

**CONSULTATIVE GUIDELINES FOR SUSTAINABLE  
URBAN DEVELOPMENT COOPERATION**

# New Perspectives for Urban Development

A Strategic Approach  
(December 2011)



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# INTRODUCTION

The central objective of the European Union's cooperation is poverty reduction and, ultimately, its eradication through sustainable development and the progressive integration of Developing World countries into the global economy. In this context, a cooperation framework tailored to the individual circumstances of each country would help each country and its regions to achieve their human and economic development objectives. This can be achieved by identifying a framework upon which strategies can be built and developed. These should then provide links in practical ways to translate priorities and objectives with specific operational measures to inform the practicalities of development programmes. There is also a need to promote local ownership and social reform, and integrate the private sector, and civil society into urban development process. These are the main objectives of sustainable urban development.

The European Community's overall strategic approach to ensuring that sustainable urban development occurs to the benefit of the cities within the countries and regions it works most with is determined by two policies: First, the European Consensus on Development and second, its commitment to achievement of the Millennium Development Goals (MDGs).

A growing portion of available European Development Fund resources are committed to improving the living conditions in urban areas of Asia, Caribbean and Pacific (ACP) countries. When considered in light of the problem, the total EC commitment to urban areas must be pooled with commitments from other partners to result in tangible and visible improvements in the lives of urban dwellers in the countries where they need it most.

This document builds on the earlier good work of the 2001 EC publication "Consultative Guidelines for Sustainable Urban Development Cooperation: Towards Sustainable Urban Development - A Strategic Approach". Rather than merely revise the previous document, it is suggested that a user-friendly manual, allowing policy makers, planners, urban specialists and simply those in search of more appropriate city-wide solutions to look for entry points to better guide and manage the explosive growth rates affecting rapidly urbanising countries. The aim of this document is therefore to identify opportunities for interested and committed individuals to engage in a broader understanding of urban dynamics. It is meant to allow users to think of opportunities to engage in the urban debate, propose systems and solutions to respond to growing social, income, housing, infrastructure and other inequities that exist in many urban areas of poorer countries and look for appropriate responses to ameliorate these. These revised Guidelines should serve to provide users with a template for the achievement of sustainable urban development in developing countries.

To this end, this updating of the previous work is presented as a series of revised Guidelines and discussion points that can lead to better-informed action and activities. As such, it is more appropriate to rename these Revised Guidelines as “New Perspectives for Urban Development: Consultative Guidelines for Sustainable Urban Development Cooperation.”

These New Perspectives for Urban Development as recommended in this document are to be used as entry points and foundations for actions by municipal managers, policy-makers and other practitioners engaged in de-mystifying, simplifying and streamlining the numerous and often complicated processes necessary to create healthy urban contexts. This document attempts to mainstream the multitude of technical, social, economic and operational issues necessary to ensure safe and productive urban environments by linking them to the aims of poverty reduction and human/economic development.

The document draws on a substantial body of experience and evidence gained through a review of the literature, experience at the city level and as documented by practitioners and donor partners worldwide.

Collectively, the New Perspectives serve to support existing National Government and EC in-country efforts to integrate the complex interrelationships between cities, their people and national as well as international processes, particularly in developing countries.

## AIM AND SCOPE

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These New Perspectives for the European Union represent an important step in understanding the dynamics and contexts influencing human and economic development in towns and cities in the poorest countries. European Union partners in Developing World countries confront these issues critically.

They have been developed in consultation with the Expert Group on Urban Development from Member States and the Urban Development Reference Group of the European Commission. They give emphasis to the need for responsive, participatory and transparent urban governance, and effective and efficient urban management.

In doing so, they provide a framework and a resource tool and also aim to serve as a practical advice to practitioners involved in the process of urban development within Developing countries. Practitioners include professional staff of the European Commission’s headquarters and delegations and their consultants, as well as staff of partner country organisations.

## THE OBJECTIVES

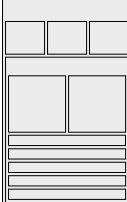
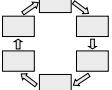
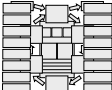
The basic objectives of these New Perspective Guidelines are to provide a framework for effective support for urban development and to create sectoral projects in urban areas to improve their overall performance and



impact. The Guidelines of the New Perspectives demonstrate that investment of cooperation funds in urban development can contribute effectively to both urban and national development. Similarly, cooperation in sectoral projects, such as transport, water and sanitation, within towns and cities can have a greater impact on a wider scale than just one of the sectors. Moreover, by following the Guidelines for the formulation and appraisal of urban and sectoral projects, implementation, monitoring and evaluation become easier to undertake

## HOW TO USE THE GUIDELINES

The Guidelines cited in these New Perspectives are divided into four parts, the first of which sets out the rationale for the strategic approach. The second part deals with the strategic approach in practice, in the initiation, design and implementation of urban programmes to support urban development. Part three covers some of the most important themes and sectoral issues encountered in cities. Part four provides the tools for developing urban projects as a series of appendices.

