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A set of guidelines proposed for use by local institutions in planning for participation in the AID Housing Guaranty Program. The main thrust of this report is a recommendation that social and economic program components be combined with Housing Guaranty Projects in settlement upgrading, sites and services, to form an integrated response to the needs of the urban poor. Such a combined approach will integrate the program components and raise the probability of improving the standard of living of participating households. This report identifies program components used in the past in developing countries, discusses delivery system options, analyzes potential target groups, and presents a planning framework for projects entailing a strategy for developing a city-wide program. In discussing the evaluation of projects, the report emphasizes that selection of a project area for evaluation should be made before the project is initiated, so that a baseline survey can be conducted. If possible, the evaluation program should include a control group in a settlement not scheduled for improvement, so that effects of the project can be compared against the control group.

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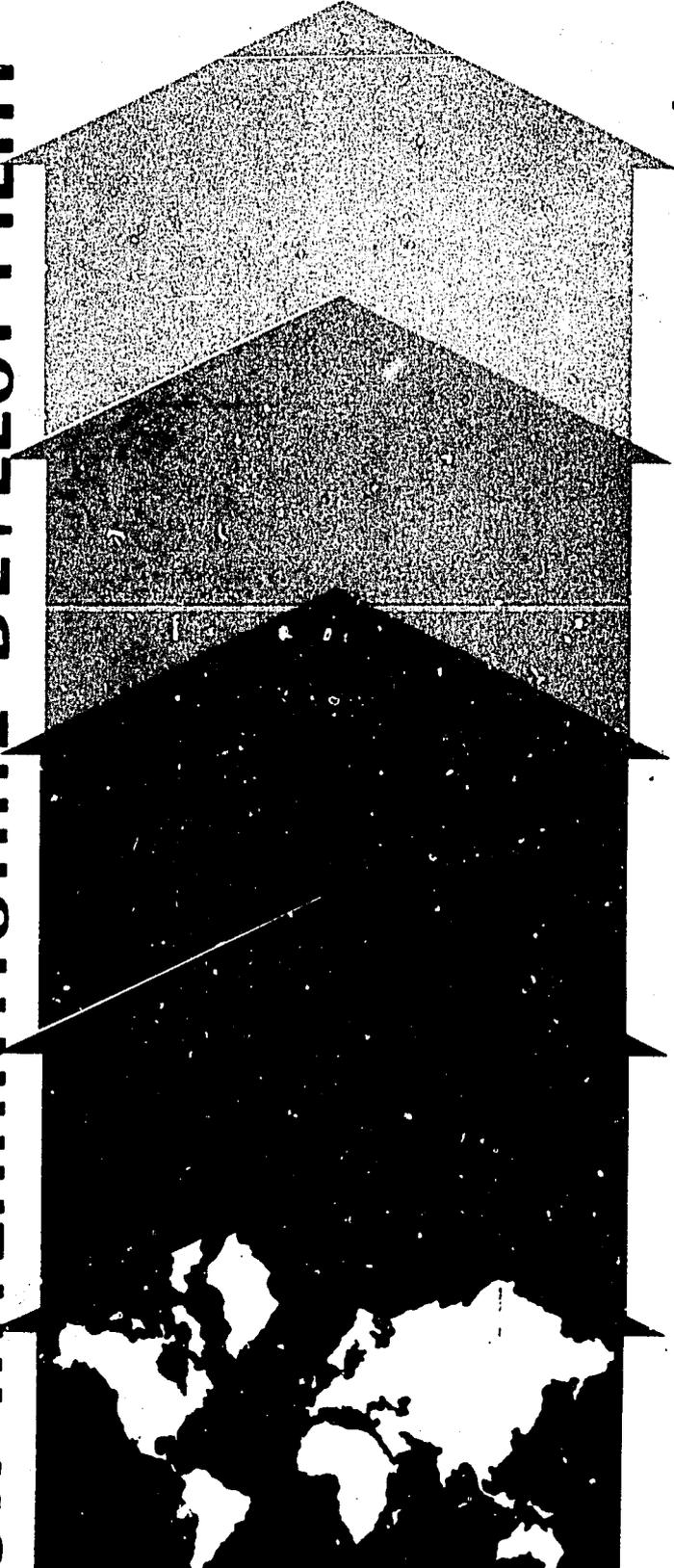
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**SOCIAL and
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COMPONENTS
in SUPPORT
of HOUSING
GUARANTY
PROJECTS**
October 1976

**SOCIAL AND ECONOMIC COMPONENTS IN
SUPPORT OF HOUSING GUARANTY PROJECTS**

Prepared for:

**Office of Housing
Agency for International Development
Washington, D.C.**

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October 1976

FOREWARD

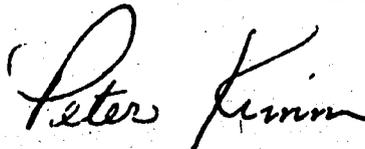
The accompanying report represents an Office of Housing effort to expand the approach of the Housing Guaranty Program to more effectively deal with the myriad of problems encountered in lower-income neighborhoods in Developing Countries. This expanded approach is in direct response to increasing Congressional interest in the urban poor as expressed in Section 106 of the Foreign Assistance Act which prompted the Agency in 1976 to issue a new policy determination on "urbanization and the urban poor."

The report proposes an analytical framework which sets the overview of the principles involved in determining relevant social and economic programming components and establishes a suggested planning procedure. The approach calls for a shortcut immediate action procedure for initiating early recommendations and a longer-range program approach designed to develop a city-wide action program over a longer planning period.

The expanded approach is intended to assist local institutions to consider not only the financial and physical aspects of their shelter programs, but to also include in the planning process the social and economic elements of low income neighborhoods in an effort to improve, incrementally, the quality of life for the residents of these areas. After more field experience has been collected and analyzed, it is our intention that the proposed methodology and focus will be made part of the regular Housing Guaranty Program development strategy.

The Agency is most appreciative of the work of Planning and Development Collaborative International which prepared this report. Alfred P. Van Huyck headed the study team and was assisted by Duane Kissick (housing specialist), Robert Blayney (economist), John Herbert (metropolitan planner) and Manorak Luangkhot (research assistant).

It is hoped that the approach discussed in this report will prove useful to countries involved in or contemplating initiating an integrated, incremental approach to resolving the vast and growing problems of the urban poor.



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December 1976

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INTRODUCTION

The main thrust of this report is a recommendation that social and economic program components be combined with Housing Guaranty (HG) Projects in settlement upgrading and sites and services to form an integrated response to the specific needs of the urban poor. Such a combined approach will allow the program components to reinforce each other and therefore raise the probabilities of those participating households to substantially improve their standard of living beyond what could be expected if the components were utilized separately, without coordinated planning and implementation.

This report contains an identification of generally recognized social and economic program components which have been attempted by developing countries in the past with varying degrees of success (Chapter I); a discussion of the delivery system options whereby these components can be made available to low-income groups (Chapter II); an analysis of potential target groups among the urban poor and how these groups relate to particular social and economic program elements (Chapter III); a presentation of a possible planning framework to develop immediate action projects and to provide a long-range strategy to develop a city-wide program as well as a methodology for monitoring and evaluation (Chapter IV).

If the recommendations of this report are utilized in future Office of Housing sponsored projects, the result will represent a broadening of HG program focus. Historically, HG projects have been concerned with improving shelter opportunities for the urban poor. Such improved shelter has had the direct benefit of improving a particular household's standard of living, yet shelter is only one part of the complex set of constraints which restrict the ability of a household to cross the poverty threshold to form the basis for sustained social and economic improvement.

By including relevant social and economic components along with more traditional HG project concerns such as shelter and the physical environment, a much greater impact on the urban poor will be possible. The emerging HG program focus therefore will become a direct attack on relieving the

social and economic constraints on the urban poor while at the same time maintaining the traditional concern for improvement of the shelter and physical environment of the urban poor.

Defining the Urban Poor

AID's shelter policy has defined the urban poor as households earning less than the median income for the city (below the 50th percentile on the income curve). As a relatively crude definition this is a useful starting point. It has, however, several serious drawbacks for planning and programming purposes. First, accurate income data are almost always difficult to come by because major surveys are infrequent and because incomes generally are understated (particularly non-wage cash income and non-cash contributions such as food and shelter). Second, relatively small differences in monthly income can result in large differentials to the household's location on the income curve while having very little effect on the household's real ability to pay for major expenditure items such as housing. For example, an increase of \$50 per month in household income in Thailand for a household below the 50th percentile will move it up 20 percentile points on the income curve yet would increase the size of a mortgage available from the Thailand Housing Bank by only \$612 (based on current lending policies).

A more comprehensive effort at defining the urban poor is underdevelopment,* but it is fair to say that no entirely satisfactory and operational definition is yet in wide usage.

The direction research is taking has been to include a wider set of variables than household income alone in defining the urban poor. Such important considerations as current levels of household consumption -- not only in nutrition but also in consumption of potable water, health and education services, etc.; control of capital assets; human capacity in terms of employment skills, social organization, etc., are promising criteria in seeking an operational definition of the urban poor.

One research approach is moving toward establishing a statistical definition of poverty and setting an absolute

*See, for example, On the Statistical Mapping of Urban Poverty and Employment, World Bank Staff Working Paper No. 227 by Richard Webb, January 1976. Also see Guidelines for Formulating Projects to Benefit the Urban Poor in the Developing Countries, AID, prepared by PADCO, Inc., April 1976.

poverty threshold;* others are concerned more in relating poverty variables to possible program actions.** Both approaches are important and useful; for the purposes of this report, however, the emphasis will be on the programmatic approach (see Chapter III on target groups and development potential factors).

The Urban Poor: Problem Framework

Although the problem framework of the urban poor in the developing countries is well known, it is still useful to highlight certain points.

1. In 1974 the approximate urban population (in centers of over 20,000 persons) in the developing countries was 544 million. By the year 2000, over one billion additional persons will reside in cities through growth by migration and natural increase. Most of the new residents will be poor.

2. Additional capital investment of almost one trillion dollars will be required to provide minimal housing, infrastructure, facilities, and jobs for this population. This statistic is of concern from the perspective that urban development is only one priority among many, such as agriculture, rural development and defense, and because overall capital investment is usually much less than the operating expenses of most national budgets.

3. These massive new urban populations will be the outgrowth of cities already in desperate physical, economic and social condition. Often 80 percent of all urban households may have monthly incomes of \$50 or less. Unemployment ranges from 15 to 20 percent or more of the labor force. Almost half of all urban households have no water service from a piped system. Illiteracy in absolute numbers may even be increasing.

4. For most urban centers buildable land is subject to speculation, causing land value increases ranging from 10 to 25 percent annually. Land speculation causes aberrations throughout the urban development process. It causes uncontrolled spread of the urban area and raises the costs of public

*Webb, op. cit.

**PADCO, op. cit.

services. Most damaging of all, it shuts out the low-income family from land ownership, thereby giving rise to squatting.

5. The public sector in most developing countries is ill equipped to respond to these enormous urban challenges -- challenges without precedent in the history of the developed world. There is a fundamental lack of not only trained technical and administrative capacity, but also financial capacity. The public sector frequently operates on an obsolete legislative base left from previous colonial periods when the emphasis was on control rather than on stimulating development opportunities for the general population.

This heritage in turn perpetuates cumbersome, counter-productive administrative and management practices and supports the overcentralization of decision making. The rapid multiplication of ministries and agencies at the national, provincial, and local levels of government has led to fragmentation of resources, policy confusion, and duplication of effort.

6. There is little likelihood that urban economies of the developing countries will be able to grow at a rate sufficient to absorb the massive new labor force into high-wage employment in the formal sector. This is expected because of reliance on imported and frequently capital intensive technology, limited capital resources, limited markets for finished goods, and constraints in international trade.

