PD-54
June 15, 1973

GUIDANCE STATEMENT ON URBAN DEVELOPMENT

The Administrator has signed the attached statement on AID's policies in the field of urban development (Attachment A). The policy statement is based on a staff paper entitled "Urban Growth and Development as a Component of Agency Policy and Programs," which is also attached. (See Attachment B.)

This paper is part of a series of policy papers which are under preparation, as stated in AID Circular A-50 (1/16/73).

Attachments:
A--Guidance Statement on Urban Development
B--Urban Growth and Development as a Component of Agency Policy and Programs

Address questions about this Policy Determination to TA/UD.

Attachment A to
PD-54

GUIDANCE STATEMENT ON URBAN DEVELOPMENT

Introduction

The Administrator's Advisory Council recently has discussed urban development program policy. This was based on staff papers developed through a long process of consultations, study, and analysis, involving field surveys in 19 developing countries and both informal and organized discussions with a large number of LDC personnel, U.S. experts, Agency personnel, and involved persons from developed countries and other assistance agencies. *

This statement provides interim guidance for Agency action in this field. It recognizes the development opportunities found in urban development, the need to give more systematic recognition to urban development as an integral part of national development, and the need to gain increased understanding of the complexities of urban problems, all with due regard to Agency program priorities. The guidance will need continuing reexamination over the next few years, as we learn more about needs and opportunities for focusing on the expanding urban dimensions of LDC development.

Background

AID has made sizeable investments in urban development, particularly in Latin America. While our knowledge of urban development processes is limited, it is growing. Meanwhile, competing demands for funds in agriculture, education, population, health, nutrition, and other fields are putting a heavy strain on Agency resources. Tight budget prospects deepen this problem.

Nevertheless, we must recognize certain facts.

- A large and growing proportion of LDC people are in urban areas. This situation often makes it easier to reach them effectively in pursuit of priority development goals such as employment, health, education, and family planning. Urbanization is a major dimension of development, affecting both rural and urban areas, that can not be separated out or ignored by LDC's as they strive for better lives for their peoples.

- The developing countries, AID, and other donors continue to make heavy investments in urban areas, without an adequate knowledge

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* The findings of this reconnaissance and study process are contained in Attachment B.

base or analytical guidance on the effects of alternative investments and policies, in the urban context, on their array of development goals. These investments will rise rapidly, regardless of the involvement of AID capital assistance.

There may well be an increasing number of situations in which LDC's are particularly interested in AID assistance in urban contexts. LDC's correctly see the United States as having relevant technical talents.

A further factor is that some other major assistance agencies have also been rethinking their role in this field. They have recognized the foregoing facts and the desirability of collaborative efforts.

Program Conclusions

Weighing these needs and opportunities along with the constraints on AID's pursuit of additional urban development activities at this time leads to the following conclusions:

(1) As a major development agency, AID needs to keep abreast of the urban dimensions of the development process in LDC's and to look ahead to the implications of their growing urbanization for LDC development programs and policies. Thus, we should continue to build on the good start already made in establishing our base of understanding.

(2) Country programs should continue to provide capital and technical assistance and investment guarantees for urban development, selectively, where cooperating country interest and support is strong and where the activities are comparatively potent means of improving the quality of life. This would include pursuit of opportunities to advance priority Agency goals by developing population, health, nutrition, and education programs aimed at the urban poor. In order to get the best results from these and other development efforts, we should support efforts to improve the systematic analysis of their interaction with the other factors affecting urbanization.

(3) As Agency resources permit, a modest set of R&D and interregional services activities should be supported to:

- increase the awareness and understanding of LDC decision-makers on urban problems;

- improve the quantity, quality, and accessibility of information available to LDC's on urban development;

. expand the availability of skilled manpower in LDC's to guide the process of urban development.

R&D efforts should to the maximum extent possible take into account the need of LDC's for pragmatic practical solutions to pressing urban problems. The efforts should be geared to the solution of these immediate problems and have a high transfer value.

(4) We should encourage other assistance organizations to become more active in this field, as feasible, including private voluntary organizations. For this purpose and to strengthen the impact of AID's other efforts, we should foster building of collaborative networks of R&D and experience sharing among LDC organizations working on urban development and selected U.S. and third-country organizations best able to contribute to their efforts.

Action Responsibilities

The division of responsibilities within AID applying to urban development should continue, as described in the attached Tables (Attachment B).

Approved: John A. Hannah
John A. Hannah
6-15-73
Date

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(The detailed Annexes are not being distributed with this Policy Determination but are available on request from the Office of Urban Development, Bureau for Technical Assistance.)

Attachment B to
PD-54

URBAN GROWTH AND DEVELOPMENT

AS A COMPONENT OF AGENCY POLICY AND PROGRAMS

February 12, 1973

Office of Urban Development
Bureau for Technical Assistance
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S. Department of State
Washington, D.C. 20523

Attachment B to
PD-54

URBAN GROWTH AND DEVELOPMENT

AS A COMPONENT OF AGENCY POLICY AND PROGRAM

Introduction

Global urban population has quadrupled during the last 50 years. The urban population of developed regions has increased by a factor of 2.75 compared with 6.75 for the less developed regions. Current U.N. projections indicate total population of the less developed regions from 1920-2000 will quadruple, while the urban population will grow by a factor of 20. The variations in level of urban population growth between geographic regions is considerable as Table I illustrates.

Variations between countries within regions also are significant; for example, in Africa, Ethiopia is 7% urban while Nigeria is 23%, and Morocco is 35% urban.

About one-half of the rapid urban growth stems from the unprecedented rural to urban migration during the post World War II period. This phenomenon is the consequence of the industralization/ modernization process taking place in most LDC's and shows no signs of abating.