GUIDELINES OF NEW URBAN PERSPECTIVES SUMMARY			
These Guidelines provide practical advice to practitioners involved in the process of urban development, within the context of developing countries. The Guidelines are divided into four basic parts, dealing with the Overall Objectives and the Approach; the Method, based on the Project Cycle Management phases; the key Components; and the Aids to Application.			
<b>PART 1</b> 	<b>OVERALL OBJECTIVES</b>	Urban Development managed in an integrated and sustainable way for the benefit of all, based on a set of guiding principles.	<b>Chapters 1 and 2</b>
	<b>APPROACH</b>	The Strategic Approach, emphasising the goal of socially, economically and environmentally sustainable development based on good governance and good urban management.	<b>Chapters 3 to 6</b>
<b>PART 2</b> 	<b>METHOD</b>	The means of applying a sectoral approach to examine proposals and requests for assistance in financing urban development programmes, based on Project Cycle Management phases.	<b>Chapters 7 to 13</b>
<b>PART 3</b> 	<b>COMPONENTS</b>	Key considerations provided within the Project Cycle Management process on Cross-cutting Themes and Sectoral Issues encountered in urban conditions.	<b>Chapters 14 and 15</b>
<b>PART 4</b>	<b>AIDS TO APPLICATION</b>	A selection of aids for project preparation and implementation, including ToR for Urban Sector Profile Study, Pre-feasibility and Feasibility Studies, Evaluation, Linkage Analysis, and Environmental Assessments.	<b>Appendices</b>

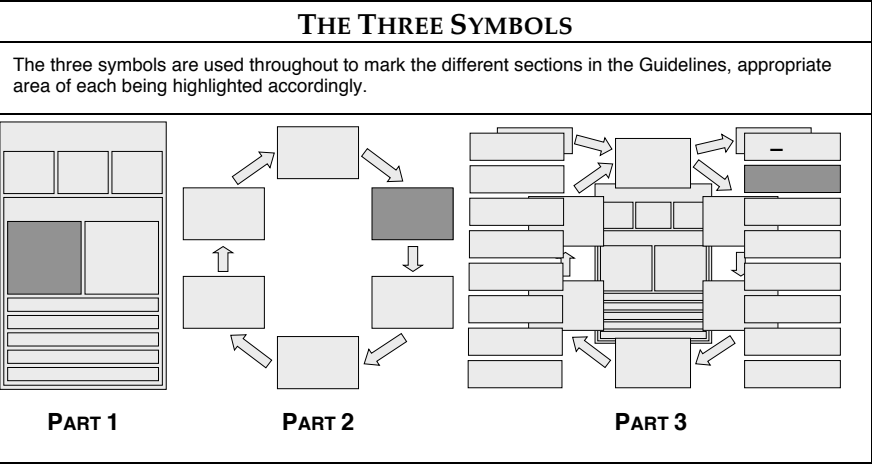
Each of the four parts has a specific purpose. It is quite possible to use one part of the Guidelines independently of the other parts. However, all parts are interrelated and are clearly cross-referenced for ease of access. Adjacent to the main text, definitions of terms used in the text are included, together with tables, concepts and key questions. The

Guidelines are also provided with cross-referencing to facilitate navigation to relevant sections.

NAVIGATION THROUGH THE TEXT

Three symbols are used to aid navigation through the Guidelines. They represent, in diagrammatic form, the first three parts (the fourth being in the form of Appendices). Appropriate areas of these diagrams are highlighted to indicate the stages being discussed in the text.

The text itself has two aspects. Under each heading an *issue* is identified. This is followed by a *response* to the issue described. Therefore, there is usually a clear question and answer approach to each issue discussed. However, issues relating to sustainable urban development do not always have clear-cut solutions. Consequently, the Guidelines primarily aim to provide *an approach* to identified issues dealing with sustainable urban development.



STRUCTURE OF THE GUIDELINES

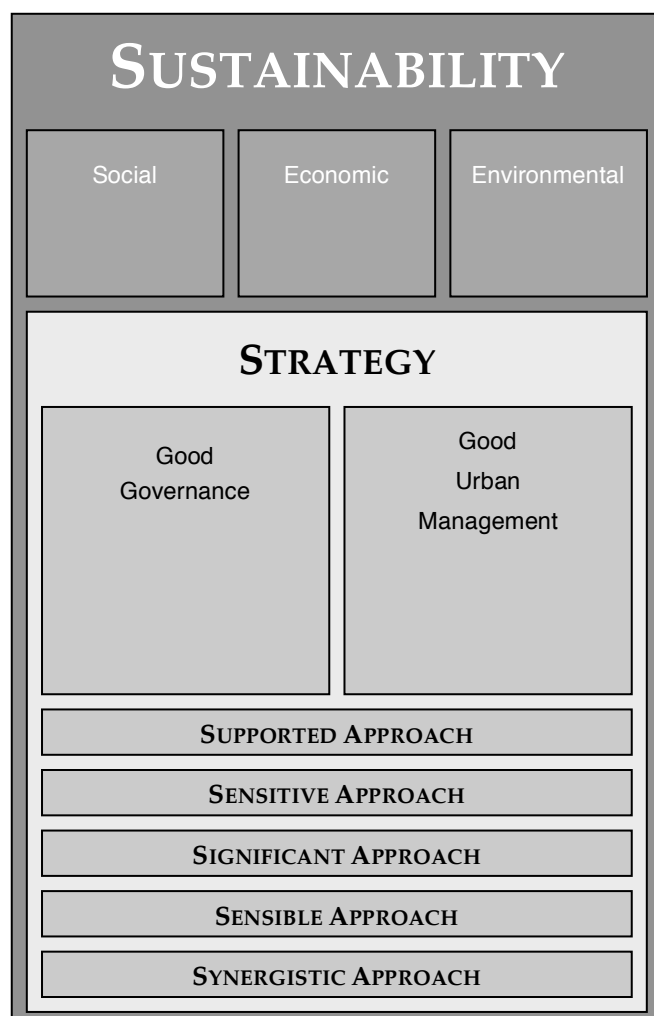
The four parts of the Guidelines are set out below.

