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**SUGGESTED OUTLINE AND APPROACH  
FOR CONDUCTING URBAN DEVELOPMENT  
ASSESSMENTS IN DEVELOPING COUNTRIES**

**February 1983**



**OFFICE OF HOUSING  
AND URBAN DEVELOPMENT  
AGENCY FOR  
INTERNATIONAL DEVELOPMENT**

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**SUGGESTED OUTLINE AND APPROACH FOR CONDUCTING  
URBAN DEVELOPMENT ASSESSMENTS IN DEVELOPING COUNTRIES  
(RFS-19)**

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## INTRODUCTION

The rapid rates of urbanization in the developing countries and related problems and opportunities of economic growth and equity will demand growing concern within the Agency for International Development and AID Missions in selected countries.

The Office of Housing and Urban Programs has drafted an analytical tool called an "Urban Development Assessment (UDA)" to be utilized by AID Missions concerned with preparing urban related projects and programs in their respective countries. The UDA is designed to provide well founded answers to the following questions:

**Are these sufficiently important urban problems or opportunities to warrant the adoption of an explicit urban development strategy for the use of AID resources?**

**If so:**

**Which urban areas in the settlement system should be given priority attention?**

**Which sectoral policies and programs should be given priority emphasis?**

**Which institutions and decision makers within the country should be directly involved in policy and program initiatives to increase the possibility of effective implementation of the development strategy?**

Upon completion of a UDA, the AID Mission should be in a strong position to prepare an urban component for the CDSS and identify high priority projects or programs which are responsive to the developing countries' objectives for national economic growth and social equity and responsive to AID's basic themes of the private sector and technology transfer. It will be a useful, comprehensive framework for conducting discussions with the government.

The UDA is not intended to supercede or disrupt ongoing or contemplated urban activities of such traditional AID programs as urban family planning, health, education, or projects in basic infrastructure and shelter. Rather, the UDA should be useful in providing an expanded urban framework for these activities which might prove useful in assisting them to contribute to the broader development objectives of the country and AID.

The basic outline of the UDA is presented in this report. The Office of Housing and Urban Programs seeks opportunities to field test methodology in selected countries in order to sharpen the approach and subsequently modify it to be fully responsive to AID Mission requirements.

This process is not necessarily one of attempting to "optimize" AID's project selection process, but rather to provide AID Missions with a range of feasible, priority choices for programming in the urban development area in a particular country. The decisions as to what an AID Mission might support will ultimately depend on AID Mission decisions taken in light of overall country strategy objectives, available levels of funding for technical and/or capital assistance, and direct follow-up negotiations

with the developing country government. This aspect of the UDA is particularly important because in all developing countries there will be a formidable range of physical deficits in urban areas and requirements for the creation of new urban structure. The purpose of the UDA is to suggest areas for AID support (which will necessarily be limited) that are not merely ameliorative, but rather make contributions to sustain national development.

The execution of the UDA will typically require between two to four calendar months and between three to six person months of technical effort. The typical UDA technical assistance team should consist of a combination of the following expertise:

Urban Economist with macro-economic skills;

Urban Planner with a basic knowledge of infrastructure and shelter at the city wide scale;

Urban Management Specialist with knowledge of urban institutions, urban management, and urban finance; and

Research Assistant with basic analytical skills.

The Office of Housing and Urban Programs welcomes inquiries from All Missions interested in discussing the undertaking of a UDA in their respective country setting.

## SECTION I

### THE SUBSTANTIVE CONTENT OF AN URBAN DEVELOPMENT ASSESSMENT

This outline is based upon a recognition that urbanization is a product of causal forces operating in a country; modified, but not exclusively determined by public policies and programs. That the causal forces producing urbanization as national development proceeds are powerful has been documented repeatedly in countries with very different political structures, public policies and programs. As indicated in the introduction, the problem of strategic policy and program choice is how to be selective about where, when and how to intervene to best insure that the chosen interventions have a good chance of modifying the rate of urbanization, its distribution among urban settlements, and the conditions of the urban population in ways that make positive contributions to national development.

Consequently, the Urban Development Assessment (UDA) outlined here calls for:

- a review of urbanization, urban conditions, and underlying factors which are known to be associated with both development and urbanization in both positive and negative ways.
- a review of national development, macro-economic, spatial and sectoral policies and strategies.
- a review of sectoral programs and program outcomes.

From this examination and review, a picture of the major gaps and complementarities among urban outcomes, development objectives, economic, spatial, and sectoral policies, strategies and programs can be derived. Identified gaps highlight potential areas for improving urban policy and programs. Similarly, identified complementarities are potential areas for more full or effective utilization.

Thus, there is a very high probability that there are major discrepancies between the desired results of public policies and programs and reasonable expectations about actual results. It points out, in a preliminary (but well-founded) way, where things might be going wrong and, therefore, where AID can exercise its leverage and direct its policy efforts and program funds.

A summary of the proposed UDA outline is presented below.

## **I. Executive Summary**

### **A. Brief Overview of Country being Assessed**

1. General information about country
2. Urbanization and urban conditions (summarized from II.A.)
3. Associated development processes (summarized from II.B.)
4. Current development objectives, spatial strategies, and sectoral policies (summarized from III)
5. Major sectoral programs (summarized from IV)

### **B. Summary of Conclusions Regarding Major Policy and Program Complementarities and Gaps (summarized from V)**

The material summarized in Parts A and B would provide the host country government with a useful starting place for its own review of domestic urban development efforts.

### **C. Conclusions Regarding USAID Strategy (which could be presented in a separate memorandum if it were not appropriate to share it with government officials)**

Has the Assessment demonstrated sufficiently important urban problems or opportunities to warrant the adoption of an explicit urban development strategy for the use of AID resources?

If so:

- Which urban areas in the settlement system should be given priority attention?
- Which sectoral policies and programs should be given priority emphasis?
- Which institutions and decision makers within the country should be directly involved in policy and program initiatives to increase the possibility of effective implementation of the development strategy?

## **II. Review of Urbanization, Urban Conditions and Associated Development Processes**

The information in this section is intended to provide a picture of the country's current rate of urbanization, the urban components of the settlement system, and levels of other measures of development known to be usually associated with urbanization.

### **A. Review of Urbanization and the Urban System**

This subsection of the report should provide information on urbanization and urban conditions.<sup>1</sup> The information reported should result from an investigation of:

1. Level and rates of change in total urban population relative to total population.
2. Level and rates of change in the population of the largest city relative to total population, urban population, and the population of the 2-4 next largest cities in the country.
3. Population size and growth rates of individual urban settlements, stratified by size.
4. Employment levels and growth rates in individual urban settlements stratified by size.
5. Levels and growth rates in total and per capita income nationally and by urban settlement or region, if available.
6. Income distribution in urban and rural areas and by settlement, if available.
7. Chief economic and social/cultural/governmental functions of relatively large national and regional urban centers.