The other half of the rapid urban growth has resulted from the factors related to a worldwide population explosion. The urban population base was already large and the high rates of increase produced even larger growth rates.

Such urban growth was not projected by demographers. Much about the process is not known and little attention has been given to its relationship to national development even though the urban growth has exerted large demands on limited resources of LDC's.

Attachment B to
PD-54

Table I

Urban Population Growth Rates by Region, 1950-1970
(Percent)

	Urban Portion of National Population			Urban Growth Rate	
	1950	1960	1970	1950-60	1960-70
World	28	33	34	3.4	3.2
Latin America	40	47	54	4.6	4.4
Africa	13	18	22	4.7	4.7
South Asia	12	13	14	3.3	4.4
East Asia	19	29	38	5.5	4.1

Source: FOCUS ON URBAN DEVELOPMENT: PERCEPTIONS, PROBLEMS, APPROACHES, NEEDS -- A Potential Role for U.S. Technical Assistance. A monograph prepared by the Office of Urban Development, Bureau for Technical Assistance (TA/UD), Agency for International Development (Washington, D.C., April 1972), pp. 205-209.

Urban development can be viewed as a process encompassing the physical growth of the city, the concentration, stimulation, and amount of economic activity, the attitudes of its inhabitants, the adaptation of its institutions, and the relationship of the urban center to the region and the nation. To the extent a city's vital functions fail or its developmental potential is impared, its positive impact on regional or national development will be lessened.

The city's linkages with a region, with other cities, and with the national economy determine the influence it exerts beyond its own boundaries. The magnitude of the city's influence depends on many factors which in turn are subject to control and direction by national policies and influence the allocation of resources.

Urbanization has usually been considered mainly in terms of the individual problems which accompany it; e.g., inadequate housing, lack of water and sewerage, unemployment, congestion, environmental degradation and social dislocation. However, this perception is limited; the very nature, problems, and advantages of urbanization are so complex that they demand careful and considerable attention. The perception of the process must be understood in its broadest terms and not in its separate parts. An attack on the separate parts of the urban problem leads to fragmented and spasmodic solutions. For example, resources allocated to build houses alone will not meet the needs and demands of the people who live in the houses.

The Perception of Urban Development

Although there are some disagreements on terms, urban development can usefully be perceived as a sector. A sector has been defined flexibly for AID programming purposes as a set of activities that are "either sufficiently homogeneous or closely enough interrelated and linked to warrant special identification and treatment in analysis and in the allocation of resources."1/ Sector analysis, defined as "a study of the principal factors governing development of the sector for the purpose of identifying manageable, integrated projects and policies with payoff," can be applied to urban development and provide methodology to perceive and plan program options for the broadly defined urban sector.1/ Thus, it is convenient to use the sector terminology to refer to activities specifically focusing on the urbanization process, even though urbanization considerations are a dimension of most other sectors in which AID is active.

The United States has been slow to respond to the phenomenon of its own urban growth. Scholars too have been slow to recognize and examine the implications of urbanization. With few notable exceptions, social scientists and physical planners have not anticipated the urban problems that exist in both advanced and developing countries. Only in recent years has the urban issue appeared with any regularity and depth in the development literature and the state-of-the-art is still in its infancy. Within this atmosphere, U.S. urban initiatives in foreign assistance efforts have been inconsistent and sporadic.

A further major contributing factor for the lack of focus on urban development in AID's efforts was its preoccupation with rural

1/ AIDTO Circ. A-1583

interests in developing countries. This was not necessarily an irrational concentration. During the 1950's and 60's the concern with major food shortages in many LDC's made it necessary to direct much of the Agency's assistance to the areas responsible for increasing food production. This need still exists.

Recent Developments

Meanwhile, there has been a movement in the developing countries to establish their own urban priorities and policy requirements. References to urban problems and urban strategies have been noted for the first time in the latest 5-year development plans of a number of countries.

The Agency reform program has established goals of reducing poverty and unemployment, improving income distribution, and controlling population. All can be influenced significantly by policies which reflect the urban dimensions of development, thereby exploiting the special features of concentration and accessibility in cities. For example:

Poverty - A major facet of the urbanization process is integration of the rural poor who have migrated to the city and into the modern sector. This process has been and can be influenced positively.

The urban poor are a more accessible target group for specific policies and programs than the rural poor.

The urban poor, especially recent migrants, often possess characteristics essential to development. They came to the city under conditions of risk, seeking opportunity and change.

Unemployment - New employment is a principal product of the city. The dimensions and nature of urban unemployment are ascertainable. The close proximity of a tangible problem and potential solutions is an asset to be exploited.

Population - Urban populations are younger and hence more fertile as a group than rural populations. They also are less conservative, more susceptible to rising expectations, more literate and educated, and subjected to lower death rates than rural populations. They are an obvious, concentrated, and accessible target for intensive population study and programming.

Income Distribution - Guiding the development of cities can help bring about a more even regional income distribution. The stimulation of selected cities to help develop and integrate lagging and/or isolated regions is just one example.

Rural Development - Urban centers, large and small, influence the course of development in rural areas. They stimulate crop diversification, increased productivity, and commercialization of Agriculture by providing cash markets for agricultural goods. They provide a source of agricultural inputs for agricultural improvement and a source of supply of other agricultural commodities that permits geographic agricultural specialization. Urban centers can absorb some of the surplus rural population which in turn stimulates rural-urban exchanges--the flow of ideas, money, and goods. All of these attributes can be exploited more effectively if integrated into conscious policy.