PART 1: THE STRATEGIC APPROACH TO URBAN DEVELOPMENT

Part One identifies the main challenges and opportunities in a rapidly urbanising world. It also describes the strategic approach to urban development and examines key issues. This approach takes the main issues of urban development into account and identifies effective ways for working in cities. It sets out a framework for urban development, emphasising the goal of social, economic and environmental sustainability, based on good governance and good urban management.

Seven broad principles are used in the Guidelines to embrace the overall goal of sustainable urban development and the strategic approach. These principles are particularly important in establishing a solid base during the early stages of initiating and designing urban programmes. Therefore, the first step in using the Guidelines is to read Part One in order to gain an understanding of the wider issues and implications of a

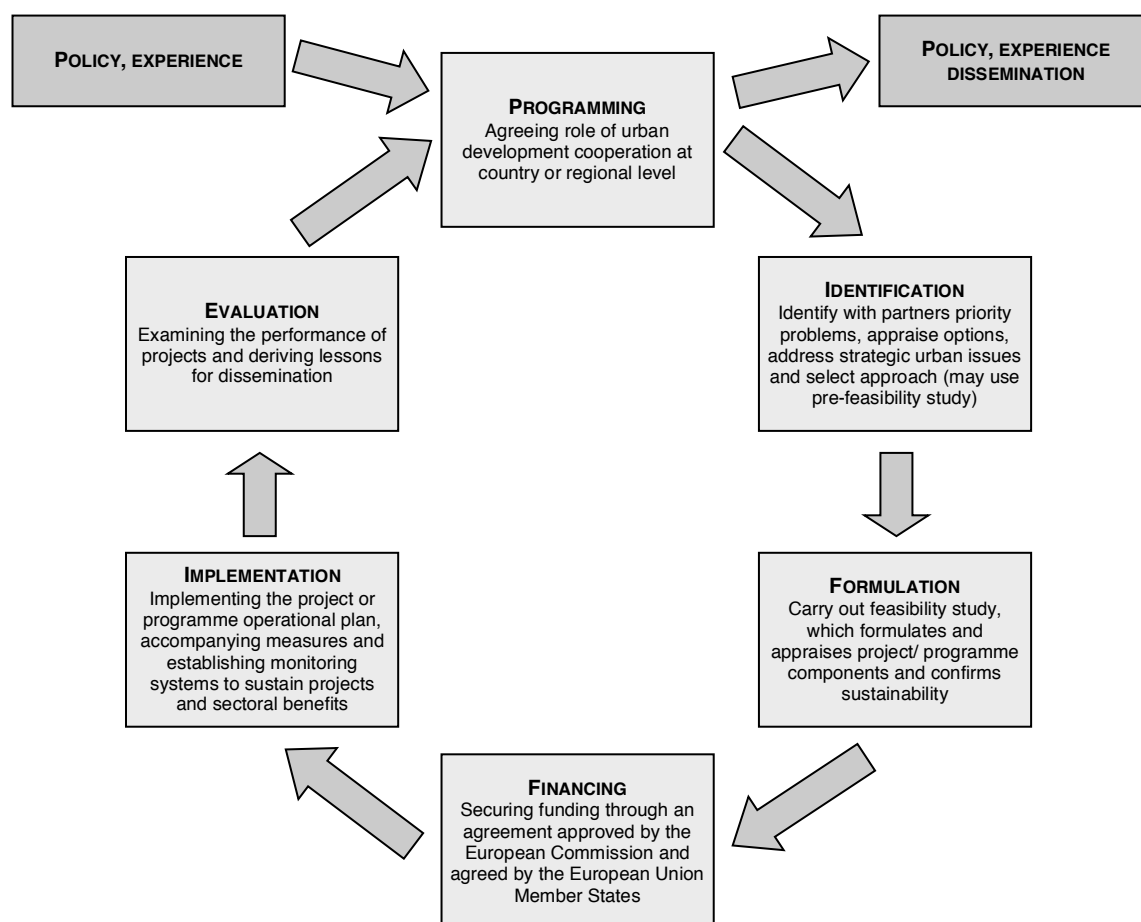
sectoral approach. This should be done before attempting to apply this approach to individual projects.