It is within this broad and complex problem framework that specific solutions are required. There will be no quick or easy response to problems of this magnitude. The need is for sustained effort to move substantial numbers of families out of poverty and to provide opportunities for continued upward mobility.

General Programming Criteria

As overwhelming as these problems appear to be, there is real potential for improvement in the quality of life available to the urban poor. Already many developing countries have responded to the challenges with innovation and imagination. From these recent experiences certain general criteria for programmatic response are beginning to emerge:

1. Programs must be capable of massive application on a sustained basis.
2. Programs must have acceptably low per capita capital and operating costs, with potential for cost recovery from the urban poor.

3. Programs must provide substantial opportunity for self-help and participation from the urban poor themselves.
4. Programs must have acceptably low levels of administrative requirements.
5. Programs must be flexible and capable of change in response to changes in needs of the urban poor.

The current emphasis of the Office of Housing on settlement upgrading and sites and services projects meets these criteria very well and offers a logical response to the physical requirements of the urban poor. This report investigates how the HG program can be better adapted to respond to social and economic needs.

Physical Settlement Projects

Among the housing program concepts of the Office of Housing which respond to the needs of the urban poor are settlement upgrading and sites and services projects.

Settlement Upgrading

Settlement upgrading is a program designed to respond to the needs of the urban poor where they live now. The philosophy of the project is based on the assumption that most developing countries cannot keep up with new growth housing requirements and that therefore it is essential to conserve and improve existing housing stock, even if in substandard condition.

This approach is justified because, for the most part, quality of the physical residential environment is more important than the actual quality of the house structure itself. Therefore, substantial benefits can be gained by the urban poor if environmental improvements are made to their neighborhood (such as improved water supply, sanitation, drainage, electricity, and roads and footpaths). In addition, settlement upgrading programs usually provide some means of transferring secure land tenure to the residents.

The successful kampung improvement program in Jakarta, Indonesia, is a good example of this type of settlement upgrading. Approximately 1.9 million persons have benefited at an average per capita cost of only \$40.

It has been demonstrated in such programs that the residents themselves after obtaining secure land tenure and physical improvements are stimulated to improve the quality of their individual housing units as well. In some settlement upgrading programs, such as the one being supported by a HG loan in Seoul, Korea, a direct home improvement loan component has been added to facilitate the process.

Settlement upgrading projects are clearly one useful response to physical improvement needs of the urban poor.

Sites and Services

Sites and services projects are the name given to a wide variety of physical solutions to settlement needs of the urban poor. The common characteristic of all sites and services projects is that a complete house unit is not provided as part of the project itself. The household must either complete a partial house or build its own house from the start. There are at least four main types of sites and services projects.

1. A plot of land (usually between 60 to 120 square meters) with communal water taps, pit latrines, and unpaved roads and footpaths. (The most minimum solution.)
2. Land plots served with individual water and sanitation connections, streets, and footpaths.
3. Land plots with a partial or complete outbuilding containing water points, w.c., and drain. (A good example of this type of solution is the Metroville Project in Karachi, Pakistan.)
4. Land plots with a partial house unit usually ranging from a completed plinth and sanitary core to one completed room (which allows the household to move in immediately while they complete their dwelling unit).

The obvious advantage of sites and services projects is that most of the cost of the dwelling unit itself is not included in the "front end" costs of the project. Therefore, the average cost per household served is much lower than traditional public sector housing solutions for the poor. In addition, it allows a wide range of alternatives to be made available to low-income families at a price they can afford to repay without major subsidy. An additional advantage of

the sites and services approach is that it allows the household to complete the house unit at its own pace, reflecting their own income capacity and particular dwelling unit requirements.

Since sites and services projects involve individual plots, the needs of low-income people for ground level accommodation is met successfully (as it allows for the keeping of animals, small vegetable gardens, ground space for small industrial activities or crafts, and the use of the structure for commercial as well as residential purposes -- all things that apartment blocks generally preclude). It is even possible through good design techniques to keep the density level within sites and services projects generally comparable with low-rise apartment structures.

Sites and services projects have been tried in numerous countries and can be said to be gaining popularity. Particularly successful programs have been accomplished in Lusaka, Zambia, and San Salvador, El Salvador.

Having identified basic physical aspects of the settlement upgrading approach and the sites and services concept, this report will focus on non-physical requirements of the urban poor which are generally lacking in current projects and which offer significant opportunity for a new programming dimension.

The Case for Including Social and Economic Components in Settlement Upgrading and Sites and Services Projects

Chapter I of this report describes the social and economic components of concern. These are categories of public support programs which already have been attempted in various developing countries. In some cases fairly extensive documentation exists regarding the typical program and case study experience. In other cases there appears to be little hard information with most existing literature dwelling on the theory of the program rather than its application. Several general conclusions can be drawn regarding social and economic program components.

1. They are still largely unevaluated in terms of the specific results that can be expected per a given level of input (capital or human).
2. The per capita costs of individual programs frequently are too high for a massive

application for the urban poor on a city-wide or national basis.

3. The programs frequently appear to be unfocused as to the precise target group or users for whom they were designed.

These conclusions are not surprising, however, given the experimental nature of many of the initial efforts at social and economic programming. What is needed is careful construction of such programs which can benefit from the experience of the past. The suggestions included in this report are oriented in this direction.

The concept of social and economic programming for the urban poor has much to commend its continued experimental application.

The provision of physical improvements such as those available through settlement upgrading and sites and services do not respond to all the fundamental constraints working to keep households below the poverty line.

The most obvious need of the urban poor is for a stable, minimum income. To achieve that income requires jobs for one or more members of the household. To get a job and keep it requires a related bundle of prerequisites such as acceptable minimal levels of nutrition and health, and frequently some rudimentary vocational skills and literacy.

In addition, if the household is to continue its upward mobility into the next generation, a concern with children is important, including adequate mother/child care, nutrition, and basic primary education.

Since the demand for employment will continue to rise dramatically in the years ahead, there is a need for a direct concern for job generation with suitably low entry requirements for the urban poor such as in small-scale industry, crafts, micro-commerce, and personal services. Help is required to facilitate this job creation process by the selective use of credit, management training, marketing assistance, etc.

These related activities are the focus of social and economic programming for the urban poor. It is the contention of this report that the selective introduction of these elements as supplementary to settlement upgrading and sites and services projects offers particular advantages over previous approaches. Among them are the following.

1. The target group in a given physical development project is defined; therefore, the

appropriate social and economic components to assist those particular households can be established (as opposed to the more traditional approach of simply siting projects more or less randomly in the city). This in turn allows the total physical, social and economic package of components to be mutually reinforcing.

2. The target group in a physical development project will, by the introduction of physical improvements, become more receptive and motivated to participate in the supplementary social and economic components. The physical development process will stimulate community action and participation, in any case; the supplementary social and economic components can benefit from this motivation and momentum as well as contribute to it.
3. The potential for cost recovery is increased because of the potential improvement in the household's economic condition through the benefits of the supplementary components, thereby increasing the ability to pay for the overall program.

There is, of course, considerable experimentation required to test these concepts in the field.

A broadened HG program scope such as proposed would have the following potential objectives.

1. Reduction of deficits in the target group's household needs for essential public services.
2. Increased human capacity through increased incomes and productivity in the target areas.
3. Increased control of household and enterprise capital assets.
4. Promotion of social and economic stability and reduction of the target group's vulnerability to adverse change.
5. Promotion of self-help and self-reliance among the target group.

In achieving these objectives in the most efficient and effective manner possible, a government through adequate program design must do the following.

1. Coordinate existing institutions and agencies at the national, provincial, and city levels and increase their capacity to successfully plan, implement, and maintain the desired programs.
2. Mobilize maximum levels of existing finance available from diverse sources, including the target group, to accelerate project implementation, and supplement these funds with new allocations as required.
3. Insure replicability of program benefits as rapidly as possible to other designated urban growth centers.
4. Integrate proposed project sites into the overall urban structure and maximize the target group's contribution to city development, both economically and socially.

Potential Office of Housing Role

Successful introduction of social and economic components in HG projects will require an expanded role for the Office of Housing, AID.

Initially, it will be necessary to utilize technical staff with previous experience and training in social and economic programming for the urban poor as an integral part of project identification and development teams preparing HG loans. The activities of these team members are described more fully in Chapter IV. Essentially, they will assist the host country to focus on the social and economic issues which will affect the target group in the potential HG project and analyze existing program capabilities of the government in these areas.

In situations in which the host country capacity to respond to the social and economic needs of the project target group is limited, there may be a need to provide technical assistance with the objective of increasing this capacity and improving the delivery system to the urban poor during the HG project design phase of the program.

If significant new innovations are to be undertaken in delivery of social and economic public support programs to the urban poor during the HG project implementation phase, sustained support might be best provided by the local USAID mission on a sustained basis. This type of technical assistance could, of course, be provided from other potential donor agencies with experience in this field, such as the Peace Corps or international voluntary organizations.

In addition to possible need for increased technical assistance to facilitate the delivery of relevant social and economic program components in support of HG projects, there may also be an opportunity and a need to provide capital assistance (if the HG program mandate can be made to accommodate such support). Capital assistance through the HG loan itself could be considered to finance the social and economic components.

The argument in favor of this type of expansion in the HG loan program rests on three premises.

1. An integrated approach whereby social and economic public support programs are used to reinforce the physical housing and environmental improvements will greatly increase total benefits of the program to the urban poor beyond marginal additional costs. In most cases the desirable social and economic add-on to the project will be less than 15 percent of total physical project costs.

2. The effect of social and economic program components on the project target group population will be to increase community participation and stimulate income enhancement -- factors contributing to both a desire and an ability to pay, and therefore a reduction of default problems and additions to overall cost recovery.

3. The justification of HG financing for social and economic program facilities (when local financing is not immediately available) is that it can be deemed in the best interests of AID to increase the probabilities of success for the project (in terms of community satisfaction and cost recovery) by insuring timely delivery of facilities and services. Since the resources of the host country in these areas are, in most cases, already deficient to overall national needs, and since the host country will be required to provide operating budgets for the programs, it is reasonable to assist the governments through long-term finance to facilitate the process.

Chapter I

SUPPLEMENTARY SOCIAL AND ECONOMIC PROGRAM COMPONENTS

Many agencies and development professionals have come to accept the importance of social and economic programming for the urban poor. A considerable volume of literature has been developed regarding various programs and projects which have been attempted around the world, although emphasis seems to lean more to theory than case study experience. This chapter discusses basic social and economic program types.

It is apparent that considerable work remains to be done in experimenting with these program components to test their cost effectiveness in specific project situations. Nonetheless, the need for such programming seems well established, and sufficient positive experience has been accumulated to suggest that significant improvements in the quality of life for the urban poor are possible through this form of government initiative.

In subsequent chapters a suggested methodology is proposed by which appropriate social and economic program components can be selected with reference to particular target groups among the urban poor. In this chapter the basic components are described.

City-Wide Public Services and Facilities

Before describing the social and economic program components which may be relevant for particular settlement upgrading programs or sites and services projects, it is useful to point out that these components are considered supplementary to normal public services and facilities which should be provided to all residential areas of the city and therefore are not project specific.

It should be assumed that an upgrading project or a sites and services project will require a certain number of primary school and secondary school classrooms. In planning the project, arrangements for meeting these needs should be made with the Ministry of Education or another responsible agency. It can be assumed that such facilities should be made

available at the standards being used throughout the city and that no special standards need be developed for the project area. The same would be true for major medical facilities such as hospitals. An argument might be put forward to the responsible agency that a given project area might be given priority over other areas in order to facilitate the success of a particular project. It might even be possible to arrange for construction of the needed facility out of project funds so that the responsible agency would need only to agree to operate the facility. However, no special delivery system for these kinds of basic facilities need be contemplated during project design.