During the past 2 years, several international donor agencies--e.g., the Ford Foundation, International Bank for Reconstruction and Development, and AID--have been rethinking their previous efforts in urban development, seeking new directions, and assessing the problems and resources for solving them. In response to the Agency's concern for policy and program guidance, the Office of Urban Development of the Bureau for Technical Assistance (TA/UD) has been engaged in a deliberate, "bottom up" process of identifying urban problems in developing countries, the approaches and resources employed to address the problems in these and other countries, and a possible role for external assistance. Many descriptive and analytical documents and working papers have been prepared, the major one being a widely circulated monograph entitled "Focus on Urban Development: Perceptions, Problems, Approaches, and Needs--A Potential Role for U.S. Foreign Assistance."

The process has involved a literature review, field surveys and visits in 19 developing countries, consultations with a host of U.S. experts, government officials, and Agency personnel, consultations with other donors, and an Agency Urban Development Workshop involving U.S. AID and AID/W representatives. The considered judgments of nearly 500 knowledgeable people in developing and developed countries have helped to select and to develop the content of this paper and the proposed Agency policy guidelines that will follow.

PROBLEMS OF URBAN DEVELOPMENT IN DEVELOPING COUNTRIES

through the sporadic and disjointed approaches which have been employed in the United States and elsewhere. Therefore, a lack of success has led to frustration, discouragement, disillusionment, and a curtailment of effort.

The following delineation of urban problems is an attempt to present their characteristics as they are perceived and manifested in developing countries. The purpose is not to reinforce the negative perception of the urban situation. On the contrary, it is hoped that succeeding sections of the paper will reveal ways in which urban problems are being addressed and might be approached more effectively. (A more detailed description of urban problems is in the Annex.)

Focus Defined

The notion that the city plays a positive role in regional and national development was reinforced repeatedly during the various phases of the TA/UD study. Despite positive evidence, the relationships between urban and national development often are misunderstood. More information is required at all levels, especially at leadership levels.

The focus of the TA/UD study was not the city per se. The concern was more with the day-to-day functioning of the city and its linkages to overall national development. The city is seen as absorbing, organizing, and employing resources (inputs) which improve conditions within the city and enhance the city's developmental impact on its region or nation. The city is seen also as producing goods and services (outputs) for regional and national development.

Two distinct and interacting categories of problems were revealed--namely, problems of the condition and day-to-day functioning of the urban environment and problems of the system of inputs for national urban development.

Functional Problems

Included in the set of day-to-day operational problems are rapid urban growth, attitudes and perceptions of recent arrivals, employment, housing, infrastructural facilities and services, and pollution. Of this first category, the most fundamental is the universal problem of rapid urban growth which can intensify all of the other problems within the urban environment.

The problems of the condition and day-to-day functioning of the urban environment are most acute in the larger cities. These problems have developed at such a rate and on such a scale that they are out of reach of existing resources and short-run solutions. This is true especially of urban unemployment, housing, and infrastructure. These problems are discussed further in the Annex.

Problems of the System

At the heart of the second category of problems are the nine major factors in the urban development process -- namely, perception and leadership, national urban development policy, legal framework, institutions, manpower, information (including research), planning, financial resources, and administrative capacity. These factors appeared to be the principal ones in the system of elements for national urban development.

Further analysis indicated that some of the problems of urban development are a function of the internal weaknesses and inadequacies of these factors or their absence altogether. The analysis revealed also that these factors seldom were comprehended as being interdependent when applied to urban development. The need for their coordination, orchestration, and integration through urban and national development policies was not perceived, generally speaking.

The problem of trying to deal with all nine factors led to a recognition that the linkages between them were not of equal strength or importance. Some of the factors are greater constraints in the urban development process than others. For example, perception and leadership, manpower, and information are the principal determinants, affecting all of the others, and of these the perception and leadership factor is the most serious constraint. At the other extreme, planning is the most conspicuous example of an input which is heavily dependent on or constrained by the others.

The fact that these nine factors are parts of a system suggests that piecemeal or narrowly conceived approaches to urban development will be much less effective than approaches that reflect serious consideration of the system and its linkages and interdependencies. (Additional information on this area can be found in Annex I, summarized in the table at the end on "Suggested Linkages Among the Factors in Urban Development.")

APPROACHES AND RESOURCES FOR URBAN DEVELOPMENT IN DEVELOPING COUNTRIES

Some constructive work is underway in the developing countries and elsewhere to meet pressing urban development needs, despite a general sluggishness on the part of many governments and international aid agencies to include urban assistance activities in their developmental framework. Many innovative approaches are being tried and standard mechanisms are being applied successfully, sometimes in imaginative ways.

There is also a small group of well qualified, perceptive, dedicated, and hard-working professionals in many developing countries. They are responsible for many of the positive results in urban development efforts and they constitute a valuable and vital human resource for planning, designing, and implementing future activities.

Urban problems have been perceived in terms of specific physical needs such as housing, water, sewerage, transport, and power. As a result this approach represents the major way urban problems have been dealt with and the way in which the bulk of resources have been allocated. The approach has been characterized by a failure to coordinate projects and programs addressed individually to these physical needs.

Urban planning also has been approached in several ways. The predominant physical planning with its narrowly perceived approach has been mentioned above. There are a few instances of integrated, multidisciplinary approaches to metropolitan planning. Most of the important new developments are taking place at the national and regional levels where most of the skilled manpower and some of the major constraints to an improvement of planning at the local level are located. (A fuller description of these approached is in the Annex.)