## PART 2: THE STRATEGIC APPROACH IN SUPPORT OF DEVELOPMENT

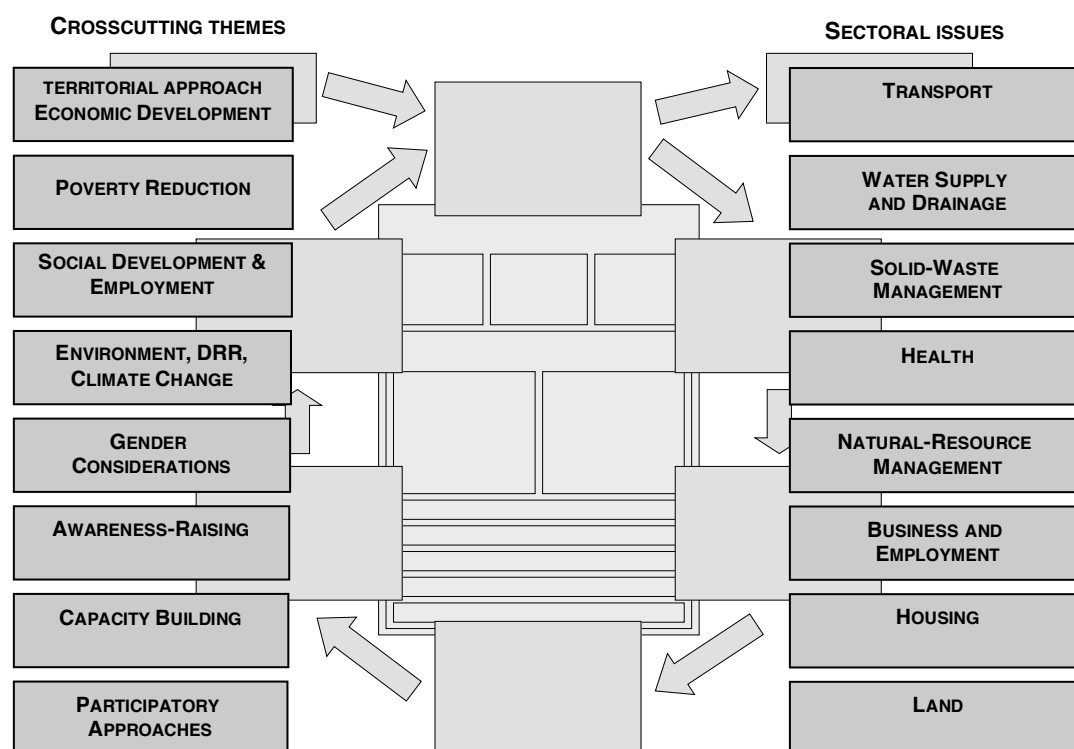
Part Two provides the means for applying a sectoral approach to examine proposals and requests for assistance in financing urban development programmes. It is organised according to the phases in Project Cycle Management, as adopted by the European Commission in dealing with development assistance. Central to Project Cycle Management is the idea of managing a process, rather than contributing to a 'one-off' event with a beginning and an end. As a logical framework and management cycle, this process can be applied to the development of both urban strategies and urban projects.

For each of the identified phases, the issues affecting project sustainability are raised in a series of key questions. Possible problems are identified and potential actions are proposed for each of the key issues.



### PART 3: URBAN THEMES AND ISSUES

Part Three provides an overview of the key components of the proposed strategy (or strategies) (particularly social, economic and environmental aspects). Urban conditions are then divided into two main categories, namely crosscutting themes and sectoral issues. Crosscutting themes cover broad topics in urban areas, such as poverty alleviation, environment, the role of women, the economy and participatory approaches. Sectoral issues involve key sectors such as transport, water supply and sanitation, waste management, health planning, natural-resource management, business and employment, housing and land, which are all integral to the functioning and productivity of cities and contribute to making them pleasant places in which to live and work. For each sector, key considerations are provided within the Project Cycle Management process.



#### PART 4: APPENDICES

Part Four provides the tools as a series of appendices to assist in the process of developing urban projects. Terms of reference are provided for an urban sector profile study, pre-feasibility and feasibility studies and evaluation. Standard formats are also provided for undertaking linkage analysis, environmental planning and management procedures. Procedures are also provided for dealing with environmental impact; strategic environmental and social impact assessments.

These are the standard formats used in preparing terms of reference for consultants. Their purpose is to ensure that all the key issues affecting the sustainability of proposed projects are investigated and that adequate information is available for informed decision-making.



part

1

**OVERALL OBJECTIVES AND APPROACH**

# THE STRATEGIC APPROACH TO URBAN DEVELOPMENT

*The central objective of the European Community's development cooperation framework is poverty reduction and, ultimately, its eradication through sustainable development and the progressive integration of developing countries into the world economy. In this context, the cooperation framework and orientation need to be tailored to the individual circumstances of each country. This can be achieved by promoting local ownership and social reforms, and the integration of the private sector and civil society into the development process.*

*Part One of the New Perspectives for Urban Development: Consultative Guidelines for Sustainable Urban Development Cooperation describes the strategic approach to urban development and examines key issues. In outlining this approach, the Guidelines focus on socially, economically and environmentally sustainable urban development, based on good governance and good urban management. The strategic approach takes the main issues of urban development into account and identifies better and more effective ways for working in cities. It links these issues in a practical manner to the way development programmes are formulated and operated.*



# OPPORTUNITIES AND CHALLENGES

Towns and cities can take a variety of forms in different countries. They range from small settlements and villages of a few thousand people with rudimentary services, through towns and small cities, to sprawling metropolitan areas with high-rise buildings and advanced infrastructure, where many millions of people live and work. There are several recognised ways to define the limits of cities, such as population, administrative or political boundaries, levels of trade and even religious functions. Urban areas are generally places of intense activity and densely grouped facilities, characterised by the employment of people in occupational industries such as trade, commerce, manufacturing and service. They are made up of elements ranging from vast industrial installations to modest dwellings; from transport routes and interchanges to public parks and cultural facilities; from sophisticated commercial districts to growing residential areas.

Opportunities and challenges for development are increasingly concentrated in cities and towns (i.e., the urban areas). These are the engines of national, regional and local economic development, of social progress and of cultural regeneration. The challenge is not how to restrict the size or number of cities, but how to manage them to ensure their productivity, conviviality and continued growth.

In responding to these opportunities and challenges, the Guidelines should be seen as only one way to help policy-makers and practitioners respond to the urban challenge. They are meant to provide practical, step-by-step guidance on how national and city-level governments and other urban actors can mainstream approaches linking cities, their problems and opportunities into iterative national planning, human development and poverty alleviation processes.

Enacting such processes requires the collective commitments by a number of stakeholders and interest groups, working on programmes and approaches that are comprehensive and long-term: there are no quick-fixes in improving the human well-being, pro-poor economic growth and achievement of the MDGs of primary and secondary cities.