### **B. Review of Development Processes Associated with Urbanization**

There are many measures of development that tend to be associated with urbanization and the conditions of the urban population. Section 2. II.B. below provides a set of examples of such measures. Among those that are highly important are:

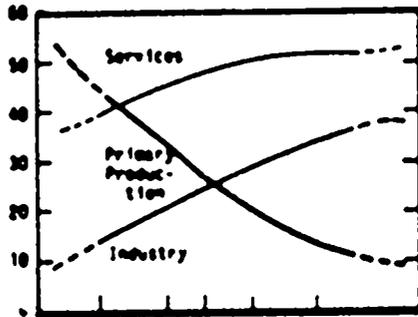
1. Rates of natural increase in population  
(High rates of population growth will tend to encourage urbanization.)

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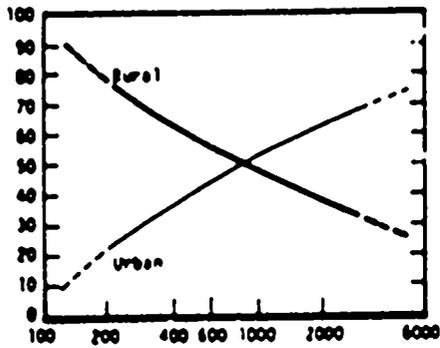
<sup>1</sup> Information about the spatial distribution of industry, housing, infrastructure and other services should be provided in Section IV.

2. **Urban/rural income differences**  
(Higher average or median per capita income in urban areas than in rural areas will encourage urbanization. Similarly, the existence of very high urban incomes for some individuals or a larger percentage of urban residents than rural residents in upper income percentiles will encourage urbanization.)
3. **Structural transformation of production**  
(Requirements for availability of a wide range of inputs and a relatively large market for processed output links industrialization with increased urbanization. As the proportion of industry outputs to total outputs expands, urbanization tends to increase. This, in turn, increases the demand for service sector growth. Figure 1 shows normal shifts from primary production to industry and services, as the urban population share of total population increases.)
4. **Structural transformation of employment**  
(The shift in output toward industry and services normally produces a similar shift in employment patterns as shown in Figure 2.)

**FIGURE 1**  
**TRANSFORMATION OF PRODUCTION AND URBANIZATION**



**TRANSFORMATION OF PRODUCTION**  
(Percentage Shares of GDP at 1977 prices)

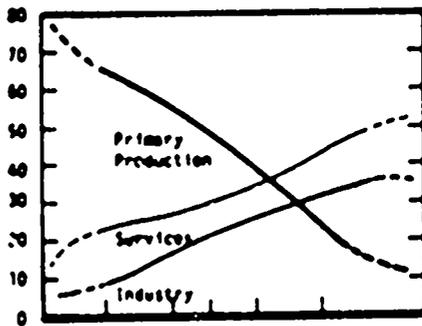


**URBANIZATION**  
(Percentage Shares of Population)

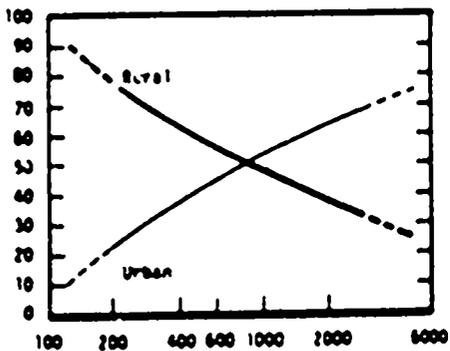
Gross National Product Per Capita, in 1977 US Dollars  
(Semi-log scale)

Source: World Development Report, 1979; The World Bank, Washington, DC, August 1979

**FIGURE 2**  
**TRANSFORMATION OF LABOR AND URBANIZATION**



**TRANSFORMATION OF LABOR**  
(Percentage Shares of Labor Force)



**URBANIZATION**  
(Percentage Shares of Population)

Gross National Product Per Capita, in 1977 US Dollars  
(Semi-log scale)

Source: World Development Report, 1979; The World Bank, Washington, DC, August 1979

### **III. Review of National Policies Influencing Urbanization and Urban Conditions**

National development and sectoral policies affect or are implemented through specific spatial locations within the nation. This is reflected in Chart I.

An effective UDA must include a review of overall national development policy (including both urban and rural development policies) since they all potentially affect the ability of urban centers to make an enhanced contribution to national development objectives. It should also include a review of sectoral programs for industry, shelter, other national services and infrastructure as discussed in Section IV.

The UDA team should, therefore, attempt to identify and document a potentially broad range of current policies. It is recognized that countries differ considerably in the degree to which national development, spatial and sectoral policies have been explicitly established. Consequently, not all of the elements identified in the subsections below will be able to be documented. Where this is the case, it should be so noted in the assessment.

In reviewing policies, spatial strategies and sectoral programs, it is essential to identify major institutional actors, loci of decision authority and management issues. In short, the team is not looking only for data on, for example, spatial allocations of sectoral investments, but also at the question of how and by whom they are made. The major elements of policy to be considered are:

#### **A. National Development Objectives**

These may be stated generally—improved rates of national growth—or specifically—reduction of national unemployment rate by 1 percent a year. For most developing countries, however, there are development goals relating to economic growth, social justice or equity, employment, and modernization. Supporting documentation, bibliographies and interview reports should be included in annexes.

#### **B. Existing National Spatial Strategies**

This section is intended as a review of existing strategies designed to influence the distribution of population and development in the country and the objectives of the strategies. The information gathered should be summarized under the following headings:

1. Objectives sought by spatial strategies
2. Strategies regarding urban/rural settlement
3. Strategies regarding regional decentralization
4. Strategies regarding special settlement types—e.g. the primary city, secondary cities, and special purpose urban centers.

**CHART 1**  
**NATIONAL DEVELOPMENT POLICY MATRIX**

	National Spatial Policy						
	Urban Development			Rural Development			
	Primary City	Secondary Cities	Market Towns	Zone 1	Zone 2	Zone 3	Etc.
I. Economic Policies Industry Natural Resources Agriculture Construction Finance							
II. National Networks & Nodal Policies  Transport Communications Electric Power Water							
III. National Public Services  Education Health							
IV. Shelter and Residential Settlement  Housing Infrastructure Facilities							

### C. Macro-Economic Policies

1. Resource mobilization—e.g. domestic taxation, export earnings, import duties, foreign assistance, foreign investment
2. Relative balance between international and domestic public and private investment
3. Foreign exchange policy and balance of payments (including relative emphasis on export promotion and import substitution)
4. Employment policy
5. Scope of national economic planning and control of investment

### D. Policy Toward Production Sectors

Production sectors are defined here as they are normally defined in national product accounts. They include the agricultural sector (agriculture, forestry, hunting and fishing), the industrial sector (mining, manufacturing, construction, electricity, water and gas) and the service sector (all other branches of economic activity).