Institutional Resources

The quality and quantity of available resources for urban development vary from country to country and at the national, subnational, and municipal levels of government. If it achieves recognition at the national government level, urban development usually is coupled with and is subordinate to housing. Little is known about the place of urban development in subnational structures. These are special development corporations at the regional or state level which usually are responsible for developing a satellite town, a new town, or a growth center in a regional or area development scheme.

There are many planning and housing and urban development departments at the municipal level of government. Special authorities also are used for public service and metropolitan development programs.

The proliferation of department and special authorities at several levels of government is accompanied by weak coordinating mechanisms, if they exist at all.

With few exceptions the most available and least used of nongovernmental resources in the developing countries are the universities. On the one hand political leaders and bureaucrats are reluctant to exploit these resources; on the other hand, university officials and professors resist becoming involved. The gap is being bridged in some countries; however, the universities do not yet provide much training for urban development specialists.

Other nongovernmental resources, very thin in developing countries, include municipal associations, professional societies, and church councils. Independent research efforts, seminars, and conferences provide additional resources, some of which are supported by bilateral and international assistance.

AGENCY EXPERIENCE IN URBAN DEVELOPMENT

Urban and urban-related activities are not new to the Agency. An analysis of AID and predecessor agency involvement in this field from FY 1949 through FY 1971 indicates 154 technical assistance and 115 capital assistance grant and loan projects which addressed urban development problems in some form. In addition, there have been 640 capital assistance projects whose effect on urban development is believed to have been considerable. The nature of urban development in cutting across other sectors is such that many of the Agency's investments in both capital and technical assistance impact on urban centers and influence urban development, either directly or indirectly.

Underlying this rather broad spectrum of involvement is the fact that most of this activity has been ad hoc in nature. No framework has been provided or employed to take stock of the urban impact of these projects. Project activities generally have reflected subsectoral considerations, such as housing, various physical facilities and services, and public administration. No clear linkages are evident between projects.

In 1965 some attempt was made to address this shortcoming. The U.S. Urban Development Committee of the International Cooperation Year made a number of recommendations to the President concerning international urban problems. They were, in part, the basis for establishing the United Nations Center for Housing, Building, and Planning, and adoption of fledgling urban development guidelines within AID in 1966. (See M.O. 1612.83.1 - Urban Development and Housing Policy.) The guidelines gave recognition to investment in housing as a function of national economic development, to urban centers as loci of progress and stability, and to planning as a necessary precursor of assistance

to urban development. As a policy and operational guidelines for the Agency, however, they had relatively little impact except in the Latin American region, traditionally in the vanguard of Agency initiatives in urban development.

Technical Assistance

The Agency's low level of commitment overall is suggested by the fact that only 1.5% of total investments in technical assistance activities over the period examined (1949-1971) were in areas broadly defined as addressing urban development. Of this, more than 60% of the Agency's urban technical assistance investments have been made in Latin America (see Table II). Table III indicates the broad categories of activities considered, and shows the Agency's pre-occupation with housing and planning. Urban education is also a dominant theme, but less meaningfully in this context as it includes all technical assistance projects explicitly directed at the improvement of educational institutions or facilities in urban areas.

Table II

Total AID Technical Assistance Urban Development Projects, 1949 - 1971: Expenditure by Region

Region	No. of Countries	No. of Projects	Expenditures ($000)	Expenditures % of Total
Latin America	18	74	$40,385	60.6
Africa	11	25	10,080	15.1
Near East/S. Asia	11	29	9,561	14.3
East Asia	6	21	4,740	7.1
Nonregional	-	5	1,904	2.9
Total	46	154	$66,670	100.0

Table III

Total AID Technical Assistance Urban Development Projects, 1949 - 1971: Expenditure by Project Category

Category	Expenditures ($000)	% Total
Urban Education	$16,447	24.7
Housing	13,747	20.6
Planning	9,206	13.8
Urban/Community Development	6,965	10.5
Urban Transport	5,086	7.6
Urban Services	4,483	6.7
Municipal Administration	2,573	3.9
Other	8,163	12.2
Total	$66,670	100.0

Sources: Stephen W. Cooley, A.I.D. TECHNICAL ASSISTANCE FOR URBAN DEVELOPMENT: A Study of Agency Experience, 1949-1970 (Washington, D.C., June 1971), pp. 4 and 21; and Mariko Fukuda, A.I.D. TECHNICAL ASSISTANCE FOR URBAN DEVELOPMENT: Experience and Trends During Fiscal Year 1971 (Washington, D.C., November 1972), pp. 2 and 10. These reports were prepared for the Office of Urban Development, Bureau for Technical Assistance, Agency for International Development.

Capital Assistance

A review of AID capital assistance projects reveals a substantial Agency investment influencing the urbanization and urban development processes. More than $407 million have been allocated to 115 grant and loan projects during the period of FY 1949 through FY 1971. Most of this investment has gone into housing and project support for housing exclusive of the Housing Investment Guaranty loans, potable

water systems, and environmental sanitation. Only a small fraction was used for intercity highways and urban transit and traffic engineering. The breakdown is given in Table IV.

The capital assistance expenditures for urban development follow the pattern noted earlier for technical assistance -- namely, that 69% of the total Agency urban capital assistance investments have been made in Latin America (Table VII).

It is much more difficult to identify and assess the impact of other capital assistance projects on urban development. It would appear, however, that more than 640 projects costing nearly $4 billion have had varying and significant influence. Table V summarizes total Agency data on power and communications, highway, railway, manufacturing and processing, and other categories, all of which in this analysis are assumed to have an impact on cities. The expenditures of Tables IV and V represent 67.5% of the total Agency expenditures and obligations in capital assistance during FY 1949 through FY 1971. The comparable amount for technical assistance is only 1.5%. Illustrative of this imbalance is the NESA Region which has obligated more than $1.8 billion for capital projects influencing urban development (Table VI) and less than $10.0 million for technical assistance in this area (Table VII).