## SUSTAINABLE DEVELOPMENT

takes place without depleting non-renewable resources. It is often associated with the conservation of non-renewable physical resources for the use of future generations. In urban development terms, sustainability goes beyond physical resources and the environment and includes economic and social frameworks. The now commonly accepted view of sustainability has linked social, economic and environmental aspects.

The tenets upon which the approaches, entry points, and information presented in these Guidelines are raised recognises that they collectively contribute to a flexible and iterative guide that can be adapted to various urban contexts in differing geopolitical or national circumstances. This will allow users of these Guidelines some choice in approaches, activities, tactics, methodologies and tools to address particular urban situations based on the specificity of the context.

## 1.1

## URBAN DEVELOPMENT OPPORTUNITIES

There are compelling reasons why the development of cities and their management and planning are of critical importance:

### RAPID URBANISATION

In the 1960s and 1970s, the growth of the urban poor population in developing countries was mainly in the form of migration of people from small towns and rural areas to large cities. In Asia, for example, rural-to-urban migration is now largely to the intermediate towns rather than to the major metropolitan areas. The growth of metropolitan cities is due mainly to the natural increase of their existing populations. In Africa, rural-to-urban migration still plays a major role in urban population growth. More than half of the population of the world is now urban (see table below). While the population of the world as a whole has grown at a rate of 1.5 per cent per year over the last 50 years, that of cities has been increasing by over 4 per cent. These trends are expected to continue in the foreseeable future. By the year 2025, approximately two-thirds of the world's population will live in urban areas, with 95 per cent of this growth in developing countries, much of which will be concentrated in the lowest income groups (i.e., the urban poor).

*The growth of a healthy, educated urban workforce is essential for the expansion of manufacturing industries, the development of trade and commerce, and the staffing of effective service industries.*

#### URBAN POPULATION GROWTH BY REGION

Region	% of national population			% of world urban population		
	1975	2000	2025	1975	2000	2025
<b>Africa</b>	25	37	54	7	10	16
<b>Asia</b>	25	38	55	39	49	54
<b>Latin America</b>	61	76	85	13	14	12
<b>North America</b>	74	77	85	11	8	6
<b>Europe</b>	67	75	83	30	19	12
<b>World</b>	38	50	61	-	-	-

### CITIES AS ENGINES OF NATIONAL ECONOMIC DEVELOPMENT

National and regional economies depend upon towns and cities. There is a close correlation between the wealth of nations and the level of urbanisation (see table below right). This correlation may be a reflection of the relatively high productivity of urban industrial and commercial output. As agricultural production becomes increasingly efficient, it requires less land to provide food and hence, fewer labourers, creating a surplus. Cities, unlike the rural areas, are able to absorb and productively employ an ever-growing population. They are also of

#### URBANISATION LEVELS AND WEALTH

Income Levels	Urbanisation level (%)
<b>High-income countries</b> (Average GNP/capita, \$17,000)	80
<b>Middle-income countries</b> (Average GNP/capita, \$3,240)	60 or over
<b>Low-income countries</b> (Average GNP/capita >\$480)	35 or less

increasing importance as trade centres and distribution nodes when competing in new world markets. As ports, airports and the centres of road and rail networks, they provide transport interchanges and distribution nodes that serve their region.

*The development of towns and cities is of critical importance to national economic growth, both in terms of production for domestic consumption and for export. Productivity of industry and commerce is enhanced by an efficient infrastructure, good urban services, and a healthy and educated workforce. This has a direct impact on the economy of the city and by implication, on national development. This impact is in terms of output and in the ability of cities and countries to attract investors and to retain local capital and enterprise.*

### CITIES AS CENTRES OF SOCIAL AND CULTURAL DEVELOPMENT

Throughout history, cities have been centres of civilisation and social progress. Though it is difficult to measure social progress or quantify 'quality of life' in any one country, the most basic indicators (health and life expectancy, civil and political rights, literacy and accessibility to education as presented in the United Nations Human Development Index (HDI) reports) measure services and organisational structures that essentially depend upon urban concentrations of people and activities. Towns and cities are the seats of social innovation and change that impact countries and sometimes entire continents. Political institutions, social movements and civil society organisations, formal and informal education, learning, and research are born and nurtured here. Changes in attitude to social equity and ethnic identity rarely originate in rural communities. Art, music and literature are usually developed under conditions of cultural vibrancy that only exists in cities.

#### CIVIL SOCIETY

refers to individuals and their formal or informal organisations interacting in social, economic and political life and bounded by norms and regulations. Such organisations can protect the rights and interests of citizens and can mobilise and help the poor and other disadvantaged groups. It includes community based organisations (CBOs) and is normally seen as the third sector, the others being government and the private sector.

*Where people are densely settled, significant economies of scale can be achieved in the provision and extension of infrastructure and services, which can have an impact on surrounding regions.*

### CITIES AS CONCENTRATIONS OF SOCIAL AND ECONOMIC DEVELOPMENT

In cities, development programmes and projects have an impact upon significantly greater numbers of people per unit of input than those in rural areas. This is because of the high concentration of population in urban areas. Systems of communication in cities are usually well developed and citizens from urban areas are more likely to be literate and skilled at finding and using information to their advantage.

*When people are densely settled, economies of scale with infrastructure or services can also be achieved for the same basic costs. Economic and social development in towns and cities can directly benefit urban dwellers and can have an impact on surrounding regions.*

### CITY DEVELOPMENT AND RURAL AREAS

The impact of cities is often well beyond their designated boundaries.