For the UDA, particular attention should be given to the industrial sector and, within that sector, to manufacturing. Mining does not normally provide a substantial basis for urban development. Construction activity generally follows rather than leads urban growth and development. Electricity, water and gas are treated under Subsection F, as inter-urban infrastructure.

As is generally true of construction, service sector growth normally follows urban growth and development. It becomes most relevant to the UDA if industrial growth is slow and there is an abnormally high rate of service sector growth. Many LDC's are experiencing an unusually high rate of growth in service sector employment, particularly in government service. The UDA team, therefore, should explicitly review government employment policy. Agricultural policy needs to be reviewed in the UDA, since agriculture and industry are often competitors for scarce investment funds, and because there are important interrelationships between urban and rural development possibilities.

The more complete review of industrial policy should emphasize manufacturing and include an assessment of:

1. Location of industrial investment
2. Criteria for direct public investment in industry
3. Policies regarding priorities for expansion of specific industries—e.g. agro-business, basic metals, or construction material

4. Availability and use of indirect incentives for investment—e.g. tax relief, easing of import restrictions, provision of serviced industrial sites
5. Policies regarding small scale or informal sector firms

#### **E. Shelter Policy (Housing, Infrastructure, Community Facilities and Services)**

1. Policy regarding public/private roles in constructing and financing housing to meet effective demand at costs which are affordable to the population
2. Policy regarding service provision, standards, pricing, cost recovery and initial financing of residential infrastructure and community facilities (including local health, education and welfare)
3. In many countries, health, education and welfare services are delivered through national systems. In such cases, the relationships between national policy and local service delivery should be assessed. The degree to which policy supports or accepts local determination of levels of service provision, standards of facilities, pricing and cost recovery should be indicated.

#### **F. Inter-urban Infrastructure (Transportation, Communications, Power and Bulk Water)**

1. Policy regarding network additions (when, where, and at what standards)
2. Pricing and cost recovery
3. Initial financing policy

#### **G. Land Policy**

1. Policy regarding urban conversion of arable land, improvement of existing cultivated land and land reclamation
2. Ownership and tenure options
3. Land use planning requirements
4. Legislation relating to ownership and use
5. Regulation and development controls (zoning, subdivision regulations, etc.)
6. Financing land development

## **H. National and Urban Management, Administration and Financing Policy**

The technical capacity to determine appropriate urban development policies and supporting development programming will be of limited use in the absence of necessary administrative and management policies and personnel skills to implement the policies and programs. Consequently, the UDA must include a specific review of administrative and management policies.

Major elements of this review should include:

1. Provisions for coordination among national ministries responsible for both spatial and sectoral policies and programs
2. Methods used to integrate policy planning, sectoral programming, and national and local budgeting
3. Decision making relationships between national ministries and local government concerning planning, budgeting, and program implementation
4. Policies regarding raising and expanding national and local financial resources
5. The legal framework of physical planning, land development and land use controls, land ownership and tenure, shelter programs (including local services as well as housing), urban employment, and basic health, education and welfare services
6. The strength of planning capacity at national, regional or provincial, and urban levels
7. Personnel policies regarding national and local governmental staff and training

## **IV. Review of Sectoral Investment and Operating Programs**

This subsection is a review of actual investment and operating programs in urban areas by sector. In cases where sectoral investment plans exist, they should be reviewed in this section. The sectors to be emphasized include:

1. Industry—particularly manufacturing
2. Services—particularly government services
3. Housing
4. Residential infrastructure and community facilities and services
5. Health, education and welfare

6. Inter-urban infrastructure (power, telecommunications, bulk water, transportation)

For each sector, it is desirable to develop data<sup>2</sup> on:

1. Measures of outputs<sup>3</sup> and/or current consumption standards
2. Real resource inputs—particularly employment and construction materials
3. Measures of average investment and operating costs on the basis of cost per unit of output or per capita
4. Measures of prices charged for output, levels of subsidy, if any, and amounts of cost recovery
5. Target values for above measures as established in sectoral plans

Normally the above measures will vary within the country depending on specific activities within a sector (e.g. between firms producing basic metals and those processing food or between industrial housing programs and sites and service programs) and depending upon where the expenditures are made (e.g. within the core of the primary city, in a fringe settlement, or in a small secondary city). Consequently, it is desirable to disaggregate the data to illuminate such differences, if such disaggregation is possible in the data used. That is, average values for the measures should be shown wherever possible for both major program types and for individual urban areas. If the latter is not possible, an urban/rural division at regional or provincial level is useful, or even better, specific data for the larger cities and/or regional centers can often be obtained. Such information still provides a useful picture of sectoral programs, since what happens in regional nodal cities and the primary city are often the dominant influence on the prospects of smaller cities and also influence rural development in their hinterlands.

In summary, the main elements of sectoral information which it is desirable to obtain are:

1. Spatial distribution of sectoral investments, maintenance and operating costs

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<sup>2</sup> See Section 2 for further discussion of such measures.

<sup>3</sup> Output and service definitions vary considerably by sector. In the production sectors, it is useful to obtain data on employment as well as output, because employment growth is often a development objective, although it is a production input rather than output.

2. Existing outputs or consumption standards by sector and type of urban area
3. Major inputs utilized—e.g. employment, raw materials, construction material—by sector
4. Existing costs by sector and location, if available
5. Existing financing mechanisms and levels of cost recovery; again, with as much information by specific location as available
6. Existing sectoral plans—magnitudes and location of expenditure.

**V. Major Gaps and Complementarities among Development Objectives, Spatial Strategies, Sectoral Policies and Programs**

The information above should be analyzed in this section to examine the degree to which national development objectives, spatial strategies, sectoral policies and programs are compatible with each other. The central hypothesis of the Urban Development Assessment outlined here is that incompatibility (gaps) among these elements are likely to reduce the effectiveness of a country's efforts to enhance national development and improve the quality of life of its citizens. In a sense, the gaps are potentials for improvements in urban policy and programming which could improve efficiency, equity or both (nationally and in urban areas). Similarly, the assessment should highlight complementarities which exist but may not be fully or effectively utilized. The identification of such gaps and complementarities, therefore, provides a promising approach to the specification of key points for USAID intervention.

