Credit Unions Inc.: Progress Report No.14, April 1, 1998 to June 30, 1998.

Program Title	Country	Timetable	Clients/Target Groups	Total Lending	Program Features
Development program <sup>16</sup>					vegetable gardening
People's Savings and Loan Association (Caisse populaire d'épargne et de crédit) <sup>17</sup>	Niger	1990–present	12,700 members/low and lower middle income level clients	Approx. \$200,000	Average loan is \$220; minimum savings deposit of \$10 required to borrow

<sup>16</sup> *The Kaolack Agricultural Enterprise Development (KAED) Program*, KAED Program Staff. Africare: Monthly Program Report October-November 1997.

<sup>17</sup> <http://www-esd.worldbank.org/html/esd/agr/sbp/>

### **6.3.4 Next Steps to Initiate the Activity**

To provide the groundwork for the recommended UVST Activity, a number of tasks are envisioned that would help USAID finalize the design, scope, and location of the assistance activity. All of these tasks could be carried out by USAID and/or USAID contractors.

Summarize lessons learned in working with community organizations in rural areas and implications for DG activities in urbanizing villages and small towns.

Our discussions with USAID staff and review of program documents for a number of donors and IFIs indicate that there is already substantial experience in organizing and/or cooperating with community groups in SSA. In advance of the UVST activity, it would be valuable to identify lessons learned in working with community groups and utilize this analysis in designing the UVST activity to most effectively involve community groups and local governmental bodies.

A starting point would be USAID's NRM and Agricultural programs in SSA, because they have the most experience in working in communities most similar to the urbanizing villages and small towns. In addition, other USAID programs focused on democracy and governance, health, microenterprises, and marketing would provide useful input. This task would involve a review of program documents and interviews with USAID staff and project implementers. The output would be a summary of lessons learned and recommendations for designing the UVST activity to mobilize and strengthen community groups.

*Review donor-funded case studies on smaller cities.*

SSA cities have been the focal point of a number of donor and IFI-funded projects. Typically, three types of urban projects have been undertaken: 1) projects concentrated on a single programmatic element (e.g., health education, microenterprise financing, development of markets or infrastructure); 2) projects focused on assessment of urban or environmental issues; or 3) projects designed to link cities into networks for sharing experiences, solving similar problems, etc. Examples of urban projects are provided in Table 6.2. This inventory of urban case studies is not intended to be exhaustive but is representative of the three types of urban projects. Project documents would be reviewed to better characterize project features, successes, and recommendations for adapting these urban assistance "best practices" to the design of the UVST activity.

*Use the FRAME contact group to develop an “African” perspective on urban problems and solutions.*

One of the concerns that has been raised by USAID staff in discussions of the report is that Africans need to be consulted in solving urban problems. In other words, some of the traditional Western approaches to urban problems may be inappropriate or ineffective when applied in SSA. A cost-effective option for eliciting input from Africans knowledgeable about the problems of urban areas in SSA proposed during discussions with USAID would involve a dialogue with the FRAME contact group. A series of questions would be developed and circulated to the FRAME contact group and the responses summarized in a memorandum. The questions would focus on refining our understanding of urban problems and priorities and identifying specific solutions or at least suggested approaches for addressing these problems. This dialogue would also be valuable in providing feedback on the UVST activity as well as specific components.