Seasonal migration enhances rural productivity through the transfer of skills and incomes. Remittances from urban workers account for substantial cash contributions to rural households and sources of capital for investment in agriculture. Growing urban markets for high-value horticulture and dairy products create a demand for rural production. More recently, in some cities, the advent of new technologies has meant that many light manufacturing and some labour-intensive service industries are relocating out of urban centres and bringing urban skills and demands to rural and peri-urban areas.

*Urban investment reinforces rural development directly through remittances 'home' and indirectly through access to improved services, markets and information generated in towns and cities.*

## 1.2

### CHALLENGES FOR URBAN DEVELOPMENT

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While towns and cities offer many opportunities, they also face numerous problems. This is particularly true of towns and cities in the Developing World. As a result of the globalisation of urban economies, cities increasingly have to compete directly with worldwide and regional economies for international investment to generate employment, revenue and funds for development. There are also cities that cannot compete because of low productivity, economic instability, poverty, inequality and social conflict. They are simply denied access to investment and revenue resources for development, which impinges directly on productivity and quality of life of their citizens.

The challenges that many cities face today are not too dissimilar from those faced by cities in the 19<sup>th</sup> and 20<sup>th</sup> centuries. Just as many cities in Europe and North America experienced rapid economic growth and the diversification of their economies, many cities emerging over the past century were under severe pressure to meet the demands that increased urban migration placed on infrastructure, housing and other social amenities. Despite the similar challenges, it is clear that new Developing World responses to these challenges are required, particularly in the face of growing income inequities, the increased threat of climate change as well as regional political instabilities.

The contemporary structure of globalisation driven by communication technology, relatively lower transport costs and a corresponding emphasis on liberalisation of trade barriers requires that poor urban centres in the Developing World must be able to simultaneously compete with (as well as complement) cities in OECD countries.

For this and many other reasons, there is much scepticism and confusion about the urbanisation processes affecting many cities. Economies of scale in agriculture coupled with the diversification and specialisation of activities were meant to improve human development conditions in both rural as well as urban areas: this has not (yet) happened. The concern is that as typically urban contributions to national growth, culture and economies outweigh rural ones, these disparities may cause an over-

emphasis on both positive and negative urban processes, and in turn possibly create a disregard for rural economic and social contributions.

The economic downturn and negative growth rates as a result of the Global Financial Crisis of late 2008 may have temporarily reversed this in some countries, but it is expected that urban wealth will continue to outweigh rural wealth in the coming decades. At the same time, food expenditure continues to absorb an increasing proportion of available incomes, particularly for urban residents. The relationship between urban and rural growth is increasingly interlinked and connected: as rural incomes and contributions to national GDPs have fallen, food prices (largely determined by predominantly rural inputs) have actually increased. The relationship between urban and rural growth is now stronger and more interconnected. Technical innovations notwithstanding, this connectedness is only expected to increase in the future.

Closely linked to the idea of increased urban economic contributions to the global as well as national economies, the world has recently reached a tipping point in that for the first time in human history, the global population has outweighed the rural one.

These concerns are based on the realities of increasing urban populations, not only in the MegaCities of Asia and Africa, but also in secondary urban centres as well. According to the United Nations, the global urban population has grown from 3.5 billion people in 2010 and is expected to exceed 5 billion by the year 2030. This urban expansion is not a phenomenon of OECD countries alone. Almost all of the growth will occur in unplanned and underserved city slums, with much of the future growth expected to come from sub-Saharan African countries. By the year 2050, urban dwellers will account for 67 per cent of the population in developing countries. Many of these countries and city governments do not have the financial resources or technical talents in place to respond to their current challenges, let alone deal with anticipated future demands.

The immediate challenge for many Developing World city and national governments is to respond to this eventuality in a comprehensive and strategic manner: failure to respond immediately and meaningfully to this economic and social reality will only create conditions of increased poverty, inequality and environmental and social degradation.

The population as well as economic increases in urban activities are not merely the result of traditional migration for work, education and other such opportunities. They are also the result of a demise in on-plot and labour intensive activities in rural areas as well as external pressures from globalisation. In many ways, urban poverty and inequality have mimicked similar global trends. In 2002, there were 746 million people in urban areas living on less than \$2.00 a day, and in 2011 this number is estimated to be in excess of 850 million, an increase of about 14 per cent,

despite significant declines in the overall number living under \$2.00 a day worldwide.

### URBAN POVERTY

As explained above, the vast majority of new urban households swell the ranks of the lowest income groups. Within a few decades, the number of households living in poverty in urban centres will far exceed those in rural areas. Organisations such as the Asian Development Bank (ADB) acknowledge that Asian MegaCities house the largest global share of slum dwellers, but it is sub-Saharan Africa where the threat is most critical. Many cities of the African continent are already faced with deteriorating infrastructure, high levels of tax avoidance, increased urban populations, and lack of adequate city management. Despite enviable economic growth rates, many urban residents have been deprived of the benefits recent progress has afforded to urban enterprises. Rapid urbanisation in Africa has been decoupled from economic development. In the last fifteen years alone, the number of slum dwellers has almost doubled in sub-Saharan Africa, where 72 per cent of the urban population lives in slums. This diversity of issues may require multiple but complementary strategies as a response, but to date little effort to coordinate and integrate responses has been made by development partners, national policymakers and city governments. At present growth rates, African cities need to provide homes, livelihoods and urban services for more than 500 million new inhabitants over the next 25 years—more than the continent's current population.