There are many possible variants of counterproductive gaps and inadequately recognized complementarities in any given country. The particular ones which should be highlighted are a major product of the UDA and cannot be specified in advance. However, types which are frequently observed are:

1. Gaps between objectives for spatial strategies and the most likely outcomes of sectoral programs
2. Gaps between spatial strategies and policies arising from omission of needed elements, presence of counter-productive program elements in the implementation of productive policies
3. Gaps between financing possibilities and the standards and costs of sectoral programs
4. Gaps between total resource availability and the aggregate sectoral programs
5. Gaps between realistic estimates of urban population and planning estimates—either in total or in particular settlements.

Some examples of both complementarities and gaps that might be observed are shown in the Chart I of Annex A.

The specific gaps and complementarities to be emphasized in the urban development assessment of a particular country should be those which:

1. Would be expected to yield substantial benefits, if corrected
2. Would be expected to conserve resources to improve flexibility, reduce risks, or be reallocated elsewhere
3. Can be addressed by USAID strategy and program options

#### VI. Summary and Conclusion

This section should provide the information from which the Executive Summary is drawn. The coverage should be parallel, therefore, to that described earlier.

## SECTION 2

### GUIDANCE TO THE TEAM CONDUCTING THE UDA

The primary functional objective of conducting a UDA is to provide Missions and AID/Washington with information on which to base agency decisions about:

1. Whether AID should proceed with the design of an urban development strategy to assist in selecting options for USAID programs in the country requesting the UDA; and, if so, what the major elements of such a strategy are, such as:
2. Which urban areas in the country's settlement system should be given priority attention?
3. Which sectoral policies and programs which need special emphasis?
4. Which institutions and decision makers within the country it is essential to involve in policy and program initiatives to increase the probability of effective implementation of the development strategy once it is created?

The information developed would be useful, also, to the host country in its own review of its urban policies and activities.

The technical objective of this section of "Guidelines for Urban Development Assessment (UDA)" is to assist UDA teams in conducting the necessary material review, interviews, data collection and analysis in reaching well-founded conclusions to the above questions.

It is expected that selected teams will have relevant technical skills and experience working in developing countries, and thus be expected to bring that skill and experience to bear. In addition, however, it is highly desirable for each UDA to be conducted in a consistent way (regardless of the specific composition of the team) to facilitate AID comparisons across countries and help ensure that different teams in the same country would be likely to reach similar conclusions. Obviously, this guidance is not intended to preclude teams of individuals from conducting analyses not discussed here when the data warrant it and it is relevant to answering the questions cited above. Indeed, it is expected that experience gained in conducting UDA's will result in further refinement of the approach.

#### I. An Overview of the Suggested Work Program of the UDA Team

It is anticipated that the work of the UDA team would proceed in four phases:

Phase I: Review of country-specific data and published analyses in the U.S. prior to departure. Data is available in the U.S. from AID, the World Bank, the International Monetary Fund, the United Nations, and the U.S. Bureau of

Census. The team should review, with AID, current AID programs and projects in the country, available evaluations of AID programs, and the recent Mission CDSS. In addition, the team should review the general information listed under subsection III below.

Although it is recognized that there will be some overlap, data collected should be organized under three general headings:

- a. Aggregate information on national development processes.
- b. Aggregate data by sector, and, if available, from U.S. sources, by specific urban area. Major relevant sectors are those identified in Section I. Subsection IV above.

Interpretative information or analytic results provided in documents reviewed should be organized under the following headings:

- a. Current conditions and projections (including macro-economic projections)
- b. National development policy
- c. Spatial strategies and objectives
- d. Sectoral policies and programs by sector
- e. Administration, management, legislation and finance

Phase 2: Field Visit. Field activities should consist of interviews with the AID Mission, and with representatives of ministries dealing with finance, national economic policy, and planning, and representatives of sectoral ministries dealing with industry, housing and residential infrastructure and services, health and education, and inter-regional infrastructure. Local officials in larger urban areas should be interviewed also. Representatives of international finance and development organizations working in the country should be interviewed, as should contractors working on major urban projects, if time permits.

The objectives of these interviews are to obtain additional interpretive information on the four elements of such information collected in Phase I and to obtain additional disaggregated data by sector and urban settlement and to verify and/or update data collected in Phase I. A brief interview report should be prepared for each interview and the gathered information and data organized to parallel that obtained in Phase I.

Time should be allowed for a second round of discussions with Mission staff to review with them the material collected and any tentative conclusions derived from the field visit. It is not anticipated, however, that there will be time for detailed data analysis or definitive conclusions to be reached during the field visit.

**Phase 3: Data Analysis and Report Preparation.** This phase of the work would be done in the United States. The analysis will consist primarily of:

- a. Identifying country-specific examples of gaps and complementarities (such as those indicated generally in the Chart 1 of Annex A);
- b. Deriving summary measures of sectoral information (outputs, consumption standards, costs, subsidy rates, cost recovery) by spatial location; and
- c. Developing alternative performance/cost packages. While it will not be possible in the UDA to develop a complete analysis of per capita costs of different performance levels by sector, it should be possible to get a sense of the relative performance and costs of alternative packages so that initial judgments can be made about which kinds of changes which alter costs are most effective.

The report should follow the outline discussed in Section I.

**Phase 4: Presentation to Mission and Country Officials.** After the report is reviewed by PRE/H, the Team Leader (and possibly other members of the team) would return to the field to present the report and communicate to the Mission the major findings and conclusions. If agreed by the Mission, the Team Leader would be prepared to make a similar presentation to appropriate country officials, other local individuals, and other international assistance organizations.

## ii. Suggestions Regarding Major Sections of the Substantive Report

### A. Summary of Conclusions and Recommendations

Elements to be included are self-explanatory from the outline.

### B. Review of Major Urbanization Trends

It has been reasonably well established that there is a general pattern of structural change which tends to occur as development proceeds. Increased urbanization is one such change, as shown in the figures on p. 7. The purpose of this section is to assess the state of such associated processes in the UDA country, as well as specific information about the urban areas in that country.

Three types of data should be developed and/or used in this section:

1. The set of country-specific indicators, if provided by PRE/H.
2. Data on development processes normally associated with urbanization.
3. Data on population and employment levels and rates of growth of individual urban areas.