Table VI gives a regional presentation of the totals in Table V. Table VII shows the combined capital and technical assistance figures for urban development projects by region.

Table IV

AID Capital Assistance Grants and Loans for Urban Development, FY 1949 - FY 1971: Total Number of Projects and Expenditures and Obligations by Category*

Category	Number of Projects	Expenditures and Obligations ($000)	% of Total
Housing	46	205,333	50.2
Urban Potable Water	13	79,457	20.0
Environmental Sanitation	44	77,764	19.0
Intercity Highways	8	28,892	7.0
Project Support for Housing	2	13,698	3.3
Urban Transit and Traffic Engineering	2	2,306	0.5
Total	115	407,450	100.0

Source: Compiled by Eric Chetwynd from "Capital Assistance Completed Projects (W 253)," Office of the Controller (Washington, D.C., Agency for International Development, June 30, 1971).

*These figures and those in subsequent tables combine expenditures (taken from W 253 report of "Capital Assistance Completed Projects") and obligations (taken from W 253 report of ongoing "Capital Assistance Projects"). Figures for Viet-Nam are not included because of the special nature of many of the capital projects undertaken there.

Table V

AID Capital Assistance Grants and Loans Influencing Urban Development, FY 1949 - FY 1971: Total Number of Projects and Expenditures and Obligations by Category

Category	No. of Projects	Expenditures and Obligations ($000)	% of Total
Power and Communications	169	1,416,421	35.6
Highways	132	754,998	19.0
Railways	51	588,371	14.8
Manufacturing and Processing	125	505,509	12.7
Development Banking and Investment Credit	59	312,945	7.9
Air Transport	59	170,732	4.3
Port Facilities and Harbor Improvement	21	81,224	2.0
Engineering and Construction	19	82,648	2.0
Communications	13	67,544	1.7
Total	647	3,980,386	100.0

Source: Chetwynd, ibid.

Table VI

AID Capital Assistance Grants and Loans Influencing Urban Development During FY 1949 - FY 1971: Number of Projects and Expenditures and Obligations by Region

Region	No. of Projects	Expenditures and Obligations ($000)	% of Total
Near East and South Asia	180	1,853,212	46.6
Latin America	130	825,663	20.7
East Asia	212	783,089	19.7
Africa*	125	518,422	13.0
Total	647	3,980,386	100.0

*Includes Europe (Iceland, Spain, and Yugoslavia)

Source: Chetwynd, ibid.

Table VII

Total AID Capital and Technical Assistance Urban Development Projects, 1949 - 1971: Amount by Region

Region	No. Projects			Amount ($000)		
	Cap.	Tech.	Total	Capital	Technical	Total
Latin America	58	74	132	284,141	40,385	324,526
Africa*	30	25	55	86,419	10,080	96,499
Near East/S. Asia	9	29	38	18,574	9,561	28,135
East Asia	18	21	39	18,316	4,740	23,056
Nonregional	-	5	5	--	1,904	1,904
Total	115	154	269	407,450	66,670	474,120

*For capital assistance, Africa and Europe (Iceland, Spain, and Yugoslavia).

Source: Chetwynd, ibid. and Cooley, and Fukuda, op. cit.

Housing Investment Guaranty Program

AID capital investment in housing through the Housing Investment Guaranty (HIG) program has been substantial. The program was started in the Latin America Bureau and initiated by Congress in 1963 with guaranty authority of $10 million. Since then the program has become global and the authority expanded to $780 million, of which some $472 million has been committed ($50 million to Africa, $85 million to Asia, and $337 million to Latin America). The focus has been on long-term housing credit, housing demonstration projects, and support to local housing investment and savings institutions.

The HIG program is being studied currently by an Agency task force in an attempt to integrate it more closely with the Agency's overall developmental objectives. The effort will culminate in a proposed Agency shelter strategy. Housing is such an integral component of urban development that the Agency should make every effort to insure coordination of its urban development and shelter strategies.

Current Activities

With increased international interest in urban development, AID's programming has begun recently to take a more positive and integrated approach in this field. Once again the initiatives have been concentrated almost exclusively in Latin America. The most notable example is the Colombia Urban Sector Loan. This loan, now in its second phase, provides for a $67 million input into the Colombian Government's urban/regional sector development program, an effort which is national in scope and is keyed directly to achievement of major national development objectives, such as regional integration (economic and demographic decentralization), employment generation, and income distribution. The Mission has been involved heavily in the Colombian urban/regional sector analysis, a pioneering effort for the Agency.

Similar themes have emerged in recent small loans and technical assistance projects for Ecuador, Paraguay, Panama, and Honduras. The emphasis is on stimulation of secondary or interior cities (poles of development) in order to retard migration to major centers and to promote hinterland development. In Bolivia the focus is on development of a newly created National Urban Development Service.

Other Missions, such as Brazil and Kenya, are giving serious consideration to potential initiatives in urban development. Guatemala

is an example of a Mission experimenting with development of new sources of employment and provision of social services for rural-urban migrants. In Viet-Nam, the U.S. AID Mission's new Thu Thiem development project is an example of innovation in planning for comprehensive urban area development.

A new trend is reflected in these recent activities, although their number is still modest and their geographic distribution unbalanced. Most are pioneering efforts and the need for recognition and guidance by Agency policy has been expressed frequently by those responsible for them.

Organizational Setting

There is no current organizational focal point for urban development in the Agency; there are several Bureaus and Offices with responsibilities in this area.