**Table 6.2 Illustrative Urban Case Studies in SSA**

<b>Program Title</b>	<b>City(ies)</b>	<b>Description</b>
Sustainable Cities Programme (UNCHS and UNEP)	Accra, Dakar, Dar es Salaam, Ibadan, Lusaka, Maputo, Nampula, Zanzibar, others	Under Agenda 21, promotion of sustainable development at the city level, utilizing participatory approaches to assess problems and prioritize actions, limited implementation to date
Managing Water for African Cities (UN)	Abidjan, Accra, Addis Ababa, Dakar, Johannesburg, Lusaka, Nairobi	Programs targeted at assessing and improving municipal water supply and sanitation; some case studies also describe implementation activities
Municipal Environmental Action Plan Preparation (World Bank, others)	Secondary Cities in Côte d’Ivoire and Benin	Development of action plans that include environmental profile of municipalities, action plan for long, medium, and short term, with specific micro-projects developed for first three years
MELISSA-KERN (World Bank)	Numerous	Network that brings SSA countries together to share experiences in addressing variety of urban problems; case studies drawn from programs funded by range of bilateral and multilateral donors.
ECOLOG Program (OECD, CIDA, EC, French Development Cooperation Agency)	Senegal River delta, Sikasso area in Mali, and the San Pedro area in Côte d’Ivoire	Three case studies were presented at Club du Sahel Workshop on Enhancing Local Economies in West Africa. Case studies focus on elaborating problems in each local economy and solutions, plus finding ways for assistance partners to better support these local economies
Upgrading Urban Communities: A Resource for	Numerous	Case studies on a broad range of urban environmental issues in several countries (Angola,

Program Title	City(ies)	Description
Practitioners (Mass. Institute of Technology)		Gabon, Ghana, Kenya, Mozambique, and Zambia)
Empowering Communities by Improving Access to Development Information (USAID/MCW)	Cities in Ghana	Demonstration Project to establish Community Learning Centers (3 centers established to date) that function to ensure broad public use of and access to community development resources; provides training, computers, internet access

*Develop criteria and select candidate urbanizing villages and towns for demonstration.*

The selection of urbanizing villages or towns to serve as a major focus of the Africa Bureau’s approach to urbanization in sub-Saharan Africa will depend to a great extent on the regions and types of activities in which Missions are already involved. In order to select candidates for demonstrating the UVST integrated approach, criteria should be developed that can be applied in the evaluation and selection process. Potential criteria that might be considered are the following (additional discussion is provided in Annex 6.1):

- Population and population growth rate
- Economic links to the rural hinterland and to larger urban areas
- Current level of infrastructure development
- Importance of natural resource base
- Level of community/local government interest in demonstration
- Data availability
- Opportunities for leveraging other donor/IFI resources
- Prior experience as recipient of donor assistance

Obviously, some pre-selection of candidates would be necessary because of the time and costs involved to collect information on each criterion, assess and rank candidate sites. To developing this pool of pre-selection villages and towns, a field visit would be proposed to allow the team to confer with interested missions, partners, and organizations, and to undertake a field-level fact finding effort to determine if all the criteria listed above can be assessed. This field visit would be augmented by discussions with USAID staff in Washington and by feedback received from the questionnaire

circulated to the FRAME contact group on suggestions for demonstration villages and towns.

*Develop detailed proposal for demonstration activity in urbanizing village/town.*

The final step in preparing to implement the UVST activity would involve preparation of detailed proposals for the demonstration activity(ies). This would require completion of all of the above tasks and selection of the demonstration site(s). A preliminary proposal, including possible components would be prepared for discussion with leaders in the candidate communities, USAID, and other donors (if cooperation/coordination is envisioned). Based on these discussions, the proposal would be revised to include a detailed work plan, schedule and budget.

Given the integrated nature of the proposed activity, the proposal would also need to suggest appropriate intermediate results and performance indicators, link the activity to the relevant mission or regional strategic objectives and provide a suggested monitoring and evaluation protocol. In addition, the proposal should include plans for replicating the demonstration in other small urban areas, and sustaining the activity components in the demonstration sites.

## ANNEX 6.1

### Background Discussion on Selection Criteria

While emphasis in the proposed strategy is placed on small, urbanizing settlements as the most effective and immediately productive areas in which to work, population size alone should not be considered as the primary indicator of a settlement's economic potential nor of the role it can play in rural-urban dynamics.

Although small, urbanizing settlements are nominally defined as having populations between 5,000 and 20,000 inhabitants, no universal definition exists of their basic characteristics. Their functional roles in a national settlement system are equally diverse. Despite the relatively narrow population range of smaller settlements, many of them have very different characteristics in terms of population growth, economic structure and development possibilities.