TABLE 1  
STRUCTURAL CHARACTERISTICS ANALYZED

	Symbol	Basic Regression	
		No. of Countries	No. of Obs.
<u>Accumulation Processes</u>			
1. Investment			
a. Gross domestic saving as % of GDP	S	93	1,432
b. Gross domestic investment as % of GDP	I	93	1,432
c. Capital inflow (net import of goods and services) as % of GDP	F	93	1,432
2. Government revenue			
a. Government revenue as % of GDP	GR	99	1,111
b. Tax revenue as % of GDP	TR	99	1,111
3. Education			
a. Education expenditure by government as % of GDP	EDEXP	100	794
b. Primary and secondary school enrollment ratio	SCHEN	101	433
<u>Resource Allocation Processes</u>			
4. Structure of domestic demand			
a. Gross domestic investment as % of GDP	I	93	1,432
b. Private consumption as % of GDP	C	94	1,508
c. Government consumption as % of GDP	G	94	1,508
d. Food consumption as % of GDP	C <sub>f</sub>	52	642
5. Structure of production			
a. Primary output as % of GNP	V <sub>p</sub>	99	1,325
b. Industry output as % of GDP	V <sub>m</sub>	99	1,325
c. Utilities output as % of GDP	V <sub>u</sub>	99	1,325
d. Services output as % of GDP	V <sub>s</sub>	99	1,325
6. Structure of trade			
a. Exports as % of GDP	E	93	1,432
b. Primary exports as % of GDP	E <sub>p</sub>	99	413
c. Manufactured exports as % of GDP	E <sub>m</sub>	99	413
d. Services exports as % of GDP	E <sub>s</sub>	99	413
e. Imports as % of GDP	M	93	1,432
<u>Demographic and Distributional Processes</u>			
7. Labor allocation			
a. Share of primary labor	L <sub>p</sub>	72	195
b. Share of industry labor	L <sub>m</sub>	72	195
c. Share of service labor	L <sub>s</sub>	72	195
8. Urbanization			
Urban % of total population	URB	90	317
9. Demographic transition			
a. Birth rate	BR	93	213
b. Death rate	DR	93	213
10. Income distribution			
a. Share of highest 20%	DIST	95	66
b. Share of lowest 40%		95	66

Source: from p.9 of Patterns of Development, 1950 - 1970, by Chenery and Syrquin.

TABLE 2

NATIONAL VARIATION IN ECONOMIC STRUCTURE WITH LEVEL OF DEVELOPMENT

Variable	Predicted Value at Different Income Levels*									Total % of Change	Biopolit
	Base** Under \$100	\$100	\$200	\$300	\$400	\$500	\$600	\$1,000	Base*** Over \$1,000		
<b>Accumulation Processes</b>											
<b>1. Investment</b>											
a. Saving	.103	.133	.171	.190	.203	.210	.220	.233	.253	.130	300
b. Investment	.130	.160	.180	.203	.213	.220	.234	.240	.254	.090	300
c. Capital inflow	.023	.023	.010	.013	.010	.000	.000	.000	.001	-.031	300
<b>2. Government revenue</b>											
a. Government revenue	.120	.123	.121	.093	.090	.094	.096	.097	.097	.123	160
b. Tax revenue	.100	.100	.103	.173	.160	.203	.230	.234	.260	.170	460
<b>3. Education</b>											
a. Education expenditure	.030	.033	.033	.034	.033	.037	.041	.043	.030	.013	300
b. School enrollment ratio	.041	.070	.040	.037	.004	.730	.010	.043	.033	.010	300
<b>Resource Allocation Processes</b>											
<b>a. Structure of domestic demand</b>											
a. Private consumption	.770	.790	.660	.607	.604	.643	.633	.617	.634	-.150	
b. Government consumption	.110	.137	.134	.135	.130	.130	.140	.140	.141	.030	
c. Food consumption	.614	.303	.313	.373	.340	.330	.301	.373	.307	-.037	300
<b>b. Structure of production</b>											
a. Primary share	.473	.463	.337	.300	.330	.303	.190	.130	.137	-.303	300
b. Industry share	.130	.140	.210	.221	.270	.304	.331	.347	.370	.234	300
c. Utilition share	.033	.001	.073	.070	.063	.000	.000	.103	.100	.030	300
d. Services share	.300	.330	.363	.403	.413	.413	.413	.413	.360	.000	
<b>c. Structure of trade</b>											
a. Exports	.173	.103	.010	.330	.330	.344	.333	.300	.340	.077	130
b. Primary exports	.130	.137	.130	.131	.133	.130	.103	.000	.000	-.073	1,000
c. Manufactured exports	.011	.010	.034	.040	.030	.003	.060	.097	.131	.170	600
d. Services exports	.030	.031	.043	.040	.031	.033	.030	.037	.030	.031	230
e. Imports	.303	.310	.330	.343	.340	.334	.303	.307	.350	.040	310
<b>Demographic and Distributional Processes</b>											
<b>V. Labor allocation</b>											
a. Primary share	.713	.600	.507	.430	.430	.303	.300	.233	.130	-.303	600
b. Industry share	.070	.091	.104	.200	.213	.300	.303	.323	.300	.290	373
c. Services share	.310	.331	.370	.364	.327	.347	.300	.433	.473	.303	430
<b>6. Urbanization</b>											
	.130	.030	.003	.030	.000	.037	.001	.034	.000	.130	300
<b>9. Demographic transition</b>											
a. Birth rate	.400	.440	.377	.330	.311	.301	.340	.330	.301	-.300	300
b. Death rate	.300	.100	.123	.110	.103	.007	.001	.000	.007	-.113	100
<b>10. Income dist./wages</b>											
a. Highest 20%	.003	.041	.037	.034	.047	.030	.011	.004	.000	-.044	
b. Lowest 60%	.100	.100	.130	.137	.130	.130	.130	.143	.133	-.000	

\* Predicted values from equation (1.1), Tables 4.3, and 7. Per capita GNP is US \$ 1964. B=10  
 \*\* Approximately \$70. Base values of countries with per capita GNP under \$100 vary slightly according to composition of the sample.  
 \*\*\* Approximately \$1,300. Base values of countries with per capita GNP over \$1,000 vary slightly according to composition of the sample.

Source: from pp. 80 - 81 of Patterns of Development, 1950 - 1970, by Chenery and Syrquin.

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With regard to No. 1 above (indicators) the team should attempt to verify the indicator data and seek in-country information regarding reasons for particularly high or low values of particular indicators, if provided.

With regard to No. 2 (development processes) the objective is to obtain time series data on country development characteristics which tend to increase or decrease with urbanization. A group of such measures which have been particularly well documented are those shown in Tables 1 and 2, from Patterns of Development 1950-70 by Hollis Chenery and Moises Syrquin. Deviations from the general patterns in individual countries provide clues about the special problems and opportunities in the country (See Tables 1 and 2.)