The Office of Housing in the Bureau for Program and Management Services (SER/H) is responsible for administering the large HIG program. In addition, it provides services for other housing needs requested by the Regional Bureaus.

The Office of Engineering (SER/ENGR) established a small urban planning unit in 1971 to review and help coordinate separate infrastructural and building projects in urban centers. Policy guidelines are being explored. In addition, that unit has initiated a pilot study of labor-intensive construction technologies for housing and supporting infrastructure.

The Office of Science and Technology (OST) of the Bureau for Technical Assistance (TA) has been developing resources for technical applications of science and technology to some aspects of urban development, particularly industry. This is an element of OST's 211(d) grants to Cornell and M.I.T. Low cost construction material R&D is also underway.

In the Regional Bureaus, Latin America and Supporting Assistance have backstop units in urban development. Latin America Bureau's Housing, Industry and Urban Development Division is situated in the Office of Development Resources. It is responsible for technical and operational backstopping of urban development programs in the region. The focus of the unit has been on institutional development for housing finance, pilot projects for low-income housing, urban planning,

and more recently on urban sector backstopping and innovations in urban development programming. Many of the Latin America field Missions have specific units or offices designated to handle urban development and housing affairs, including the Regional Offices in Guatemala and Argentina.

The Bureau for Supporting Assistance (SA) has a backstop officer for urban, environmental, and aviation affairs in its Office of Capital and Commercial Development, who services Viet-Nam and the other SA countries. U.S. AID/Viet-Nam is the only Mission outside Latin America with a special unit for urban development affairs; it is now the responsibility of CORDS.

The principal Agency overview of urban development has been provided by the two-man Office of Urban Development (TA/UD), augmented by short-term use of some supplemental resources. Since late 1970, it has carried out a comprehensive reconnaissance and analysis of worldwide urban development situations and LDC needs, of resources actually and potentially available throughout the world to address these needs, and of views on how best to proceed in the field. It has also responded to Bureau and Mission requests for technical backstopping. It has worked with the aforementioned units in the Agency in a sector analysis of urban development and in developing proposed policy and program guidelines. There also has been considerable communication among these Agency units and coordination with other donors during the past 2 years, in light of the recent heightened interest in urban development on the part of several donors.

URBAN DEVELOPMENT PROGRAMS OF OTHER DONORS

Only in recent years has the attention of international aid agencies been drawn to urban development. Hence, their contributions to solving urban problems in developing countries have tended to be occasional, scattered, and piecemeal. A brief overview is provided by Table VIII.

Multilateral Assistance

The United Nations Development Program (UNDP) has the greatest commitment in this area in terms of number of projects and countries assisted. There are currently more than 80 active projects in 60 different developing countries. In addition, the United Nations is supporting some regional training and research centers and the major research project on regional development and growth poles by the United Nations Research Institute for Social Development in Geneva. The U.N. Center for Housing, Building, and Planning is the U.N. focal point for urban programs.

The IBRD published its Urbanization Sector Working Paper in June 1972 -- the culmination of approximately 2 years of analysis. Among other findings it was discovered that already $13 billion (or 75%) of bank lending to developing countries has been "directly urban-related" -- that is, mainly for electric supply and interurban transport. The Bank has identified urban transportation, land use, and housing as the three emphases in its program for 1972-1976, consisting of $700 million for some 40 projects in nearly 30 different cities. In research, the Bank will concentrate on matters of operational significance related to the activities above.

The OAS has a relatively active new urban program in Latin America. Its policy for technical assistance to urban development has three emphasis; in order of priority they are: promotion and development of national urban development strategies, assistance to local level metropolitan planning and administration, and overcoming bottlenecks in the construction industry. Six multidisciplinary regional urban development field teams are stationed permanently at various points throughout Latin America to implement this strategy and to service the region.

The Inter-American Development Bank (IDB) has been concerned with urbanization in Latin America since the inception of the Bank's operations in 1960. Experimenting with various means of integrating and combining capital and technical assistance has resulted in several organizational and policy changes, the latest of which was begun only recently. Traditionally, the IDB has invested about 20% of its loans (approximately $900 million) in water, sewerage, and housing. In addition, IDB has sponsored and cosponsored conferences and workshops.

Bilateral Assistance

Bilateral technical assistance is not of great consequence in urban development, with the exception of what is given by the United States in Latin America, Japan in Asia, and France and Great Britain in Africa. Japan's current involvement is limited mainly to master plan development for specific urban physical facilities. France and Great Britain are involved principally in town and regional planning in their former colonies. Other countries involved in one or more projects are the Netherlands, Denmark, and Sweden (primarily housing research and training), and West Germany (city and regional planning and transportation studies).

The Ford Foundation is nearing publication of an internal study which is similar to the ones which the IBRD and AID have just completed. The Foundation's traditional and occasional involvement in this field has been support of selected research and small pilot projects, some institutional support, fellowships for training abroad, and a number of independent studies. The one exception is the Foundation's substantial and continuing involvement with the Calcutta Planning Project and the Calcutta Metropolitan Planning Organization.

The Peace Corps has had an extensive technical assistance involvement worldwide with more than 300 volunteers working in various aspects of municipal development. It is not known how much these programs have been affected by the recent and significant organizational changes.

The substantial capital assistance for investments in or influencing urban areas is dominated by major donors. According to crude U.N. figures for 1968-1969, the United States, France, and the United Kingdon (in that order) contributed almost all of the total of more than $300 million committed for bilateral programs in housing, building, and planning.