*Strategically targeted programmes for the provision of basic security and "safety nets" are needed to alleviate the impact of urban poverty. Economic interventions through skill acquisition and the creation of employment are needed to reduce, and ultimately eliminate, urban poverty.*

### DEGRADATION OF URBAN ENVIRONMENT

Without the appropriate response, rapid urban population growth is likely to exacerbate the often mutually reinforcing effects of poverty and environmental damage. Too rapid or poorly managed development can result in a sharp decrease in the quality of urban living conditions. Solid waste, when not collected, is a source of disease. Uncontrolled industries pollute soil and ground water. Usually, it is the urban poor who face the brunt of urban environmental degradation.

*The degradation of urban environments needs to be addressed in various ways that reduce the on-going damage to the environment and actively promote and support improvement. The links between various activities in urban areas require an awareness of the potential benefits or problems that projects may bring.*

### POOR RESOURCE MANAGEMENT

Consumption and the processing of agricultural and mineral products have an impact on urban areas. As international trade has expanded, cities have become less reliant upon their immediate hinterland for sustenance and are increasingly importing their consumer goods, as well as food, energy, water and building materials from distance sources. At the same time, wastes produced in urban areas are increasingly being



exported for dumping well beyond the city limits, thus having an impact on the regional and global environment. Thus processes and influences of urbanisation are not confined to the built-up areas of cities.

*Effective measures to enhance resource management must go beyond the city perimeter and embrace the linkages and interdependencies between urban and rural societies and economies. Strategic interventions are needed to foster sustainable approaches to the production and use of natural resources.*

### GROWING DEMAND FOR URBAN INFRASTRUCTURE AND SERVICES

Many cities struggle to keep pace with demands for adequate industrial, commercial and household infrastructure and services as a result of increasing urban growth. In some instances, the maintenance of critical basic infrastructure such as roads, power, water and sanitation is dangerously low. Economic decline affects the ability of city managers to maintain and improve infrastructure and services, making it difficult to compete regionally and internationally. Consequently, economic productivity and the quality of life of urban residents suffer.

*Interventions to support sustainable approaches to the management, maintenance and extension of urban infrastructure and services are needed in cities to avoid entering a spiral of decline.*

### WEAK MUNICIPAL FINANCE

Urban areas need a constant flow of finances to keep them functioning, to operate, maintain and rehabilitate existing infrastructure and services, and also provide for future growth. While it is possible to generate substantial financial resources in cities, an on-going challenge is to create a balance between maintenance and new capital expenditure, as well as between servicing existing and new areas.

*It is necessary to improve the way that urban finances are raised and managed in order to be able to extend and improve the supply and delivery of urban services. This often entails the radical overhaul of the local revenue base and collection system, as well as of approaches to local borrowing. Improved financial management can also be used as means to promote equity. Many business opportunities for the private sector, communities and individuals can be developed through sustainable approaches to financing city development. Strategic support through linkages with a variety of sectors can assist in turning municipal financing from a challenge into an opportunity.*

### INEFFECTIVE INSTITUTIONS

To work well and to develop effectively, cities require good decision-making systems and practices, good management, and strong human resource skills. In most countries, the number of skilled urban managers is severely limited and it is a struggle to attract and retain skilled staff. Many of the world's cities are run by institutions and organisations that have been inherited from the past, and ineffectively use their resources. Such institutions are unable to enable the private sector or civil society organisations to play a role in development through partnership. The result is inefficient and ineffective management, which, in turn, negatively affects their economic, social and environmental performance.

*Developing effective institutions is a high priority for effective urban governance and management. This requires a close correlation between institutional change, organisational restructuring and human resource development.*

1.3

## POLICY RESPONSES BASED ON URBAN REALITIES

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Rather than planning for urban growth and working to provide land, infrastructure, and services for the poor, misguided policies have focused on slowing the process of urbanisation and unsuccessfully trying to stem the tide of rural-to-urban migration. At least two million slum dwellers are forcibly evicted from their homes each year to make way for infrastructure projects and private development.

Anti-urban and anti-poor policies are based on a misunderstanding of the demographic roots of urban growth, 60 per cent of which is a result of natural increase, not migration. Existing migration policies are shaped by fear and the absence of adequate information and institutional capacity. Responding to the urban development challenge in a sustainable manner requires a policy framework based on a better understanding of the relationship between migration and urbanisation, linking together urban and rural development policies.

Approaches to urban development are too often fragmented and sectoral. Successful action in support of strategic urban development requires an integrated approach based on solid analytical work that encompasses infrastructure, housing, social programmes, health, education, the physical environment, income generation, savings & loans, safety nets, and social inclusion.

Urban development is a long-term process, and time is an extremely important factor in assessing the impact of policy and assistance. This is often at odds with project-based goals and donor funding cycles.

Cities have always attracted investment, wealth, and people in a process that has been further amplified by globalisation. The success of nations increasingly hinges upon the efficiency of their urban areas. Cities today generate from 55 per cent of GNP in low-income countries to 85 per cent of GNP in high-income countries. As cities have engaged directly with the global economy, the gap has widened between those who benefit from international competition and those who are left behind. Increasingly, cities are places where prosperity and poverty exist side-by-side, yet urban centres of political energy and social interaction can be powerful instruments of change. The challenge to policymakers is to provide opportunities for the urban poor to access material and political resources that allow them to benefit from booming urban economies.