Police protection and fire protection should also be provided through the regular channels available in the city. Although discussion should take place to insure adequate services for the project area, it is not contemplated that these kinds of services would need to be project specific.

What is of concern here, therefore, are the supplementary social and economic programs which are to be designed specifically for the project residents and which meet their requirements. Descriptions of these supplementary programs have been grouped into four general categories: supplementary health services, supplementary education services, job generation and income enhancement, and community development.

Job Generation and Income Enhancement

The most important priorities for low-income households are jobs and income enhancement. Only through increasing income can the low-income household support improvements in its physical environment and consumption of needed goods and services. The importance of job generation and income enhancement is rapidly being recognized as critical to public support programming for the urban poor. Experience in this area is still recent, but early results indicate that direct public support in these areas can be highly productive to low-income groups.

Public programming for job generation focused initially more on the formal sectors, particularly the industrial sector. Vocational training programs for industrial skills were attempted, but many programs failed to achieve their objectives because training did not produce sufficient skills to be marketable or because needs for the skills did not really exist in industry.

A much broader approach is now being utilized in various countries which recognizes the importance of the informal sector in job generation. The International Labor Office in a 1973 study* identified the characteristics of the informal sector which make it an important source of jobs for the urban poor.

1. Ease of entry.
2. Reliance on indigenous resources.
3. Family ownership of enterprises.
4. Small scale of operation.
5. Labor intensive and adopted technology.
6. Skills acquired outside the formal schools.
7. Unregulated and competitive markets.

Job generation and income enhancement programs which are suitable for support within shelter development programs should be focused on the immediate needs of the target group within the project, and should be primarily concerned with economic enterprises within the project or in the immediate vicinity. The following are the kinds of programs suitable for inclusion in support of shelter development projects: direct economic activity support, training support, access to credit, and savings mobilization.

Economic Activity Support

Economic activity support is concerned with the establishment and welfare of enterprises within the project area which will employ project residents. The kinds of support relevant might include technical assistance and counseling, formation of cooperatives to reinforce the economic potential of individual units, assistance in marketing or purchasing, management, and record keeping. Assistance to the informal

*International Labor Office, Employment, Income, and Equality: A Strategy for Increasing Productive Employment in Kenya, Geneva, 1973, page 6 -- as quoted in Guidelines for Formulating Projects to Benefit the Urban Poor in the Developing Countries, op. cit., page 7.

housing construction industry will be of immediate priority so that it can participate in the shelter development program. Among the kinds of economic activities which might be of concern are the following.

Cottage Industry

The common reference to cottage industry depicts small household oriented enterprise, usually with some sort of manufacturing process involved. While at times a sole-person enterprise, it most commonly involves every stay-at-home (women and children). An almost endless variety of goods are manufactured within the household or cottage industry, ranging from handicrafts and pottery to metal work and building materials such as window frames, doors, bricks and cement pipe, etc.

The family unit benefits from the small enterprise financially (although marginally at best in most instances), and employment and skills are passed on to succeeding generations. This sector of small enterprises is beset by credit, management, and marketing problems.

Subcontracting Industry

Subcontracting from the formal sector of industry to small independent local enterprises has met with success both in terms of employment generation and increased productivity levels.

The concept is not unlike the policy of import substitution. Large manufacturers are encouraged by government agencies (often the primary contractor) to purchase locally manufactured or semi-manufactured products from small enterprises rather than import or purchase these products exclusively from large manufacturers. An example of this process has developed in Puerto Rico within the "Operation Bootstrap" program. A given manufacturer of appliances was purchasing (in company transfer) appliance crates and packaging material as well as wood pallets from the United States for use in Puerto Rico. An independent (labor intensive) enterprise was developed to manufacture shipping containers and pallets for warehousing operations of the appliance manufacturer.

The shortcoming of subcontracting enterprises is their inherent dependence on the "parent" corporation. Often the

manufacturing demand is too company specific and subject directly to their economic and financial condition.

Micro-Commerce

Small-scale retailing, street vendors, and local markets provide a large amount of employment in most developing country cities. Frequently this type of economic activity is considered "marginal" or is even actively discouraged by governments. Yet, it presents opportunities for job generation and income enhancement through active public support programming -- although it has been argued by some that such activities mainly result only in redistribution of the same amount of economic activity among more people. Nonetheless, it would be useful to explore ways to improve the quality and attractiveness of informal market areas through paving of sales spaces and pedestrian areas, insuring adequate refuse collection, water supply and drainage, and means of extending minimal credit facilities to reduce the influence of private money lenders charging extremely high interest rates.

Direct Hire of Local Labor

Wherever possible project residents should be given preference in direct hiring for local infrastructure projects, maintenance work within the project area, and if possible for paraprofessional work within the supplementary social and economic program components.

Food, Fish, and Animal Husbandry

In many urban situations there is nonetheless considerable potential for the development of micro-agriculture, fish ponds, and limited animal husbandry. As a minimum these kinds of activities are frequently used as subsistence support to the household itself. Consideration of these opportunities should be given during the project planning period. Depending on project location and conditions, small-scale enterprises in these areas can be developed as an additional income source.

Training Support

The need for improving skills among the low-income target groups is well recognized. Training is the apparent answer.

and major efforts at training have been made in many countries. The difficulty has frequently been in making training programs relevant to real job needs and in achieving a satisfactory level of skill at a cost effective price per trainee. There is still much to learn in the methods and techniques for training. The kinds of training which might be useful as a supplementary program with a shelter development project would include the following.

Vocational Training

Training individuals for specific skills which will be required to support economic activities of the kinds mentioned in the previous section could be undertaken using the enterprises themselves as the training site while assisting the enterprise in carrying the costs of the training and by providing the trainer. This approach can be used for both training new staff for expansion of the enterprises and also for training existing staff to be more productive (in order to qualify for higher incomes based on increased productivity). Training individuals to participate in the community development program (discussed below) and for direct hire opportunities within the project area itself are also areas of potential opportunity. In situations where the project area is located near employment opportunities in the formal sector, arrangements for training local residents to meet the needs of those formal sector enterprises should be worked out with the enterprises themselves to insure eventual employment. Vocational training in the building construction skills relevant for the overall shelter development program should be considered as a priority opportunity.

Marketing and Management Training

The owners of small-scale enterprises within the project area might be interested in special training in marketing and management of their businesses. If the use of cooperatives is to be promoted as an economic activity, there could be training on the organization and operation of cooperatives as a supplement to the program.

Access to Credit

The most important part of any economic program within the project area will be to insure access to credit to support

the creation or expansion of enterprises in order to create more jobs. Only with access to credit does the full benefit of technical assistance and training to enterprises become meaningful. In most cases the lack of credit or the high cost of credit have been found to be a major constraint on small-scale enterprises. The uses of credit for small borrowers is relatively unexplored with the notable exception of the programs of the Pan American Foundation, CUNA, and AITEC in Latin America. The experiences of these organizations with small credit operations have shown that the borrowers will act responsibly with credit and that there is a potentially large benefit to be achieved for the small amounts of credit involved.

There are, of course, many difficulties in instituting small-scale credit operations. It is unlikely that already established credit institutions used to lending to large enterprises or middle- and upper-income households can adapt to the special conditions required for low-income groups (i.e., the need for flexibility in terms and conditions of loans to meet the target group's requirements, minimum paper work and procedure, and personal attention). The administrative costs of small-scale credit will be high unless the program can be innovative at the local project level -- for example, by combining a house loan with an economic activity loan with a single repayment for both and using the land plot and house unit as the collateral for the economic activity portion of the loan.

Savings Mobilization

An important economic component to be included on site in shelter development projects is a facility for savings mobilization. Project residents should be encouraged to save and have the convenience of saving near their place of residence. There is an advantage to having the savings institution connected with the credit institution on site so that transfers from savings accounts can be made to make repayments on the shelter loans or economic activity loans.

Supplementary Health Services

In spite of the fact that many developing countries have made major improvements in the health standards of their populations, there still are many unmet needs, particularly among the urban poor. The World Bank sector policy paper on health reports that fecally-related diseases, airborne diseases, and malnutrition account for the majority of deaths among the

poorest people in the developing countries. These kinds of diseases are very much influenced by the level of knowledge of the population, the income level of households, and environmental sanitation. It is generally agreed that it is more cost effective to attack these health problems through preventive health services than curative health services. Better preventive health services can reduce the need for curative health facilities and services which are more expensive to construct and operate.

Investments in preventive health services for the urban poor should be viewed as benefiting the community at large because diseases located in the settlement areas of the urban poor can be spread throughout the urban population -- likewise, the benefits of a healthier work force are shared throughout the economy.

It is essential that preventive health services be brought to the people on a sustained personal basis. The delivery system for preventive health services requires an integration with curative health services (hospitals and major clinics) and utilization of professional specialists. However, the success of the programs will depend on their outreach to the population groups of concern through "outpost" clinics or mobile health units and household visitations. The personnel required will be mainly paramedical technicians trained in one aspect of the program.

To achieve an appropriate orientation and extended coverage, it will be necessary to expand greatly the staff responsible for delivery of preventive services. This means training a large number of paramedical personnel.

The community health workers should be stationed in (and preferably reside in) the area served. They should be integrated into the community structure so that they can identify disease without waiting for contacts to be initiated. Wherever possible, they should make periodic house visits. Community health workers may be able to enlist the support of local political, social, or religious organizations to maintain a continual surveillance of health conditions.

In Chile high school graduates have been trained as auxiliary nurses and assigned to urban slum and rural outposts to provide diagnostic, basic medical, and first aid services. Through these clinics, which in all cases were established in existing facilities (small stores, cooperatives, and portions of multi-unit row houses in low-income housing projects),

medical service projects in coordination with existing hospitals or university centers were successfully carried out.*

The capital costs involved in establishing medical (out-post) clinics can, of course, vary tremendously. A health center in Africa can be built for somewhere around \$50,000 -- the cost of four beds in a teaching hospital -- and can provide most of the health care requirements for roughly 20,000 people. The recurrent costs of such a health center are not likely to be more than \$25,000 per year, or \$1.25 for each of the 20,000 people covered by the center.**

The scope of total investment per person served can range from \$.50 to over \$4.00 per capita. Specific health projects such as family planning where the more costly medical staff personnel can be minimized have developed effective programs for \$.10 to \$.60 per female in the reproductive age group. This range represents operating costs on an annual basis for programs including 10,000 or more persons.***

An attractive aspect of health service projects is that operating budgets can be kept relatively low in comparison to their tremendous social and economic impact.

The basic argument for public provision of health services is that these services yield benefits to an entire community; therefore, the individual should not bear the full costs. In most instances studied, a direct fee, although minimal, was charged for services rendered. Fee scales (according to need) were common. In most instances the medical clinics or health service projects are established to reach out and attract the low income with an incentive to keep costs low while administering services and their associated costs fairly.

The following are among the common program types which could be of concern when developing supplemental health services for the urban poor in support of a shelter development program.

*Health, World Bank Policy Paper, March 1975, page 6.

**Development Digest, July 1971.

***Development Digest, January 1972.

Mother/Child Care

The mother/child care program is mainly concerned with educating mothers in the proper means for caring for themselves and their children. It usually involves nutrition education, home and personal sanitation, family planning instruction, vaccinations, and health surveillance for the child (monitoring the baby's weight and looking for symptoms of disease). The services are rendered in a small clinic and require few supplies (frequently vitamins or diet supplements are issued, for example, or routine medicines are provided for common ailments).

Vaccinations

Vaccination programs can be effectively run from small clinics or from mobile health units which visit neighborhoods on a periodic basis. These programs can be made more effective if sufficient publicity is given prior to the period for the vaccinations. A high priority should be given to insure that standard vaccinations are available to the urban poor.