Nevertheless, four main characteristics are common to most small urbanizing settlements in sub-Saharan Africa. These settlements:

- have a substantial proportion of their labor force already engaged in non-agricultural activities;
- exercise a relatively small administrative function with some concentration of low-order public services (eg. health center or school);
- play a small role in national or sub-national production, but act as important centers where goods and services are available to inhabitants of their hinterlands; and
- represent the category of human settlement with which most of the rural and agricultural population have frequent links.

The roles played by small, urbanizing settlements will reflect and/or be influenced by a mix of factors that include available resources, population and social structures in the immediate hinterland, physical and economic links with sub-national and national economies, administrative and political structures at different governmental levels and other regional and/or international links. Small urbanizing settlements are essentially those whose roles as centers of production and service provision have not developed beyond a very localized area.

The lack of adequate data on which to base decisions and define programs is one of the major difficulties in working with small urbanizing settlements. Attempts to establish selection criteria and/or common methodologies to address their problems will not be possible without considerable degree of local input.

Policies and programs related to the development of small urbanizing settlements have no real purpose unless they are part of an explicit policy to address economic and social development goals on a broader, more regional basis. Such a regional emphasis corresponds to USAID's basic approach, which will enable working with these settlements to be fully compatible and complementary with the Agency's other objectives and activities.

Human settlements in Sub-Saharan Africa provide the physical context within which development occurs and for distributing sectoral activities within a spatial approach. Spatial policies by themselves, however, should not be the end result of urban programs, but a means to more efficiently promote and implement economic and social development. The human settlement system enables the interconnection of people, resources and economic activities. Each settlement has its own range of skills, human resources, links with surrounding areas and national and sub-national economic and development constraints.

Consequently, development roles need to be identified for different types of small, urbanizing settlements that fit within the context of economic and social development related to these settlements as individual places. Basic roles can be divided into those related to service provision, resource mobilization and economic development.

During the 1980s, USAID sponsored the elaboration of an Urban Functions in Rural Development Approach to be applied in sub-Saharan Africa. While widespread application of this approach did not occur, it did provide a basic framework for USAID activities in urban areas that remains valid today. The major principles of the approach included:

- a focus on identifying the economic, social, physical, and human resources of settlements within a region and the services, facilities, infrastructure and productive activities needed to develop their comparative economic advantages;
- the application of an ongoing planning process and not simply the presentation of a spatial development plan;

- the use of research to be applied by local planners and decision making officials who do not have extensive technical training;
- the maximum use of existing data; and
- the use of a combination of applied research methods

The process involved several major steps or stages that included:

- the analysis of regional resources;
- the analysis of the settlement system;
- the analysis of economic and physical linkages among settlements and between these settlements and their rural areas;
- the use of analytical mapping;
- the analysis of service accessibility;
- the analysis of gaps in urban functions;
- the formulation of settlement development strategies;
- the identification of investment projects and programs for settlement development;
- the monitoring and evaluation of development activities and their impacts; and
- the institutionalization of the analysis of small settlements and market towns into regional development planning.

The Rapid Rural Appraisal approach, also developed under USAID sponsorship in the 1980s, was based on close collaboration with local experts and key informants. The approach relied on an interactive, participatory style of data collection that emphasized structured, informal interviews with key informants. This rapid analysis process was, and can still be, used to quickly assess the spatial distribution of social and economic functions in market towns and other types of settlements.

The analysis of urbanizing, market towns and their potential ultimately must become an integral part of rural economic strategies. The Urban Functions in Rural Development approach can be used in implementing this analysis approach.

Important factors in the ongoing urbanization of rural Africa include more intensive and commercialized farming that produces agricultural goods in response to demand that originates from outside the immediate area. Demand can come from cities or from international markets.

Aside from the growth in population, the rapid urbanization of smaller settlements is largely due to the increased purchasing power of farmers and to the forward and backward linkages that exist in implementing an increasingly commercial form of agriculture.

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