The Stockholm Conference

The recently concluded United Nations Conference on the Human Environment declared that "a point has been reached in history when we must shape our actions throughout the world with a more prudent care for their environmental consequences..." The Conference went on to recommend that "all development assistance agencies...give high priority to requests of governments for assistance in the planning of human settlements..."

Collaboration and Cooperation

The foregoing inventory, while incomplete, indicates that important programmatic changes are taking place and external assistance for urban development is increasing. The emphasis seems to be on the need for better utilization of the substantial capital assistance resources which already are being employed, rather than additional capital resources. There is much evidence also of the need and the opportunity for collaboration and cooperation to bring harmony to policies and investments in this field.

During their recent studies of urban development, the representatives of the various donor agencies maintained close contact,

especially those who were engaged in similar studies. The exchange of information and critiquing of one another's findings have become well established. In fact, some of this interagency exchange has been organized informally; occasional meetings are called by the U.N. Center for Housing, Building, and Planning for interested donors.

Most aid donors have acknowledged the need for additional assistance in and innovative approaches to the problem areas of perception and and leadership, manpower, and information and stressed the desirability of greater cooperation and coordination among donors. More specifically, the U.N. Center for Housing, Building, and Planning has expressed a desire to collaborate in research efforts. IBRD officials recognize the need for additional technical assistance to support their more capital assistance-oriented efforts in housing, land-use, and transportation. The OAS is seeking ways of using more creatively and effectively its resources for urban development, including its six regional field teams, in cooperation with other resources. Ford Foundation officials also have expressed a desire to combine the strengths of that organization with those of other aid agencies to advance the state-of-the-art and to strengthen and make more accessible the limited pool of expertise in urban development.

These agencies not only have had experience in this field, but also all of them quite recently have taken a fresh look at what they should be doing to address more effectively the urban aspects of national development. It would seem that this combination of factors (experience, timing, and desire) provides a very special opportunity for a high degree of meaningful cooperation and coordination at the policy, program, and project levels.

Table VIII

International Assistance for Urban Development:
By Donor and Project Category

Category	UNDP	IBRD	OAS	IDB	Corps	Fndn	France	UK	Japan	Other
Capital Assistance										
1. Housing		X		X			X	X		
2. Water				X			X	X		
3. Sewerage				X			X	X		
4. Transportation		X					X	X		
5. Power		X					X	X		
Technical Assistance										
1. Instit. Building			X			X				
2. Training	X		X			X				X
3. Info/Research	X		X	X	X	X				X
4. Planning	X	X	X		X		X	X	X	X
5. Administration	X		X		X					
6. Surveys	X									
7. Bldg. Industry			X							
8. Housing	X		X	X						

Source: FOCUS ON URBAN DEVELOPMENT..., op. cit., pp. 156-159.

ISSUES AND RECOMMENDATIONS

On the basis of the foregoing analysis of the problems of rapid urban growth and development, the Agency's experience in dealing with them, and other approaches and resources which are being applied to addressing these problems, the Agency should:

(1) Give official recognition to urban development as an integral part of national development and subsequent wide publication of such a policy decision.

(2) Examine current Agency capital and technical aid efforts related to urban development to emphasize the Agency's new sectoral approach to development assistance.

(3) Focus on three problem areas -- perception and leadership, information, and manpower -- in order to give direction to the implementation of the new policy on urban development; in so doing, it should complement what the Agency, other donors, and the developing countries are doing already in this field.

(4) Seek to increase, largely through centrally funded research and development efforts, knowledge about the urban development process.

(5) Commit sufficient resources to support efforts which are designed to improve Agency and developing country capability to exploit the development potential in the processes of urbanization and urban development.

Enhancing Current Efforts

Agency programming is a process initiated in the field, usually with the benefit of AID/W policy direction and support. Substantial activities are supported already by some of the Latin America Missions while urban development problems and opportunities are still at a very low threshold of perception in many of the countries receiving AID assistance. The primary objective of the recommended policy direction and of the specific activities proposed for its implementation is improvement of field Mission programs and of AID/W support to them. More specifically, they are designed to assist Missions in dealing with cooperating-country needs and proposals in urban development by

(1) supporting and enhancing ongoing activities, (2) encouraging consideration of meaningful projects in countries where urban development activities and problems are coming to the fore, and (3) providing accessibility to information and a framework for analyzing and monitoring activities in those countries not yet ready for explicit urban-development programming.

Principal requirements in programs sponsored by Missions and Regional Bureaus in urban development are timely access to qualified outside expertise, access to information on operational and state-of-the-art problems, knowledge of U.S. and LDC institutions with expertise in these areas, and mechanisms for understanding the problems under consideration. There is also a need for the skills and approaches required for country analysis of urban development in a sectoral context. Above all, there is need for Agency backing and guidance for initiation of these new activities. All of these requirements are addressed in the policy, priorities, and activities being proposed.

Providing these and related urban development services will strengthen the capabilities of Agency central technical offices to provide support in their fields of specialization. For example, their operational and backstopping responsibilities will be strengthened by a concerted Agency policy in urban development and specific activities geared to operating on perception and leadership, manpower, and information as defined in this paper. Projects which examine the U.S. experience in urban development, Agency investments impacting on urban development, and land-use approaches will be particularly valuable to the operational activities of the Office of Housing and the general backstopping responsibilities of the Office of Engineering. The Office of Population, heretofore not mentioned in this context, will be aided by those elements of the proposed program that would support study, and promote recognition, of the variety of consequences for urban centers of rapid population growth and migration and the spatial distribution of population.

The most telling effect of the proposed policy and activities, if implemented, would be to orchestrate and bring more focus to Agency activities in urban development, thus exploiting more fully the role of the city in national development and contributing to the achievement of Agency objectives.