Nutrition

In situations in which general nutritional deficiencies are noted among the project area population, special programming may be required. The program may involve provision of direct diet supplements (frequently through school lunch programs) as well as a general education program regarding achievement of the optimal nutritional value from readily available foods within household budget limitations of the residents.

Family Planning

Family planning programs involve both a delivery system for contraceptive materials and an education program. The program needs to be sustained within the neighborhood over time in order that the educational aspects can take effect and to provide sustained assistance to families practicing contraception.

Environmental Sanitation and Rodent Control

Environmental sanitation and rodent control involve both an educational campaign for the community and self-help projects which can be conducted through the community development program (discussed below).

First Aid and Emergency Care

Instruction in first aid and emergency care can be given to residents. If a small clinic is included in the project, facilities can be provided for the neighborhood as a first contact with the health delivery system.

Supplementary Education Services

In addition to an adequate provision of primary and secondary school classrooms to serve the population of shelter development programs, consideration should also be given to supplementary education services. UNESCO estimates that the number of adult illiterates will actually increase during the next decade in LDCs.

Even in countries where primary school enrollment and literacy are relatively widespread, education programs are often characterized by a serious lack of relevance to current economic and social needs. In many instances primary and secondary graduates are prepared for advancement into higher levels of (formal) education, although they are unable to qualify for productive employment. The problem of semi-educated unemployed youths has reached striking proportions in some countries which otherwise appear to be achieving considerable success in education.

Supplemental education and training programs are commonly designed to assist target populations become more economically productive in their respective societies and communities. The target populations are divided into three main groups.

1. Those who have not had the opportunity of formal education.
2. The school leaver or drop-out who needs remedial education and/or specific pre-employment training and education.

3. The community at large who need information and direction to better adapt to their immediate environment.

Investments in supplementary education services primarily benefit the individual in that they prepare the person to increase skills and therefore income potential as well as to assist the person to better manage and therefore utilize resources more effectively. Society in general benefits indirectly in that the individual is better able to contribute to overall economic growth.

Supplemental education services must also be brought to the people in their neighborhoods on a sustained personal basis similar to that proposed for supplemental health services. The delivery system also requires an integration with the formal educational system, but need not have the same emphasis on school buildings and professional teachers. Supplementary education can take place with a variety of methods and with volunteer or paraprofessional staffs such as educated but unemployed men and women, military personnel, or otherwise employed part-time instructors from businesses or government service.

Supplementary education services can be thought of as individual programs or add-on elements to other activities such as community development programs, vocational training programs, or supplemental health programs.

The costs need not be high on a per capita basis. UNESCO studies in 1963, although now out of date, indicated costs between \$5 and \$8 per project participant in literacy programs, depending on the duration of the instruction.

The most common supplementary educational programs which might be introduced into settlement development projects include the following.

Adult Literacy

Adult literacy programs have been attempted in many situations, not always with success. The major conclusion is that literacy training must be demonstrably relevant to the target group in that it teaches skills of immediate use -- for example, simple arithmetic to insure individuals that they are not being cheated by money lenders or the ability to read directions on packages and materials they use. Literacy training can be conducted anywhere that people can be brought together for instruction (primary schools in the evenings have been used frequently).

School Dropout Programs

Supplementary education is also needed for school dropouts (youths who have dropped out of formal school classwork because they cannot pay the fees, have to go to work, or have not passed examinations for admittance to higher levels). Such programs usually combine basic vocational training with necessary completion of literacy skills.

Education Augmentation Programs

Where appropriate, additional educational benefits can be gained from provision of television (if educational programming is available), films, and tapes within the neighborhood. These programs can be utilized as a form of entertainment as well as for education in the community. They require both a fixed location and some basic equipment. They can be most successful if developed as a part of a community development program.

In neighborhoods where literacy is common, the use of a mobile library with basic books and periodicals can be an effective way of maintaining an interest in further educational development.

Community Development

Community development programs can cover a wide range of project activities, but in general they are concerned with mobilizing area residents through individual participation and self-help to improve the physical, social, and economic conditions effecting the family and the entire community. The implementation of such programs requires coordination of effort from the government and the community. The government's role is to facilitate local action by the people and to provide overall support; however, experience has shown that the most successful community development programs have been those in which the maximum participation of the people has been achieved in decision making at the community level. The program areas in which community development services can be generated include family guidance and counseling, community self-help, and recreation.

Family Guidance and Counseling

Direct assistance to individual families within the settlement project area is necessary, particularly in sites and services projects, to facilitate the settling-in process. Among the kinds of services which would be useful are the following.

Urban Information

An urban information center is needed which should provide information on job announcements, public services availability, school registration for children, etc. When information is not available, the staff of the center should always try to direct people to the proper authority, and also, accompany them if possible. Past experiences have shown that in most developing countries the urban poor or rural people are reluctant to see city officials and to use public facilities.

The urban information center should have a full-time staff with some knowledge of public relations and access to city officials. No training is necessary for this position, and the cost of the program should be minimal.

Family Budget Assistance

Once the newly arrived urban poor have settled into the community and have started to draw income from employment, they will need some guidance as to how to spend their earnings. In some cases the money never reaches home, being spent on unnecessary items or lost in gambling. For these reasons, the urban poor need support regarding the importance of a carefully planned family budget. In planning the budget, such provisions as housing, food, clothing, savings, etc. should be allocated and given proper consideration. To the urban poor who are used to day-to-day living rather than to using well planned budgets, this assistance should provide opportunities for improving their standard of living.

Legal Aid

A person with some experience in law or leaders in the community can provide legal assistance to the urban poor on a voluntary basis as needs arise. This assistance would not

necessarily amount to defending a person in court, but would concentrate on helping individuals solve or settle small disputes with the landlord, neighborhood, local merchants, or with a member of the household. Sometimes assistance might be simple explanation of an individual's rights and responsibilities as a member of the community from a legal point of view.

Community Self-Help

The success of community development programs depends on how well they respond to the needs of the community and how much the community has participated in the implementation of these programs. It is found that the more involved the community is in the planning process including implementation of local projects, the better the chances of these projects getting proper utilization and more specifically proper maintenance and upkeep for years to come.

In planning projects the self-help principle should be the main guideline. Existing local talents and resources should be explored to the full extent possible with government intervention only when such talent and resources are not available in the community. This method makes possible an acquisition by the community of a sense of pride from having contributed to the projects as well as a sense of belonging as community members use and maintain the facility. Community self-help projects might be considered in the following areas.

Construction of Community Facilities

If sufficient technical supervision can be obtained, community residents on a voluntary basis can be encouraged to build community facilities and infrastructure. Simple buildings, footpaths, drainage ditches, trenches for water pipes, and sewers are all projects which have been successfully completed through self-help endeavor.

Maintenance of Community Facilities

Regular maintenance responsibilities have been undertaken through community development programs in several countries such as the cleaning and repair of drainage ditches, simple road and footpath repair, the maintenance of parks and recreation facilities, etc.

Environmental Enhancement

Where appropriate, community development has undertaken environmental improvement activities such as cleanup campaigns, small reforestation, or planting projects.

Home Improvement

Individual home improvement programs can also be stimulated through community development by provision of limited technical assistance and assistance in purchasing building materials and supplies (credit programs for home improvement can greatly facilitate this process).

Recreation and Entertainment

Community development programs to stimulate recreation among the residents, particularly youth, are utilized frequently. Such programs can involve providing small pieces of sports equipment, assistance in organizing informal games for all ages, and if appropriate organizing and sponsoring local neighborhood teams.

General entertainment can also be stimulated through the provision of meeting places for adults (coffee houses for example), women's organizations, providing space for festivals and social events (weddings, for example), as well as TV viewing centers, films, and music.

Civic Participation

An important part of community development is the transmission of knowledge about civic issues and assistance to the community for participating in civic affairs on an informed basis. Of particular importance is organizing channels of communication about local neighborhood issues between the residents and government agencies.

Conclusion

The list of possible social and economic program components presented in this chapter attempt to sketch the range of

projects which have been utilized in various developing countries. The possible variations on these program types are many, and there really exists no fixed formula for adopting them to a given local situation. However, in the chapters which follow, this report presents a methodology which is proposed to assist local planners in considering the possible supplementary social and economic program components which could be introduced into settlement upgrading projects and sites and services projects.

Chapter II

INTEGRATED DELIVERY SYSTEM

The comprehensive list of possible supplementary social and economic components presented in Chapter I represents a considerable challenge to the administration and delivery systems available in most developing countries. While most countries already have offices and agencies responsible for most of these kinds of activities, they tend to be parts of ministries with much larger basic functions. For example, Ministries of Industry have specialized programs in vocational training and small industry development, but they are usually secondary activities with low budgets and limited staffing. The Ministries of Education have some program offices for adult literacy training, but they are ancillary to their basic concern with primary and secondary education.

What this reflects generally is the sectoral division of responsibility at each level of government. The sectors (health, education, economic development, etc.) are all separated by ministries and agencies, and usually there is little coordination or even awareness of what each is doing. This sectoral approach is made even more complicated because the delivery of specific programs usually comes from any one of three levels of government -- national, provincial, or local. Each in turn is divided in some sectoral pattern. For the most part the actual financial source for programming comes initially from the central government even if executed by a lower level of government. This reality presents a considerable problem in responding to the needs of a given target group such as the urban poor. The needs of the target groups which make up the urban poor cut across the traditional organization and levels of government.

Design of the delivery system of supplementary social and economic components to support a given project or set of projects is therefore a difficult task which needs to be addressed during the planning period. There are several options to consider in the design of a delivery system; the final choice will largely depend on what is possible within a given situation.

The responsibility for undertaking a settlement upgrading program or a sites and services program will generally fall to a ministry or agency which is concerned with housing -- for example, a Ministry of Housing or a National Housing Corporation. These agencies typically have the capacity to undertake planning and execution of physical development aspects of the project and collect payments from the residents. They do not have the capacity or the mandate to provide supplementary social and economic programming as suggested in Chapter I. As a result, settlement projects do not often obtain such standard public facilities as primary schools and health clinics.

The main delivery system options to consider for social and economic programming are: individually sponsored programs, a coordinated program with individual participation, the establishment of a central organization with combined functions, involvement of voluntary organizations, or a combined approach.

Individually Sponsored Programs

The minimum effort at providing supplemental social and economic programs would consist of simply negotiating with the appropriate ministries or agencies to attempt to obtain their cooperation in undertaking to provide a facility or a program which is presently in process elsewhere in a city. The agency responsible for construction of the settlement project would approach the appropriate agency which undertakes a particular program activity and ask them voluntarily to make that facility or program available to the residents within the project area. For example, the Ministry of Education might be approached to provide a primary school; the Ministry of Health, a clinic; the Ministry of Industry, a vocational training program; etc.

The sponsoring agency would then either agree or not as their own priorities and budgets dictate. If they did provide the service desired, they would do so entirely within their own program and with their own funds. The construction agency would have no participation other than to provide the needed site within the project area. This approach is most commonly used now for schools and health facilities.

The advantage of this approach is that it requires no special preplanning or administration. The disadvantage is that delivery of supplementary social and economic activities will in all likelihood be uneven both as to content and timing. This means that the opportunity for the program to be reinforcing will be greatly reduced. The option can only be recommended if other more integrated approaches cannot be utilized for one reason or another.

Establishment of a Coordination Committee

The decision to establish a coordination committee composed of the appropriate agencies to guide introduction of the supplementary social and economic components and to supervise the overall program for city-wide settlement upgrading and related sites and services projects offers a better chance for successful impact. The coordination committee approach at least formalizes the commitment to provide services on an integrated basis and establishes a forum within which the concerned agencies (who will still be responsible for executing their own activities) can meet to establish priorities. This approach permits a more orderly planning process and greater hope that programming activities will take place in the settlement areas. Selection of the coordination committee participants, particularly of the chairman, is very important to insure sufficient political and technical leverage for followup.