With regard to No. 3 (urban system), the purpose is to supplement information on overall income and urban population growth with information about the distribution of growth among urban areas. This data is used to help identify settlements which should be targeted in settlement strategies. For example, urban areas experiencing rapid population growth for their size often develop greater than normal deficits in shelter and local services. Urban areas experiencing rapid employment growth, particularly when the ratio of employment to population is rising, may be good candidates for growth strategies for secondary cities.

### **C. Review of National Policies Influencing Urbanization and Urban Conditions**

There are no special analytic techniques which are best suited to accomplishing a thorough review of existing national development policies, spatial strategies and sectoral policies. Sources of information include published material, personal interviews with both governmental and private sector individuals, and program information.

Program information often provides important clues about actual but "implicit" policies. Implicit policies are frequently found to have more direct and immediate impact on rates of urbanization and urban conditions than policies which are explicitly urban in their orientation. As one former evaluator of AID policies said, "Show me your programs and I'll tell you your policies."

The major analytical point is to make as complete a review as possible in the time available. Include all major policy choices identified in Section I, Subsection III, even if they contain elements which are clearly incompatible since the use of this information is to pose policy choice trade-offs as well as encourage complementary and efficient program choices.

There are several key aspects of sectoral policies which deserve special emphasis by the UDA team during their material review and in-country interviewing. These include:

1. Criteria or rules regarding location decisions for sectoral investments and allocation of maintenance funds

2. Criteria used to make go, no go decisions on sectoral investment projects
3. Standards and technology choices
4. Policies regarding pricing of sectoral outputs
5. Initial financing and cost recovery.

#### **D. Performance, Costs and Operation of Sectoral Programs**

This section of the UDA presents the greatest difficulty in data collection, since it will seldom be the case that it has been gathered together in one place or readily available from secondary source material, if it is systematically collected at all. Ideally, the information on actual sectoral programs (suggested in subsection IV of the UDA outline) would be disaggregated by type of sectoral activity, intended population target group, and by specific urban location. A major point of the analysis is to establish the current amount of variability in standards of service provision, costs, pricing and cost recovery for different segments of the population based upon their personal characteristics (e.g. household income, occupation, age, health or education status) and on where they reside, if at all possible.

If time constraints prevent complete coverage of the suggested data and a choice is possible (i.e. the difficulty is something other than the genuine absence of the data anywhere), it is likely to be better to focus on types of sectoral activities and intended target groups and restrict spatial coverage to larger cities and regional centers rather than aim for complete spatial coverage with spotty sectoral information.

Presentation of the information collected in this section of the UDA in matrix format showing mean or median values and some measure of range or variability such as the standard deviation where available and notations where data is missing is useful since it will serve to highlight information which the government is not collecting or which is too unreliable to use as well as the actual data. (See Table 3 for a sample format including data presentations prepared in the National Urban Policy Study in Egypt, as illustrated.)

#### **E. Major Gaps and Complementarities** (See discussion in subsection V of the UDA outline and Annex A.)

TABLE 3

INTRA-URBAN INFRASTRUCTURE INDICATIVE SPATIAL TARGET GROUP STANDARDS AND CAPITAL COST PACKAGES: MAJOR METROPOLITAN AREAS  
 EXAMPLE SETTLEMENT: ALEXANDRIA

I.	GROSS DENSITIES 107 PERSON/HECTARES		POPULATION	EXISTING (1985)	3,042,000
				INCREASE (1986-1990)	678,000
II.	LAND REQUIREMENTS	PHYSICAL STANDARDS		PER CAPITA COSTS OF NEW DEVELOPMENT AND CAPITAL REHABILITATION OF EXISTING INFRASTRUCTURE OF SETTLEMENT 1/	
	PRIVATE	65%			
	--RESIDENTIAL	(45%)			
	--NON RESIDENTIAL	(20%)			
	PUBLIC	35%			
	TOTAL	100%			
III.	HOUSING				
	AVERAGE AREA/UNIT 36 M <sup>2</sup>	AVERAGE UNIT COST: L.E. 2,006	INDICATIVE PER CAPITA COST 2/ L.E. 418	L.E.	93.3
IV.	PHYSICAL INFRASTRUCTURE	PHYSICAL STANDARD	INDICATIVE PER CAPITA COST 2/ L.E.		
	WATER	385 l/c/d	73.0	L.E.	33.7
	SAHITATION	322.41/c/d	91.9	L.E.	53.0
	ELECTRICITY	DISTRIBUTION ONLY	69.9	L.E.	14.6
	CIRCULATION	20% or 10.7m <sup>2</sup> /CAPITA	95.4	L.E.	18.2
	TELECOMMUNICATIONS 3/		INCLUDED IN INTER-URBAN INFRASTRUCTURE	--	
	TRANSPORTATION	BUSES 5/10,000 4.0	45.6	L.E.	8.0
	OTHERS	PROVISIONAL ESTIMATE	10	L.E.	2.6
TOTAL: PHYSICAL INFRASTRUCTURE				L.E.	157.2
V.	SOCIAL INFRASTRUCTURE	PHYSICAL STANDARD	INDICATIVE PER CAPITA COST 2/ L.E.		
	EDUCATION	IDENTIFIED ALEXANDRIA STANDARD "UNIVERSITY"	81	L.E.	37.9
	HEALTH 4/	4.5 BEDS/1,000 See Table V-A.13	258	L.E.	68.1
	SOCIAL AFFAIRS, AND ADMINISTRATION/OTHERS	30% OF SABAT CITY MASTER PLAN, Table V-A.14	128	L.E.	24.4
TOTAL: SOCIAL INFRASTRUCTURE				L.E.	130.4
VI.	TOTAL HOUSING AND INFRASTRUCTURE CAPITAL COSTS PER CAPITA		BASE COSTS	L.E.	353.6
			ADJUSTED TOTAL COSTS 3/	L.E.	478.7
			PERCENT REHABILITATION	26.5%	
VII.	AFFORDABILITY AND COST RECOVERY 6/	NEW AREAS 7/	TOTAL PER CAPITA COSTS PORTION NOT AFFORDABLE	TOTAL COSTS PERCENTAGE	L.E. 1,982.0
		EXISTING AREAS 8/	TOTAL PER CAPITA COSTS PORTION NOT AFFORDABLE	TOTAL COSTS PERCENTAGE	L.E. 123.6
	ANNUAL LAND PAYMENT/M <sup>2</sup> WHICH RECOVERS NON-SUBSIDIZED PORTIONS OF CAPITAL COST NET OF HOUSING COSTS 9/	NEW AREAS	TOTAL COSTS	L.E.	2.29 /M <sup>2</sup>
		EXISTING AREAS	TOTAL COSTS	L.E.	0.49 /M <sup>2</sup>
	TOTAL PER CAPITAL COST SUBSIDY: NEW AREAS ONLY				L.E.