New Points of Intervention

In addition to supporting ongoing and new efforts at the level of country Missions and Regional Bureaus, it is recommended that the

Agency focus on the three factors in the urban development process having the most influence, not only on the functions of the urban environment, but also on the linkages in national development. They are: perception and leadership, manpower, and information. (See "Problems of the System," p. 9, ff.)

It is recognized that the degree of constraint varies from country to country. For example, in some countries perception and leadership at the national level no longer poses the major obstacle; in others, it should be the starting point for country and Mission programming. Nevertheless, according to the analysis, these three factors are serious constraints in the urban development process in many developing countries.

The most serious constraint is perception and leadership. This refers to perceptions and attitudes on the part of leaders and resource allocators at all levels in developing countries. It includes sensitivity to urban problems, awareness of the city as a complex subsystem within the national environment, understanding of the essential interactions between the city and its hinterland (metropolitan or region) and other cities, and a comprehension of the vital role of leadership in addressing the problems of urban development.

Manpower, the second problem area, refers to a cadre of skilled professionals and paraprofessionals in developing countries which understands the basic factors and linkages in urban development and the role of the several professions and disciplines (such as planning, law, administration, finance, and others).

The third problem area, information, is the substance from which other factors (especially the two factors mentioned above) derive much of their sustenance. It includes basic information on urban conditions, problems, and resources in developing countries, access to the literature (case studies and comparative analyses as well as conventional wisdom) and to the results of practical experience and technological breakthroughs, and the institutional capacity to use what is available and to produce and share additional data.

For these new points of intervention there will be activities involving research and development. The starting points are:

(a) An introspective analysis of relevant aspects of the Agency's experience to determine if appropriate sector analysis and project guidelines can be developed to take into account and exploit the urban impact of AID activities. This is recommended as a topic for an early Spring review.

(b) An analytical accounting of U.S. domestic experience in urban development with relevance for developing countries. The purpose is to help sensitize decision-makers in LDC's to the positive and negative aspects of the U.S. experience and to the range of policy options open to them.

(c) Development research on practical and adaptable approaches to land use analysis and planning -- a basic element in the planning process and a powerful tool in urban development.

(d) Promotion of a U.S. consortium of research, manpower, and information resources for international urban development through linked 211(d) grants to several institutions. These in turn would be linked with leading LDC institutions in joint research, training, and other colloborative activities, with heavy emphasis on practical problem solving. This consortium will become an important and leading U.S. node of a now infant international network of urban development resources.

(e) Fostering of institutional capacity in developing countries for sector analysis and problem solving in urban development. This activity will focus on specific urban development institutions in developing countries to promote their growth and strengthen network linkages.

(f) Helping to overcome the lack of established channels for systematic development and exchange of experience, information, and research in urban development by promoting an international consultative mechanism for network development.

Initial concentration on the three new areas -- perception and leadership, manpower, and information -- necessarily requires long-term developmental activities. However, they must be complemented and sustained by other activities which in the shortrun will address pressing operational problems. The new activities outlined above contain elements of both approaches. (More details of these activities are in Annex III.)

The proposed activities also have a very close identification with the new programming approaches which are part of the Agency reform. A collaborative, "bottom up" style has been used in the very formulation of the activities and is emphasized in the proposed steps of implementation. The suggested division of labor in AID (Table IX) seeks to reflect and to project this style. The location and use of a broader range of resources, including American private groups, have only to be continued and expanded from a substantial beginning during the sector analysis.

All of the activities are designed to contribute significantly to the development of a network of information, institutions, and other resources which can be used to seek solutions to urban-development problems. A broad international network is envisioned, and there have been already some encouraging attempts among donor organizations to find ways of sharing development assistance responsibilities and coordinating assistance efforts in urban development.

Table IX

Suggested Division of Labor in AID/W for Urban Development*

Regional Bureaus	Office of Engineering	Office of Housing	Office of Population	P P C	T A Bureau
1. Backstopping existing programs. 2. Sector analysis in cooperation with central resources offices. 3. Program planning. 4. Development of linkages with other program efforts.	1. Engineering and construction aspects of development. 2. Feasibility studies and project review. 3. Recruitment of engineering and construction resources on request.	1. Administration of Housing Investment Guaranty Program. 2. Financing other housing and related urban infrastructure. 3. Technical assistance in housing and shelter sector analysis. 4. Recruitment of housing and housing finance resources on request.	1. Implementation of population policy. 2. Demographic research. 3. Migration studies.	1. Guidance for sector analysis. 2. Coordination of urban development activities with new areas of Agency concern such as employment and income distribution. 3. Management of efforts to develop analytical guidelines on the urban impact of Agency investments.	1. Leadership in developing awareness and an integrative focus in the Agency. 2. Leadership in urban development research, including sector analysis methodology. 3. Development of resource capability via a. in-house training and recruitment, b. talent banking, c. centers of excellence, d. developing-country institutions. 4. Technical assistance backstopping for sector analysis and project design. 5. Overall Agency relations and representation with international agencies and timely liaison with appropriate units in the Agency.

*NOTE: This breakdown is intended to be illustrative, not comprehensive or exclusive. Several of the listed responsibilities are shared by more than one Agency unit. Underlying the Agency's policy and program for urban development is a conscious effort to relate them operationally to other Agency policies and programs, and to involve appropriate units within and outside the Agency in their implementation. For example, the areas of concentration are related closely to key problem areas, such as multipurpose health-delivery systems, environmental sanitation, local-action capability, management of operational services, nonformal education, and tailoring and diffusion of industrial technologies to fit developing-country needs. They also are linked closely with the new emphasis on employment and equitable distribution of income.