This approach is being attempted in several Indonesian cities as a means of guiding their city-wide settlement upgrading program. It is still too early to assess the results.

The specific duties of the coordination committee would be to review and approve the annual settlement improvement program and to identify the specific contributions which each agency will be called upon to make along with its timing and budget implications. The committee would also be responsible for monitoring and evaluating progress under the specific programs.

The advantage of establishing a coordination committee is that it will facilitate overall planning and provide a forum to monitor progress. This should mean a higher level of performance by individual agencies and a greater probability of meaningful programming. The disadvantages of the coordination committee approach are that it requires an additional level of administration and will be time-consuming if it is to be effective. It still does not overcome the fundamental disadvantages of probable uneven provision of services and lack of flexibility for innovation.

Centralization of Functions In One Organization

Another approach would be to centralize all of the social and economic program responsibilities in one organization. This organization would then have the mandate to provide the services and facilities, coordinate them, monitor their progress and insure their continued operation. Some countries already have agencies which frequently contain many of the

program elements of concern (often duplicating elements of other ministries or agencies). For example, Ministries of Social Affairs often have broad mandates which could allow inclusion of most of the supplemental social and economic program components.

The advantage of this approach would be to centralize responsibility in one agency to provide supplementary social and economic components. This would allow the agency to build up expertise in the various component programs, provide for an orderly budgeting process, facilitate monitoring and evaluation, greatly improve the potential for integration of activities, and therefore achievement of component reinforcement. The disadvantages are the likely slow build up of the program to a meaningful scale, difficulties in reorganizing the desired activities now found in many agencies into one (including political difficulties), the potential for lack of coordination between the supplementary activities and the primary activities of other ministries (for example, preventive health care activities with the basic curative health care system which would probably be the responsibility of a Ministry of Health).

Involvement of Voluntary Agencies

The role of voluntary agencies in delivery of supplementary social and economic services should not be overlooked. There are literally dozens of international voluntary agencies running programs in the developing countries similar to those described in Chapter I. Many of these programs are under financed and weak, but are nonetheless making a contribution on a limited scale. In addition, often there are domestic voluntary agencies also operating within the country and providing similar services.

In designing a delivery system in a given project area, consideration should always be given to what programs and services voluntary agencies might provide to supplement government participation and thereby reduce the financial and technical staffing burden.

Advantages of appropriate voluntary participation (in addition to obvious reduction in costs and the technical burden to government) include their flexibility in innovating new programs, independence from government constraints such as salary structures and procurement practices, greater freedom to respond to local requirements, and in some cases the ability to overcome the natural suspicion of government services which exist among low-income people. The disadvantages include potential lack of permanence within the overall

program as priorities and budget resources change, possible incompatibility of program philosophy and approach, independence from control by the government agency with overall responsibility, and possible overlap with government sponsored programs.

An Integrated Approach

Each developing country will need to determine for itself what is the most appropriate delivery system for supplemental social and economic components in upgrading and sites and services projects. Nonetheless, from the above analysis a conclusion on the various options can be drawn that a combination solution might be the best way to accent the advantages and minimize the disadvantages of each.

The critical first decision should be whether the needed supplementary activities are to be introduced into a project or projects, or whether there is going to be a commitment to a sustained program which would operate on a city-wide or even a nationwide basis. The latter is obviously preferable as it justifies putting in place an organizational structure suitable for massive application and sustained support to the program.

As a working hypothesis it is assumed here that the delivery system to be developed should be capable of supporting an ongoing program of settlement upgrading and sites and services projects and would not be a sole "pilot project" test. The criteria for accomplishing this approach would consist of the following elements:

1. The system should take maximum advantage of existing programs and activities of all ministries and agencies (both public and private) currently operating in the particular city and nation.
2. The system should provide for the coordination of these programs to allow maximum reinforcement within a given project area.
3. The system should decentralize control of the individual activities to the lowest possible level of decision-making (the project community, the city, or the nation).
4. The system should allow for the maximum feasible flexibility in responding to requirements of individual project residents.

5. The system should have clearly identifiable funding sources.
6. The system should have a centralized delivery point within the project area, i.e., a multi-purpose community center or similar clustering of facilities in a central location.
7. The system should be at sufficient scale within a project area that the full desired impact can be achieved. Yet overall costs must be maintained at levels which permit the total target population within the city to eventually be served at similar standards as the program develops.

Applying these criteria to a specific system would suggest the need for a multi-level government approach along the following lines.

A National Level Policy Committee

The commitment to provide supplementary social and economic programs to low-income people essentially has to be made at the national level of government. This suggests that one of the ministers (probably the Minister of Interior in most cases because that ministry generally controls city governments) should chair an inter-ministerial committee responsible for setting overall policy. The committee should consist of all the ministries which will have responsibility for one or more of the program components plus the national level agencies (such as National Housing Authorities, etc.) which will have execution functions for the projects.

This committee should set national policy and priorities for the supplementary social and economic components to be provided for the urban poor, establish overall financial guidelines and insure that adequate budget provisions are provided for each of the participating agencies, and establish the required operating guidelines. The committee would also establish the locational criteria for projects and set priorities for participation by various cities.

The City Level Coordination and Planning Committee

Each participating city should have its own committee responsible for coordinating the program and insuring its integration into the overall city development plan and program.

The city level committee would be under the chairmanship of the mayor or senior development officer. It would include representatives of the various city agencies which will participate in the delivery of services, plus those agencies with overall planning responsibilities, and local representatives of national level ministries and agencies if they are present in the city.

The city level committee would be responsible for planning the annual program, insuring that the national level inputs are made, monitoring progress, insuring implementation by each individual agency of its program commitments, establishing local level budget support, coordinating all of the individual project centers, and establishing such training programs as are needed. It would be logical for the individual multi-purpose centers (discussed below) to be owned and maintained by the city government.

The Neighborhood or Project Level Committee

Each individual community should have its own committee. The committee's role and responsibilities might vary from situation to situation, but in general its purpose should be to give the project level committee as much autonomy and responsibility over its own center as possible. The committee should consist of local leaders in the neighborhood to be served including political leaders, the director of the staff, and representatives from the city level committee (probably through the specific agency with ultimate responsibility for the multi-purpose centers).

The project level committee should be responsible for formulating the requests of the community for specific kinds of program activities and representing the community with the various agencies who can provide the desired program. The committee should also be responsible to insure that the program of the multi-purpose center is well executed and properly accounted for. After a number of centers have been established, it may be desirable to have a joint advisory committee to the city level committee in order to assist in achieving coordination between the programs of the various centers.

Location of Community Services

A multi-purpose community center appears to offer the best physical solution for the delivery of services. A

number of countries have already begun to experiment with this approach. The alternative to the multi-purpose center would be to cluster individual facilities for specific services into an overall site plan (for example, individual clinics, employment center, vocational training center, etc.) or to use a basic facility such as a primary school for multi-purpose use.

The advantages of using a clustering of independent facilities are that each of the responsible agencies would be able to proceed independently with its program, and that the construction costs could be phased over a larger number of agencies and over a longer time period. The disadvantages would include higher overall construction costs and land acquisition costs, the fact that it would not facilitate the integration of services or their coordination, and that it would reduce the flexibility of the overall program. Therefore, the multi-purpose center seems preferable in most situations in which an overall program approach is being adopted.

The configuration of a multi-purpose center would depend, of course, on the nature and scale of activities to be provided and the size of the project population to be served. On the latter point there exists a considerable variety of opinion. A ratio of one multi-purpose center to 25,000 people has been considered in programs in India, but others suggest smaller centers serving a reduced population size. Considerable experimentation therefore still needs to be done to establish an appropriate service area population related to program activities and targets. Another approach has been to relate the number of staff members to population, and ratios of one staff member per 200 to 300 persons have been suggested. Obviously, the lower ratio between centers (or staff) and the population served, the higher the per capita costs are likely to be.

The multi-purpose center design will have to be developed according to program needs, but will also have to reflect the social and cultural values of the community to be served. There seems to be little information available as to guidelines for such a structure.*

*Our own analysis suggests that the multi-purpose center will need to have at least 400 square meters of enclosed space to provide for offices for the staff, meeting rooms, program rooms, and one large community meeting room. The land area should be approximately 2,800 square meters in

The staffing of a multi-purpose center will, of course, reflect the program activities scheduled, but certainly will include a full-time staff director, program specialists, and support staff.

The professional staff would, except for the director, be drawn from the permanent staff of the ministries or agencies responsible for individual program components.

The concept would be to make the multi-purpose center available for individual programs to be planned and executed by the responsible ministry or agency of the national or city government. The center would provide physical facilities, maintenance, administration, and general support to obtain community involvement. In addition, the multi-purpose center would be utilized by community groups for meetings and program activities and possibly for social gatherings (weddings, etc.) of the residents. The center would also be responsible for community organization for self-help projects and small-scale neighborhood enhancement or maintenance work.

order to allow sufficient outdoor space for program activities and small area recreation. Using generalized estimates which will vary from country to country, such a center should cost between \$100,000 and \$130,000 in most typical cases. Equipment costs will add approximately 25 percent to the overall cost. The operating costs will be variable with the program, but an estimate should be made prior to initiating a program in order to assure that sufficient budget funding will be available on an annual basis.

Chapter III

IDENTIFICATION OF TARGET GROUPS

A methodology* is required whereby specific program components can be identified and related to the specific area for which the project is intended. It is likely that within a given city there will be many project areas with deficiencies in essential minimum service levels. The question then becomes how to allocate scarce financial and technical resources available for improvement and what types of program elements are required. The proposed methodology is one approach which will lead to a reasonable allocation of resources in a planned and relevant manner. It should be stressed, however, that there is no one correct approach and that each city should modify the procedure to meet its local situation. The proposed methodology serves as a model for this purpose.

The Concept of Target Groups

The starting point for this approach is to identify the broad target groups of concern. The urban poor tend to share certain broad physical characteristics, but in fact substantial differences exist among the social and economic characteristics of the urban poor within a given city. These differences have been categorized in relation to the development potential and ability to respond to improvements latent in the urban poor to form target groups. Each target group will need to have a different emphasis placed on the kind of improvement program which will be most appropriate. Three basic target groups are identified in broad terms relevant for future planning and programming.

*The methodology described here has been under development by PADCO for some time. See Guidelines for Formulating Projects to Benefit the Urban Poor in Developing Countries, op. cit.; and Toward a National Policy For a Kampung Improvement Program, Directorate General of Housing Building and Planning, Jakarta, Indonesia (sponsored by the United Nations), May 1976.

Disadvantaged or Handicapped Households

This group includes people whose ability to improve their own condition is foreclosed by economic constraints, physical conditions, or even deeply-rooted attitudes against social change and development which do not lend themselves to improvement through traditional government action programs.

Potentially Mobile Households

This group includes people who are socially and economically stationary or stagnating, but who could improve their own condition if they were provided with appropriate kinds of initial public support -- training and education, essential public facilities and services, and economic opportunity. This group frequently includes recent rural-to-urban migrants and the unemployed.

Already Mobile Households

This group, although it is still poor, has already demonstrated its ability to improve its own condition. It has reasonable prospects for continued economic and social betterment in the future. This group will include households with more or less sustained employment potential, basic education and minimal essential housing.

The kind of package of improvements that will be most useful to each of these three groups will differ in scale and kind. For example, "disadvantaged households" may require heavy emphasis on social programming before physical or economic program components can be fully utilized, while "potentially mobile households" will require emphasis on training and education in order to prepare them for future opportunities. The "already mobile households" may not need or utilize vocational training courses, if offered, but might make great use of access to credit. Of course, the willingness and the ability to pay for services will also differ widely among these groups of households.