Totals may not add due to rounding.

- 1/ All prices in 1979 L.E. Assumptions about rehabilitation and its phasing are shown in Tables V.A.23 & 24.
- 2/ New infrastructure costs only.
- 3/ Except for comparison with total costs of other alternatives shown in Master Plan Standards Packages Telecommunications have been included in inter-urban infrastructure costs. See Chapter V, Section III.
- 4/ Standards and capital costs show include provisions for urban primary health care facilities in addition to secondary health care facilities.
- 5/ Base costs multiplied times regional construction cost factors. See Table V.A.22 in Appendix V.A.
- 6/ Based on median per capita household incomes and savings (see affordability analysis in Chapter V, Section III) and on opportunity cost of capital of 12 percent, and a recovery period of 30 years.
- 7/ Infill areas or new settlement areas.
- 8/ Costs of upgrading or capital rehabilitation of existing infrastructure.
- 9/ Annual level payment per square meter for saleable land which recovers the non-subsidized portion capital costs net of housing cost at an opportunity cost of capital of 12 percent over a 30 year recovery period.

Source: PADCO, National Urban Policy Study, Egypt, 1982.

## ANNEX A

### KEY PRINCIPLES RELATING URBAN DEVELOPMENT TO OTHER NATIONAL DEVELOPMENT POLICIES

Urban development policy is an important element in the nation's development policy but not the whole of it. Urban policy is primarily concerned with elements of public policy which affect the settlement system. The settlement system is the spatial and functional distribution of economic activity, population and service facilities or activities in the country. National urban policies are those national policies which operate through interventions in the settlement system to achieve national objectives such as economic growth, interpersonal equity, and inter-regional equity.

There are many factors (other than explicit urban policy) which can influence the settlement system in positive or negative ways. That is, there are many causal influences operating on the system of which public actions and policies are only a part. Nevertheless, the outcomes of interest in developing improved policies are the positive or negative effects on the achievement of national goals, regardless of whose actions cause them.

As a result of the study of national settlement systems and urban policies in many countries, it is clear that many of the most important influences of government on the settlement system are policies and practices of the government that are not necessarily thought of as urban policies. A policy of rapid industrialization, for example, produces increased urbanization and concentration of population in major urban centers, whether or not it is intended to do so. Expansion of public sector activities results in increases in public sector employment which, in turn, fosters growth in major governmental centers relative to other locations. Subsidies designed to alleviate problems of low income people in high cost urban areas increase the rate of migration to such urban areas. Capital subsidies designed to induce additional industrial investment may lead to use of more capital and less labor than is desirable in maintaining urban employment as well as provision of assistance to firms that would have made the investment anyway.

Policies which have these kinds of effects are often called implicit urban policies to distinguish them from policies explicitly chosen to have specific desired effects on the settlement system. In urban policy formulation, it is desirable to consider as many of these kinds of policies as possible. Consequently, it is normally desirable to explore policy issues that go well beyond the specific mandate of sectoral ministries in the attempt to define a sound urban policy.

Three such issues are of extreme importance. First, a spatial policy of redistributing urban population to specific locations chosen by the government cannot succeed unless spatial policy and planning is integrated with industrial policy in general and industrial location policy in particular. The location and magnitude of the employment base is the major factor influencing the location of population. If spatial policy and industrial location policy diverge significantly, spatial objectives will not be achieved. At the same time, spatial planners must take account of the factors which make some industrial locations better than others setting spatial objectives. The

efficient location of industry is not possible everywhere. The choice of spatial targets for population expansion in economically unattractive locations will result in industries which fail, thus, wasting resources, or which require continuous cost subsidy to keep in operation, thus, utilizing funds that could be more effectively used elsewhere.

Consequently, the integration of spatial planning with industrial policy (especially location policy) is essential to: (1) increase the likelihood of achieving spatial targets, and (2) reduce wastage of public investment to hold program costs within reasonable bounds.

The second key issue is the need for integration of spatial policy with sectoral policies for housing and infrastructure. In the housing and infrastructure sectors, public expenditure is substantial and government policies have a pervasive influence. The amount of public expenditure depends upon the levels of service provided (service standards), the amount of the public outlays which is recovered from recipients of the services, and the number of places receiving housing and infrastructure allocations.

The provision of high levels of public services at relatively low cost to recipients in particular locations can obviously provide an incentive for businesses and people to locate there. If housing and infrastructure policies are intended to be used as instruments for changing the population distribution across cities, rather than solely to meet service demands wherever they are, it is essential to have varying (rather than uniform) standards and cost recovery mechanisms in different places.

Ministries responsible for specific infrastructure or service sectors do not necessarily take account of the incentive effects of the levels of services provided, standards and cost recovery mechanisms used. Consequently, policies in these sectors can, and frequently do, operate at cross-purposes which spatial objectives.

As is true in spatial choices for industry location, it is essential for those determining spatial priorities to assess the implications of their choices on the total requirements placed upon sectoral ministries. If the number of places suggested for spatial emphasis is large, or in places with non-existent or substantially deficient housing or infrastructure, the ability of the sectoral ministries to meet the requirements within acceptable budgeting limits may be seriously impaired.

The third key issue is the need to ensure that spatial and sectoral policies and plans for spending be realistically related in their total requirements and the timing of expenditures with the ability of the public sector to mobilize resources. Since it is generally the case that the sum of resource requirements for desirable programs and projects will exceed the amount of resources it is feasible to make available, choices among desirable activities must continuously be made. This has implications for both resource-raising ministries. The former ministries require realistic estimates of requirements as an input to considerations of monetary and fiscal policies (e.g., interest rate policy, tax policy, subsidy and transfer policy, and pricing policies). The latter ministries, in addition to being aware of the general constraint, should consider possibilities of adopting resource-generating (e.g., cost-recovery mechanisms, assessments of profitability of industrial investments) and cost-saving (e.g., choice of standards) approaches to spatial and sectoral policies.

It is often important for a country to adopt two general policies to guide all spatial and sectoral choices for national urban policy in order to achieve an appropriate balance between resource mobilization and resource requirements:

- Priority should be given to program choices and spatial locations where economic efficiency can be demonstrated.
- Industrial investment policies and sectoral policies for housing and infrastructure should be based on the principle of conserving the amount of public investment required. Priority should be given to encouragement of private investment in both job creation and housing, development of standards for housing and infrastructure that are affordable by a broader portion of the urban population, and increased efforts to recover public investment outlays from the recipients of publicly supported housing and services.