Development Potential Factors

In order to facilitate initial immediate action projects, the development potential factors to be considered in determining target groups need not be precisely measured quantitatively. Professional judgment and experience based on a review of

secondary source data, the opinion of key officials, and field visits to existing low-income settlements for observation will be sufficient. However, as work proceeds it will be desirable to develop more precise data through household interview surveys and analysis.

Human Capacity

Human capacity is defined as the capacity of the people to engage in productive work. It is important to focus on improving the target group's human capacity by providing relevant components which are within the capability of the residents to utilize and benefit from them. The indices of concern include the following.

Unemployment/Underemployment

Unemployment and underemployment are measured as the percent of the labor force unemployed or clearly underemployed.

Self-Help Spirit

Self-help spirit is measured by community demonstration of contributions through self-help to their own betterment. It can be established through consultation with community leaders, examples of projects accomplished, and the number and types of voluntary organizations found in existing settlements.

Educational Skills

Educational skills are measured by the average school grade levels achieved by the adult population and the illiteracy rate in the settlement.

Vocational Skills

Vocational skills are measured by the number of people in the labor force with specific skills (whether unemployed or not), the number of persons with standard employment (industrial workers, office workers, civil servants, etc.), and those self-employed (small commerce, craftsmen, day laborers, etc.).

Household Income

The range and distribution of income which exists or is expected to occur in a potential project area is an important indicator of the potential of the households to take advantage of different levels of improvement. This information may be obtained from secondary sources in some cases or from interviews with community leaders. It is not necessary to undertake house to house surveys as the margin of error can be large.

Control of Capital Assets

The control of capital assets is an indicator of the potential economic worth of the population and is useful in establishing the capacity of a target group to take advantage of an improvement program package. Factors to be considered are the existing and projected value of privately owned houses, businesses, and industries within the proposed project area. Personal property such as cars, TV sets, and other durable goods should be considered.

The control of land is a particularly important indicator because land tenure rights in LDCs are usually complicated and uncertain. In the case of slum upgrading, even in areas of the city in which the residents have been settled for a long period of time, the people may not have secure land rights. The problem is aggravated by the large influx of new migrants into large urban centers. These people often have no rights. Land expropriation laws are almost never utilized and act as a deterrent to the self-help home improvement which might otherwise occur.

As an indicator of control over land assets, a basic categorization should be made as follows.

No Secure Tenure

This category includes squatters with no legal rights to land in the settlement where they are located and little chance of obtaining such rights because of the location within rights-of-way or in areas scheduled for other uses in city development plans.

Potentially Secure Tenure

This category includes squatters with no legal rights at present to land, but with no intrinsic reason why a form of secure tenure should not be negotiated because of the length of residence on the site, the appropriateness of the site for residential use, or other factors.

A Form of Secure Tenure

This category includes those settlements in which the current or projected residents will enjoy some form of secure land tenure.

In each of the above cases a different public response to the land tenure situation will be appropriate through the improvement program. In the case where no land tenure security will ever be made available because of fundamental reasons, no program should be undertaken which would lead to permanent improvements; but this would not preclude short-term temporary measures to alleviate human suffering. The settlements in which land tenure might be given should have a solution to the land tenure situation directly built into the improvement package through a systematic sale or lease to the residents of the occupied land. Where land tenure is already enjoyed, the improvement package can be developed with a recognition of the latent value represented in the land.

It is also necessary when considering the control of capital assets to determine whether that ownership is to be represented among the project area residents themselves or by outside owners. Since the program is to benefit residents, the kinds of packages developed and the controls upon the program activities should reflect the status of the residents. For example, outside owners might well take advantage of improvements to raise rents beyond the levels the existing tenants can afford, and thus force their removal from the project. This action would have the affect of actually lowering the standard of living of those residents affected.

Access to Credit

Another indicator of development potential is the access to credit available to the households. Credit is required to take advantage of consumption and economic opportunities made available through an improvement program. It is likely that

access to credit will be low within the low-income population, but at least three categories can be crudely identified.

No Access to Credit

This category includes households which are so poor as to be unable to obtain credit even from family, friends, or local money lenders.

Access to Informal Credit

This category includes households which can obtain small loans from family, friends, or money lenders.

Access to Formal Credit

This category includes households and small businesses or industries which can obtain limited credit from banks, cooperatives, artisans, or other community credit institutions. Access to formal credit is generally limited in all levels of life in the LDCs. For example, a study in Surabaya, Indonesia, found that only 11.9 percent of all merchants within the city had ever obtained formal bank credit.*

Improvement of access to credit is proposed as one of the possible economic programming components to be included within the possible improvement packages to benefit the urban poor.

Permanence and Stability of Residents

A key factor which will affect the success of a program as well as the appropriate selection of its components is the permanence and stability of the projected settlement. This factor is often, but not always, tied to indicators such as age, migration patterns into and out of the area, household composition (whether complete families or single persons), and common cultural and social ties.

It is necessary to differentiate between stable, permanent, and unstable settlements. Stable settlements will have residents with a sense of security who anticipate establishing a permanent home within the area in which they currently live.

*Survey Monografi Kota, B.P.P., Kotamadya Surabaya and Faculty of Economics, Demography Division, Airlangga University, 1975, page 52.

An unstable settlement will have residents who view their stay in the area as temporary (for example, they expect to return to their rural area or are newly arrived and have yet to decide on a permanent location). The kinds of packages appropriate for each type of settlement will be considerably different.

Vulnerability

Vulnerability is a concept which concerns the potential for adverse events to seriously jeopardize the residents of a project area. A vulnerable settlement, in this sense, would be one in which a physical, economic, or in some cases a social factor could materially affect its condition. For example, an area subject to massive flooding would be physically vulnerable. One with only one point of access to the larger city would be vulnerable if that access were cut off, for example, if a bridge collapsed. This degree of vulnerability should be dealt with as a planning problem. Vulnerability caused by massive flooding would suggest that the settlement be removed and not be improved.

Land reuse vulnerability should also be considered in cases where there is a clear and persuasive case that a particular settlement site should be redeveloped for other than residential land use.

Economic vulnerability would occur if a settlement were located where there was little likelihood of obtaining work within a reasonable distance. This type of vulnerability is more serious if it is not considered in planning of new sites and services because the location of most uncontrolled settlements has resulted because of access to employment. At the other extreme, an area which is entirely dependent on one industrial employer or upon a one-industry market will be vulnerable if the general economy adversely affects this type of extremely narrow economic base. Economic vulnerability is a constraint to be considered at the time of preparing an improvement project for the area, particularly if the residents will be expected to carry any of the financial costs involved.

Social vulnerability is a much more difficult factor to consider. It refers to situations in which the social fabric of a settlement is considered to be a possible subject of social disorganization, or possibly the residents are such a socially distinct group that the situation requires special attention.

Conversely, a secure settlement is one which is not vulnerable to the kinds of risks discussed above. The area may be physically the same and at the same economic level of poverty,

but its security is in and of itself an asset which makes its long-range prospects for improvement considerably better than those for vulnerable settlements.

Identifying the Target Groups

Figure 1 suggests how the development factors might be used to determine into which general target group a specific settlement falls. The system proposed should be quantified when actually applied. The kind of indicator most appropriate is suggested on the right hand column. Each indicator should also be related to the ranges found in only the uncontrolled settlements in the city -- not to overall city averages. There will also be differences among cities. Therefore, one national value for an indicator should not be established (at least until further experience has been gained).

For example, unemployment rates of 15 percent might be considered high in one city in which the low-income settlement average might be 10 percent, while in another city it might be considered a medium level. This decision should be made locally after specific information has been obtained.

It is also likely that not all low-income settlements can be classified neatly into one target group for all indicators. After assembling data on individual sites, professional judgment will be required to determine where a settlement falls (through the clustering pattern of the main indicators) predominantly into one target group category.

Figure 1 does not attempt to identify indices for vulnerability. A vulnerable settlement, as defined in the previous section, is more or less independent of the target groups, although it is likely that "vulnerable" settlements will tend to be disadvantaged in other ways as well. However, if one settlement consisting of otherwise "already mobile households" is vulnerable to some specific peril (physical or economic), then the appropriate improvement program would have to be modified in response to the vulnerability regardless of other factors.

The reason for defining target groups by their development potential is that appropriate programming should be oriented to support and increase this potential. Appropriate planning will therefore differ among the target groups. This approach differs from the traditional approach of simply putting in a "fixed" set of improvements regardless of the socioeconomic characteristics of the residents. The "fixed" package approach tends to ignore the differing ability of the

FIGURE 1

Conceptual Framework for Identification of
Target Groups by Development Potential Factors*

DEVELOPMENT POTENTIAL FACTORS	TARGET GROUPS**			
	Disadvantaged Households	Potentially Mobile Households	Already Mobile Households	Relevant Indicator
HUMAN CAPACITY: Unemployment Community effort Education skills Occupational skills	High Low Low Low	High - Medium Medium - High Medium - High Medium - High	Medium - Low High Medium - High High	Percentage labor force unemployed Visibility of self-help projects Grade level attained by adults Percentage labor force with skills
HOUSEHOLD INCOME	Very low	Low - Stationary	Low - Improving	Monetary value
CONTROL OF CAPITAL ASSETS: Home ownership Personal property Businesses Land tenure	Minimal Minimal Minimal None	Minimal - Partial Minimal - Some Some None - Partial	Partial - High Some Some - A lot None - Permanent	Percentage households owning home Total value per household Number of businesses in settlement Category of tenure
ACCESS TO CREDIT	None or informal	None or informal	Informal - Formal	Percentage households with loans by type
PERMANENCE/STABILITY: Age of area Migration Social	Recent High Unorganized	Recent - Mature High - Medium Partially organized	Mature Low Organized	Age of settlement in years Group affinity and associations
VULNERABILITY: Physical Economic	DEPEND ON SPECIFIC SITUATION IN SETTLEMENT			

*Ranges shown are related to overall socioeconomic profile of city settlement population not city population as a whole (in use quantities can be substituted relevant for each city).

**Not all development potential factors will fall totally within one target group. The target group related to each settlement should be chosen on the basis of predominant clustering of factors.

SOURCE: Toward a National Policy for a Kampung Improvement Program, op. cit., May 1976, page 103.

settlements to use the improvements provided for development on the one hand and tends to overlook essential components which may be needed in one, but not another.

Priorities for Low-Income Settlement

Improvement Project Components by Target Group

Figure 2 attempts to relate in a hypothetical way the range of improvement project components with the target groups selected on the basis of the development potential factors. For each improvement project component shown in the left-hand vertical column, a numerical priority is shown for each target group. The numerical priority is set on a scale of 0 to 3, representing an ascending order of priority. The letters shown on the figure (P = physical, H = health, J = jobs, etc.) represent the relative importance of the components to the target group illustrated by the relative size of the letter itself.

The vertical scale of the letter is related to the total of the priority points shown for each target group as a percentage of the total points possible for each category of components likely to be required to respond to the development potential for each target group. Naturally, this mix is subjective in the diagram and would have to be related to each individual application.

All target groups require a physical core package of improvements. This would include improvements in water supply, sanitation, solid waste disposal, drainage, and footpaths.

There would, however, be different levels of improvement in this core package. For example, "already mobile households" would be able to use effectively and partially pay for a higher standard of improvement than "disadvantaged households" because of their higher levels of income and economic activity. In addition to the basic core of physical improvements, "already mobile households" will be better able to effectively use vehicular roads and in some cases electricity. These items are of lower priority for other target groups.

The social components (health and education) of the improvement project will be equally important to "disadvantaged households," "potentially mobile households," and the "already mobile household" target groups even though the content might differ in program design for each target group. The social

FIGURE 2

Priorities for Settlement Improvement
Project Components by Target Group

PROGRAM COMPONENTS	TARGET GROUPS		
	Disadvantaged Households	Potentially Mobile Households	Already Mobile Households
PHYSICAL:			
Water Supply	3	3	3
Sanitation	3	3	3
Solid waste disposal	3	3	3
Drainage	2	2	3
Electricity	0	1	2
Vehicular roads	1	2	3
Footpaths and bridges	3	3	3
Religious Buildings			
INITIATIVE OF RESIDENTS			
HEALTH:			
Clinics or mobile health units	3	3	3
Preventive health care programs	-	-	-
Mother/child	3	3	2
Family planning	3	3	3
Nutrition	3	3	3
Vaccinations	3	3	3
Environmental sanitation	3	3	2
Rodent and pest control	3	3	2
First aid	2	2	2
EDUCATION:			
Primary school	3	3	3
Adult literacy	3	2	1
Mobile library, TV, films, tapes	1	2	3
Preschool learning, day care	1	2	2
COMMUNITY DEVELOPMENT:			
Family guidance counseling	-	-	-
Legal aid	1	2	2
Urban information	2	3	2
Family budgeting	1	2	3
Recreation	-	-	-
Sports	1	2	2
Entertainment	1	2	2
Civic participation	2	3	3
Local self-help	-	-	-
Community maintenance	1	2	3
Environmental enhancement	1	2	3
Home improvement	1	2	3
JOB GENERATION & INCOME ENHANCEMENT:			
Economic activity support	-	-	-
Cottage industry	0	3	2
Industrial subcontracting	0	1	3
Micro-commerce	0	3	2
Food, fish, animal husbandry	2	3	2
Direct hire labor	3	2	1
Training support	-	-	-
Vocational training	3	2	1
Marketing and management	0	1	3
Cooperatives	2	1	2
Credit support	0	1	3
Savings mobilization	1	1	3

0 = not appropriate
 1 = low priority
 2 = medium priority
 3 = high priority

components are directly related to building human capacity which is critical in improving the living standards of all target groups. In a sense, social program components for these target groups can be considered prerequisite to their being able to use effectively higher standard physical improvements and economic components. However, given scarce resources it would seem appropriate to focus these programs on target groups with the greatest need.

The economic components will be most useful to "already mobile households" as they will tend to reinforce the economic activities already under way by these groups. "Potentially mobile households" will also be ready to respond to economic components, although of a somewhat different nature and scale. This target group, by definition, is ready for improvements in its economic development and needs specialized programs which respond to its potential. The "disadvantaged households," however, are not yet in a position to respond effectively to economic components even if offered (with the exception of direct hiring of labor which might be of very high priority and efforts to increase productivity relevant to the target group).

Actual experience and analysis in particular cities will undoubtedly suggest modifications in the priorities shown in Figure 2. Nonetheless, the principles illustrated should prove useful in focusing analysis and planning for individual improvement packages.

There will, of course, be a difference between designing a program for a settlement upgrading project and a sites and services project. Upgrading deals with target groups already in place and therefore can be studied during project preparation so that the optimum mix of supplementary social and economic programs can be designed. Sites and services projects involve formation of the target groups on the site after the project is constructed. The design of the project and the standards for physical development and cost recovery will largely determine the eventual target group. For the most part, sites and services projects will attract "already mobile" target groups. Nonetheless, social and economic programs required should await occupancy of the project by the selected households and then be developed to respond directly to their needs.

This is discussed more fully in the next chapter which suggests a planning process.

Chapter IV

PROJECT PLANNING, MONITORING, AND EVALUATION

Planning for supplementary social and economic components to be included in settlement upgrading and sites and services projects should be closely integrated with the physical planning process. There is already a considerable amount of literature on physical planning for these kinds of projects; this matter is not the subject of the present report. The discussion that follows assumes an integration with physical planning aspects of a given project or program; however, some different conceptual problems must be addressed as well. Some examples are discussed below.

1. Program planning for supplementary social and economic components will require different professional skills than those for physical planning. Even though the physical planning team will hopefully include economists and sociologists, it is unlikely that they will have the "operational" experience needed to design the supplementary programs. Their job will be to identify the need for such programs and to specify the technical effort required to formulate program content.

2. The supplementary social and economic programs of concern in a particular project will have their own "independent" rhythm separate from physical development. In the case of sites and services projects, the physical development will have to be complete before families move in and therefore before the supplementary social and economic programs can start (though community development type services should be ready to start prior to the first families moving into the project). Settlement upgrading projects may be facilitated through the introduction of certain community development activities prior to the start of physical improvements (particularly if community self-help contributions are contemplated), but most of the components cannot be effectively started until after the physical improvements are completed, or at least well under way.

3. From the beginning it needs to be recognized that the physical plan will call for a certain level of construction and implementation and then will be complete. This lends itself to a time specific implementation period and accurate budgeting procedures. The supplementary social and economic components cannot be planned with such precision. The supplementary components will require a period of time

prior to their start up to ascertain community views and priorities (part of the planning process) and to begin to educate the community to the use and potential benefits of the programs. After their initial start-up date they will require a considerable amount of time to become effective in the sense of building rapport with the community and working out the internal problems which befall all new institutional programs (build-up of qualified staff, modification of programs to meet specific local needs, normal delays in achieving recognizable program success and therefore credibility with the community, successful integration of conflicting community values, politics, and community groups, etc.). In short, the supplementary social and economic components will take considerably more time to become effective than the physical components, and policy makers must be prepared to see this time period through to completion.

4. After completion of the project there will, of course, be maintenance required for the physical development. This will either be done through normal city programs, the sponsoring housing agency, or the community itself (at least for those things in which labor is the primary requirement). The decisions about how maintenance should be accomplished are very important because without maintenance activity the physical facilities (already built at minimum standards) will quickly deteriorate. Nonetheless, the level of activity required is much less than maintaining the operations of supplementary social and economic programs because they will require significant resident staff within the community and regular operating budgets. Many of these programs might well require a five to ten year operational period before their objectives can be achieved. This very different time frame needs to be recognized in planning for social and economic program components.

Program Versus Project Approach

A distinction needs to be made between planning for a given settlement upgrading or sites and services project on one hand and planning for an ongoing city-wide program on the other hand. In most developing countries approximately 25 percent of the households in cities can be considered to be clearly below any definition of absolute poverty while another 30 to 50 percent can be considered to be among the urban poor and suffering under various physical, social, and economic constraints on their capacity for self-improvement. Given the urban population growth rates of most cities ranging from 2.5 percent to 6.0 percent annually, and even higher rates in unusual cases, it is clear that the urban poor represent a

massive population in urgent need of assistance. Therefore, it is important for nations and cities to move as rapidly as possible away from a project by project approach to implementation of a program approach on a nationwide and city-wide scale. Such a program approach needs to recognize three fundamental objectives in planning.

1. Existing housing stock, even if substandard, needs to be preserved and improved (at least environmentally).
2. Sufficient land must be urbanized with minimum public services to accommodate existing deficits and the increments of new urban population expected annually.
3. The fundamental social and economic requirements in terms of jobs and income, health, and education must be given priority for the entire low-income population.

The sooner a well worked out city-wide program to deal with these overall objectives can be accomplished, the better. It will allow forward planning for project implementation on a planned annual basis. It will allow the selection of project areas to be integrated into the overall development strategy of the city. It will permit the more efficient use of capital and management resources. It will provide a framework to allow the city to respond quickly to unforeseen opportunities by having a planned backlog of projects available for accelerated implementation if additional funds are available from national or international sources. Finally, but importantly, it will allow operation of an overall monitoring and evaluation system to allow for steady improvements of methods and techniques to be fed back into the project development process.

As important as the city-wide program approach is, it will take several years to be planned and organized. Clearly, immediate action projects should not wait for the program planning process. In fact, early project experience can contribute to the overall city-wide planning program. Therefore, it is recommended that program planning and project planning move forward simultaneously.

The City-Wide Program Approach

The objective of the city-wide program approach is to prepare an integrated set of projects for settlement upgrading

and sites and services to respond to the three essential objectives already identified above. The focus then must always be on action rather than on data gathering or academic research. Generally, the main elements of settlement upgrading work would consist of the following.

1. Mapping the areas in which low-income groups are concentrated throughout the city. The use of aerial photographs can greatly facilitate this process.

2. For each area make an inventory of currently existing essential services. For each index there should be a measure by which a standard could be developed based on local conditions. Among the essential services to be studied should be:

- a. Water supply
- b. Sanitation
- c. Solid waste disposal
- d. Drainage
- e. Electric supply
- f. Access to essential transport
- g. Presence of public facilities
 - Health
 - Education
 - Other

3. For each area establish the development potential factors (see Chapter III) if possible in a quantified form, including:

- a. Human capacity
 - Unemployment
 - Self-help capacity
 - Educational skills
 - Vocational skills
- b. Household income

c. Control of capital assets

- House value and condition
- Local enterprises' value and condition
- Levels of personal property
- Form of land tenure (also map property ownership patterns)

d. Access to credit

e. Permanence and stability of residents

f. Vulnerability

4. Estimate the total financial resources which can be made available from all sources to finance a settlement upgrading program, including public land ownership values which will be transferred to the residents.

5. Estimate the implementation capacity available from all sources to undertake the program each year.

6. Based on the data and estimates made above, analysis should be undertaken which will:

- a. Define the target groups of concern by settlement area. Selective household surveys should be undertaken to verify and refine the secondary source information.
- b. Set desirable standards (and minimum standards) for physical services and facilities to be achieved by the upgrading program.
- c. Identify the supplementary social and economic program components which will be required by settlement area.
- d. Develop approximate cost estimates for the entire city-wide settlement upgrading program (by specific settlement areas).
- e. Set priorities for implementation related to area needs, target groups, capital available, and implementation capacity.

7. Identify the first annual project or projects and initiate detailed planning for them.

It is assumed that this work would take place within an agency having city-wide planning jurisdiction. There is, of course, other related information which contributes to a city-wide development strategy framework and which would influence the analysis above. This is the kind of information required in overall city planning.

The planning for a sites and services city-wide program would relate to the settlement upgrading program in that both are designed to serve the same target groups. In planning a sites and services program the standards used should be relevant to the desired standards applicable to the settlement upgrading project. The mix of supplemental social and economic program components would generally be those relevant for already mobile target groups who will be the main group of concern.

The planning of a city-wide sites and services program would need, in addition to the information required above, to have an estimate of future population increases to be expected. (Even though the households moving to a sites and services project will most likely already be resident in the city, the idea is to balance new urban growth with population growth in order to prevent densities within existing low-income settlement areas from rising too high.) The site selection process for sites and services projects will be of the utmost importance, and any effective city-wide program will need to have a workable land acquisition plan.

The Immediate Action Program Approach

As repeated throughout this report, the emphasis must be on immediate action for the urban poor. There is no need to wait until a full city-wide program has been prepared in order to start the expanded approach in either settlement upgrading or sites and services projects (including necessary social and economic components). The underlying assumption is that if the initial project is to be eventually a part of a city-wide program that will be responsive to total needs, then the margin of error tolerable in identifying the initial projects can be rather large. By that is meant that if all eligible settlements are eventually to be upgraded, it is not of great concern that the very highest priority area be selected first. So long as the first area meets reasonable criteria, the city can proceed with confidence that the effort and expense will be worthwhile.

The Office of Housing project identification team can be of considerable help to the host country agency in facilitating this process. If the concept of settlement upgrading projects or sites and services projects reinforced by social and economic

programming is well understood by the host country prior to project identification (so there will be no misunderstanding as to the type of program to be undertaken and the target group to be served), the process need not take more than two or three weeks. The following criteria for initial project selection will be useful.