While it is difficult to correctly anticipate all the public and non-public influences on the settlement system, it is critical to a national urban policy (as a minimum) that a major effort be made to link spatial priorities with the policies of ministries with responsibility for the major policy instruments: job creation investment (or inducement), housing and infrastructure investment, standards of service provision and cost recovery. Finally, it is necessary to make a serious effort to match the investment and other resource-using plans of the ministries responsible for spatial and sectoral policies with policies for mobilizing resources.

#### **A. Summary of Key Principles Relating Urban Development to Other National Development Policies**

1. The settlement system is the spatial and functional distribution of economic activity, population serving infrastructure in the country.
2. National urban policies are those national policies which operate through interventions in the settlement system to achieve national objectives. Changes in the settlement system are not properly viewed as goals in themselves; rather they are initiated for other purposes.
3. Important national development objectives which are often relevant to the choice of urban policy are:
  - Achievement of a high rate of national economic growth.
  - The maintenance of social justice through interpersonal and inter-regional equity.
  - Reduction of the adverse consequences of concentration in the primary city.
  - Protection of arable land to contribute to the production of food and the growth of agriculturally based industry.

4. Since there are many national purposes or goals, it is not likely that any one settlement system will be best for all purposes or that a single strategy can serve all purposes equally.
5. Settlement systems tend to develop relatively large concentrations of the population in a few national and regional centers because of the very strong economic advantages of such agglomeration. These concentrations occur in locations which offer specific advantages; they do not occur randomly across national space.
6. It is extremely difficult to make major changes in the settlement system in a short period of time through government action even if large expenditures of financial and other resources are committed to such change.
7. To affect the settlement system in planned ways, it is absolutely essential for industrial investment and location policies to be consistent with spatial priorities, since the availability of jobs is the most important factor in determining where people live or migrate to.
8. More concentrated settlement systems are generally more effective producers of national and regional growth, especially during a period of rapid economic development. More dispersed systems are more costly to initiate and maintain in terms of both financial costs and real resource costs (such as materials for housing and infrastructure, personnel and management costs).
9. High rates of economic growth cannot be taken for granted. Even if high rates are maintained, substantial increases in the portion of the growth allocated to investment (rather than current consumption) often will be necessary to finance job creation and needed infrastructure investment.
10. A feasible urban development policy will generally require the government to make strategic choices which are highly selective among:
  - The numbers of urban places which will receive priority emphasis—generally it is not feasible to attempt to simultaneously upgrade all existing urban settlements, develop extensive industrial bases in all of the largest cities, and substantially expand urban places in outlying regions.
  - The standards of housing, infrastructure and community services—the standards of housing and service packages need to be selected to reflect both spatial targeting and greater affordability within urban areas.
  - The amount of cost recovery to be sought from recipients of publicly provided services—should be established that are consistent with ability to pay of various income groups.

11. In most developing countries there is a significant danger that the failure to adopt feasible strategies regarding spatial emphasis and sectoral policies will result in substantial deterioration in the level of services and well-being of the bulk of the urban population, result in even more rapid and uncontrolled growth in the largest cities, and limit rural initiatives as well as waste scarce resources.

**B. Examples of Types of Possible Complementarities and Discrepancies Highlighted by Urban Development Assessments**

Section I.V. discusses one of the major outputs of the UDA as the identification of major gaps amongst development objectives, spatial strategies, sectoral policies and programs. Chart I shows in matrix form typical policy and strategy objectives related to the key principles previously discussed.

CHART 1

EXAMPLES OF TYPES OF POSSIBLE COMPLEMENTARITIES AND DISCREPANCIES HIGHLIGHTED BY URBAN DEVELOPMENT ASSESSMENT

	NATIONAL DEVELOPMENT OBJECTIVES	SPATIAL PREFERENCES	SECTORAL POLICIES	SECTORAL PROGRAMS AND ALLOCATIONS
SECTORAL POLICIES AND ALLOCATIONS	<ul style="list-style-type: none"> <li>Rapid economic growth and allocation of industrial investment and infrastructure to urban areas with established economic potential</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for promoting secondary cities and industrial investment plan based on local competitive advantage</li> <li>Strategy for primary city decentralization and provision of services sites for shelter and employment</li> </ul>	<ul style="list-style-type: none"> <li>Policy of conservation of public resources and affordable standards of service provision</li> <li>Policy of aggregating units of central place and identifying excess resources.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinated multi-sector projects in sites selected on recognized demand</li> <li>Allocation to large-scale projects which result in spread from urban centers.</li> </ul>
SECTORAL POLICIES	<ul style="list-style-type: none"> <li>Interpersonal equity provision of shelter at affordable costs</li> <li>Economic growth and improved maintenance or expansion of inter-urban infrastructure to meet established demand</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for decentralizing primary city and policy for multi-center joint participation in fringe sites</li> </ul>	<ul style="list-style-type: none"> <li>Policy to expand industrialization and shelter policies which emphasize</li> <li>location policy for industry that differs from location policy for urban services</li> </ul>	<ul style="list-style-type: none"> <li>Policy for industrial expansion and industrial projects based upon central rather than efficiency criteria</li> </ul>
SPATIAL PREFERENCES	<ul style="list-style-type: none"> <li>Rapid economic growth and expansion of support for fairly large urban areas experiencing population growth</li> <li>Inter-regional equity and support for regional urban nodes</li> </ul>	<ul style="list-style-type: none"> <li>Spatial policy of regional development and decentralization of investment is to control growth in Primary City and simultaneous efforts to develop all lagging regions.</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for promoting secondary cities and industrial location policy without special incentives.</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for promoting secondary cities and disproportionate allocation of central investment to primary city</li> <li>Rural development incentives and high subsidies for urban residents</li> </ul>
NATIONAL DEVELOPMENT OBJECTIVES	<ul style="list-style-type: none"> <li>Rapid economic growth and inter-personal equity</li> <li>Rapid economic growth and inter-regional equity</li> <li>Rapid industrialization and promotion to role of growth in Primary City</li> </ul>	<ul style="list-style-type: none"> <li>Rapid economic growth and strategy to place primary emphasis on urban development in existing regions</li> </ul>	<ul style="list-style-type: none"> <li>Rapid economic growth and industrial policy which favors inter-regionally non-competitive industry</li> </ul>	<ul style="list-style-type: none"> <li>Interpersonal equity and non-targeted subsidies for urban residents</li> <li>Interpersonal equity and non-affordable standards for shelter and urban services</li> </ul>

III

Items above the diagonal line indicate complementarities (or mutual support) between elements.  
 Items below the diagonal line indicate conflicts or discrepancies between elements.

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