1. The population group to be served should be below the 50th percentile on the income curve.
2. The target group should be primarily "already mobile" or at least "potentially mobile." It would be a mistake to attempt an initial project with a target group of "disadvantaged households" because the additional problems in working with this target group, on top of attempting a new program approach, could jeopardize success of the initial project.
3. The site of the project should not be vulnerable to any obvious problem such as massive flooding, high levels of off-site pollution, locational disadvantages such as difficult road access, etc.
4. The site should be convenient to basic trunk infrastructure, bulk water supply, sewer system, drainage, and main roads with bus transportation in order to avoid delays in developing off-site infrastructure to serve the project area and to keep costs to a minimum.
5. The locational configuration of the housing units on the site should be such as to facilitate improvement without major relocation of households and destruction of housing stock.
6. The site should be politically acceptable to the host country government.
7. The site should be a recognizable community unit and subject to clear boundary description.
8. The project population should be not less than 10,000 persons to allow an adequate demonstration of the program concepts, but not more than 50,000 persons to keep the scale manageable during the planning and implementation period. This will mean the initial project will range between costs of \$2 to \$6 million generally, depending on the levels of improvements and whether there is to be a home improvement credit component.

Applying these criteria with reasonable accuracy need not be a difficult technical process. Essentially, the project identification team can rely on a review of the existing data base, mapping, and aerial photographs coupled with expert opinion from local planners and development professionals to

identify a range of possible sites. Field inspection of the sites which appear to qualify with the simple criteria should narrow the choice further. Selected interviews with community leaders on the sites and follow-up analysis using the target identification group methodology (unquantified) described in Chapter III should be sufficient in most cases to confirm a final project choice.

The process of developing a sites and services project is generally similar except that more emphasis needs to be placed on the location of the site, particularly with reference to existing nearby settlement patterns, employment opportunities, and existing social infrastructure. Of course there will be no existing target group population to be identified.

Appendix I outlines in summary form the various parts of the technical work which should be developed for each settlement project during the planning process after the project site has been selected.

Project Monitoring and Evaluation*

If the commitment is made by the city to a program approach toward settlement upgrading and sites and services projects, it will become important to introduce early in the implementation period of the initial project (and subsequent projects) a monitoring system and a procedure for periodic evaluation.

Monitoring System

Monitoring the project is essentially a management tool. It is a procedure for reporting on the progress of implementing the project to the executing agency or committee responsible. The monitoring system used should be kept simple with only information collected on key indices of the project at reasonable time periods (say every two months). This is important as monitoring itself will take scarce management and technical time, but it is essential.

*Toward a National Policy for a Kampung Improvement Program, op. cit., pages 64-66.

The monitoring system should be in a standardized format to allow comparison with previous reports and with other projects. It should be concerned with measuring actual progress against the planned progress of implementation. It should explain short falls or acceleration of progress. It should be concerned with actual cash expenditures measured against the project budget, noting overruns or reductions.

Some of the aspects of the projects cannot be measured in time or money terms. For example, the mobilizations of community support, the achievement of coordination with other government agencies, etc. -- these kinds of items should be also included in the project monitoring system.

Evaluation Systems

Evaluation provides an analysis of the effects of a project on the target group population after the project is executed. It is used to test the success of the project in achieving its objectives. The results of the evaluation should then be used to improve the policy, planning, and process in future projects.

Evaluation should be undertaken in selected projects if particular characteristics are of interest. It is desirable that the evaluation be carried out by professionals outside of the executing agency -- such as from local universities or research institutes.

The selection of a project area for evaluation should be made prior to the initiation of the project. This will permit the undertaking of a baseline survey. In a settlement upgrading project selected for evaluation, a survey should be taken of the present population before the start of the improvement program in order to refine the data indices used in establishing objectives (since the initial targets will have been set based on secondary source information) and to complete the social and economic profile. This survey will probably use sampling techniques.

It would be highly desirable if the evaluation program could also include a control group in a settlement not scheduled for improvement in order to compare the effects of the program in the improved settlement against the unimproved settlement over the same time period. This is not absolutely necessary, however, if funds are severely limited.

The evaluation will be able to measure in quantified terms the actual impact of the project on the residents. For

example, was the potable water supply in litres per capita per day increased to the target level? was unemployment reduced to the target level? In each case, the reasons for the success or failure to achieve the target should be noted to assist in designing future projects. In addition, the evaluation should be concerned with attempting to investigate either positive or negative indirect effects of the project. For example, did land prices increase and who benefited from the increase? did community participation develop as projected? did migration into or out of the project take place and what were its effects? what was the effect on home improvement in the project?

All of these kinds of comparisons would be made more useful if there existed comparable data gathered from the control group previously suggested. In that way it would be possible to understand what benefits accrued solely because of the project and what changes took place in the wider area generally independent of the project. The control group would make retroactive cost benefit analysis more accurate and useful.

A final evaluation survey should be planned for a period well after the project has been completed to see what effect the project had over time. This should be a minimum of two years after project completion. The same evaluation survey procedure should be used.

In this way, the evaluation will produce three bench marks for comparison -- 1) the project area before the improvements are made; 2) the project area immediately after the improvements are complete; and 3) the project area two years after completion, when the improvements have "matured." All three bench marks are needed in order to get a complete evaluation.

At the same time the evaluation of the affected households is being made, all other aspects of the project should also be evaluated. Using the monitoring data collected during project implementation and final accounts, the evaluation should include the planning and implementing process as well.

Evaluation is a relatively expensive process involving as it does household interviews and considerable professional expertise. It should be used carefully to obtain meaningful operational results and avoid purely sociological or academic research. This can best be done by establishing the evaluation methodology in advance. Selective evaluation in depth is more productive than wider coverage at the expense of depth and analysis.

Appendix I

PRESENTATION OF THE
SETTLEMENT UPGRADING PROJECT

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Appendix I

PRESENTATION OF THE SETTLEMENT UPGRADING PROJECT*

This section outlines in summary form the various parts of the technical work which should be developed for each settlement project during the planning process after the project site has been selected. The detail of the list may appear burdensome, but these are the materials which should be assembled in order to have an efficient and complete plan. The information needed can be judgmental or schematic. It need not be elaborate or require sophisticated analysis.

Parts of project planning, once completed for the initial project, can be adapted readily to future projects which will allow greater speed and efficiency as the total program is developed.

Section I: Project Summary

1. Name of the settlement and its location.
2. Brief narrative description of the existing project area conditions:
 - a. Essential services profile.
 - b. Development potential and target group category.
3. Brief narrative statement of the intended project objectives and improvements to be made.

*The project presentation outline described in this section of the report was originally developed by Alfred P. Van Huyck and David Leibson on a mission for the Office of Housing in Seoul, Korea. It was subsequently expanded and modified for inclusion in the report Toward a National Policy for a Kampung Improvement Program, op. cit., pages 129-133. In this version the social and economic program components have been further detailed.

4. Statistical summary of the project:

a. Physical data:

- Total land area.
- Total land area by land use categories.
- Total land area by proposed land use categories after improvement.
- Total number of existing houses by legal status, condition and approximate market value.
- Total number of houses to be removed by project, by legal status, condition and approximate market value.
- List of infrastructure improvements to be made, using quantified data (i.e., how many square meters of paving, etc.).
- List of community facilities to be provided, by size in square meters.

b. Social and economic program components:

- List of all proposed social program components and agency organization responsible.
- List of all proposed economic program components and agency or organization responsible.

c. Summary of cost data for development:

- Cost of each item of cash facility and infrastructure (unit cost, quantity, total cost).
- Cost of site preparation (landfill, grading, retaining walls, etc.) by unit cost, quantity, and total cost.
- Cost of off-site infrastructure by item, unit cost, quantity, and total cost.
- Engineering, supervision, and contingency fees.

- Cost of land acquisition per hectare, number of hectares, and total land acquisition cost.
 - Total capital costs of the project.
- d. Estimate of annual ancillary costs:
- Operating cost by item.
 - Maintenance cost by item.
 - Equipment cost by item, initial and annual.
- e. Source of capital for each expenditure item (city, provincial, or national funds by allocation to specific component; and list of contributions, if any, from private agencies or the settlement residents to specific component and amount). The total sources of capital must equal total proposed expenditures, with allowances for non-cash contributions for labor or materials.

Section II: Description of the Project Area

1. Supporting social and economic data utilized in preparing the essential services profile and the development and target group category.
2. Demographic data, from secondary sources, including aerial photographic analysis if available.
3. Household income estimates, from secondary source data and spot check interviews.
4. Land use map of the settlement (with housing conditions).
5. Existing infrastructure and facilities map of the settlement.
6. General area map (approximately one kilometer in radius from the project area, drawn freehand) to show:
 - a. Existing primary roads.
 - b. New primary roads already planned.

- c. Other settlement areas (indicate status of settlement upgrading activities proposed, under way, or completed).
- d. Other general land use (residential, commercial, industrial, etc.).
- e. Location of government administrative office, if any, and other government facilities.
- f. Location of schools by type, health facilities by type, other social or community facilities by type.
- g. Present bus routes.
- h. Water mains, sewer mains, and large drainage structures (note any already planned expansions).
- i. Note direction and distance from central city and places of major employment.
- j. Indicate north direction and prevailing wind direction.

Section III: Physical Plan

- 1. Proposed land use map.
- 2. Site plan map (which will be the basis for all physical improvement work to be done). Use symbolic notations with reference number for each item coded to the detailed engineering drawings and specifications:
 - a. Note all housing units to be demolished.
 - b. Note all roads or pathways to be reconstructed, widened, or installed and construction standard.
 - c. Note all utility extensions, modifications, or installations (water, sanitation, drainage, refuse collection points, and electricity if applicable).
 - d. Note all facility structures to be installed or reconditioned with size, construction standard, etc.

- c. Note location for all land preparation work, landfill, grading, etc.
3. Plot plan map (where appropriate) showing proposed plot lines in relation to existing housing. Add explanatory note on land tenure policy and, if appropriate, the means for rent, lease, or sale if public land is to be allocated to resident households.
4. Detail maps, as appropriate, where roads, footpaths, utilities, or other proposed facilities will require special treatment.
5. Engineering drawings at appropriate scale for all construction and specifications.
6. Cost estimates, including quantity takeoffs for all proposed contract work by item.

Section IV: Social and Economic Program Components

1. Note the overall delivery system to be used to provide social and economic components to the project and if different from other settlement upgrading projects, note the differences. Describe the specific components to be provided noting for each component the objectives, program content, expected benefits to the target group population, the timing and schedule for instituting the component, the staffing required, the building space and equipment required, and the agency which will have operational responsibility. The components should be listed under the following categories in the detail suggested.
 - a. Primary and secondary schools.
 - b. Curative health facilities.
 - c. Supplemental education.
 - d. Supplemental health.
 - e. Job generation and income enhancement:
 - Economic activity support.
 - Training support.

- Credit support.
- Savings mobilization.

f. Community development.

2. If a component category is to be omitted, the reasons for omission should be given.

Section V: Administrative Plan

Note that the administrative plan for each settlement project will follow a common pattern. If there are any special factors to be considered in a particular project which will be different from the general procedures, they should be noted here.

Section VI: Finance Plan

Note that the finance plan for each settlement project will also follow a common pattern reflecting the city budgeting system and organization structure for the settlement upgrading program. If there are any special factors to be considered in a particular project which will be different from the general procedures, they should be noted here. In addition, if there is to be an expected recovery from the residents for any of the components provided, either a capital recovery or operating charges, they should be described here and the amount of such recovery estimated by annual increments. If there is to be a sale or lease of land to the residents in order to provide secure land tenure, the methods and procedures of the program should be described here, along with the financial estimates.

Section VII: Maintenance Plan

Note that the maintenance of each project will be primarily a community responsibility. The procedures for how this will be done should be described here along with the specific assignment of responsibilities.

Section VIII: Special Factors

Note that if there are any factors which affect the particular project which substantially require special or unusual treatment outside of the general procedures identified above, they should be noted here along with appropriate documentation. For example, if a project does not comply with the criteria for project selection, but is of overwhelming local priority, the case for its inclusion in the program can be made here.