### THE POLICY CONTEXT OF SUSTAINABLE URBAN DEVELOPMENT

There has been little agreement on a coherent definition of Sustainable Urban Development in the literature as well as in practice. This disagreement has contributed to the overly complicated philosophical as



well as policy frameworks meant to assist cities in poorer countries respond to the challenge of sustainable development. What is needed is a clearly understood, simple, and coherent framework for cities and those that manage and govern them to respond to the various challenges they face on a daily basis.

As such, sustainable urban development aims to satisfy human needs, those of future generations included, while at the same time protecting the urban landscape and all that is in it. In order to do this, the ultimate goal of sustainable urban development is to get rid of or mitigate poverty, to tackle such things as unemployment, to ensure cities contribute meaningfully and significantly to economic growth and as centres of culture and human development, whilst responding to common social inequities such as poor housing, infrastructure and related social services. The process therefore integrates three key aspects of development – social political sustainability, environmental health, as well as economic productivity.

More importantly for the purposes of the Guidelines, is the need to assist policy-makers and practitioners in the translation of these broadly agreed principles into viable and implementable national and local strategies and/or action plans that can be budgeted and programmed to achieve these aims. The more critical issue is for urban centres in the Developing World to define clearly how resources are to be managed and allocated or re-distributed to ensure urban efficiencies and responsiveness to citizen needs. This will help to ensure longer-term sustainability and define the specific responsibilities of various stakeholders at each level.

Resource management strategies can be translated from broadly agreed principles in a number of ways, depending on the specific country context. This allows for cultural, financial and other forms of variability in translating characteristics into specific plans. Each urban centre will need to examine the issue of sustainability through understanding its own behavioural patterns, resource consumption patterns, and policies.

## 1.4

### SIGNIFICANT LESSONS

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In the past, the emphasis was on controlling city growth. Now, with the importance of well-functioning cities and the inevitability of their growth being recognised, the emphasis is on effective urban management. Some significant lessons have emerged about this aspect of development:

#### SUSTAINABILITY

To achieve a lasting and growing impact on urban development, time, effort and resources need to be invested in the systems that support sustainability. Failing to do so can lead to the waste of scarce resources for short-term gains, without lasting benefits.

*Sustainability requires that the processes set in place by an urban development initiative continue indefinitely after the initial external inputs have been withdrawn and that they are replicable in similar circumstances elsewhere.*

## GOOD GOVERNANCE

Weak institutions taking actions through unclear decision-making processes can threaten sustainable development. The consequence is that decisions on priorities and the use of resources do not reflect the needs of urban citizens. Moreover, hidden decision-making processes can lead to mismanagement and corruption.

*Substantial benefits are gained through building transparent, accountable and participatory decision-making processes. In this way, the ownership of development is increased, leading to active participation and partnership with the private sector and civil society, leading to sustainability.*

## EFFECTIVE DECENTRALISATION

Decision-making through the devolution of authority and the decentralisation of responsibility, leading to participation and representation, requires politically sensitive strategies. This means working in partnership with the private sector and empowering non-governmental organisations (NGOs) and community bodies.

*The devolution of authority and decentralisation of management demand changes in the mandate (or constitution) of local government and representative, non-statutory organisations. To be effective, such changes often require legislative mechanisms and practices that ensure transparency and accountability of existing and new levels of local governance.*

## LOCAL INSTITUTIONS AND PARTNERSHIPS

Participation and partnership are at the centre of the strategic approach to effective urban development. They also underpin the ethic of the Paris Declaration and Accra Agenda. While urban programmes and projects take place with various actors and stakeholders at many levels of involvement, partnership implies an equal distribution of responsibility (and benefit) amongst all participants. All partners need to be equally empowered. This is particularly true for those with least access to power and resources, such as low-income communities. The enabling process requires an understanding of the capacities and deficiencies of potential partners (the public sector, the formal and informal private sector, NGOs and community organisations) in order to establish the extent to which each requires support.

*Participation facilitates development objectives and also ensures that projects are well targeted. It also enables creativity and resources to be developed and utilised with adequate support and responsibility to promote sustainability in development.*

### ACTORS AND STAKEHOLDERS

are persons or organisations with a strong interest in the outcome of an event or plan, such as city managers, political leaders, the private sector, NGOs and organised community groups.

### EMPOWERMENT

entails the giving of rights, and the means of using them, to local organisations and groups by legal means and the establishment and maintenance of a continuous process of support, such as training and specialist advisory services.

## CO-ORDINATED STRATEGIES FOR DEVELOPMENT

Few countries have clear urban policies or strategies. Moreover, urban

development has not been given sufficient priority within the national development or poverty alleviation contexts, despite the importance of cities in many countries.

*An effective national or regional urban policy is critical for urban development to guide decision-making, based on resource allocation. Strategic plans, involving government, the private sector and the community, can provide a framework for priority setting and the influencing of investments. Therefore they must be based on consent and clear political benefits.*

**STRATEGIC PLANNING**

for a city is the process of participation in development of a medium-term plan (combining, political, financial and institutional aspects) to meet objectives set by the key stakeholders.

### EFFECTIVE MANAGEMENT

Firm commitments are required to adapt to new organisational structures and introduce changes in attitudes, skills and motivation. Investment in building capacity in any one of these areas is rarely effective without parallel and supporting development in the others.

*To maximise the sustainable impact of urban development, capacity building and training programmes should be introduced, while institutions should be strengthened as an integral function of city management.*

### APPROPRIATE FINANCING

All development needs to be financed in some way. Problems occur when urban development initiatives are not financially supported throughout the development process.

*Urban development initiatives should be designed with due regard to the financial systems and capacities of cities to plan, implement, manage, maintain and otherwise sustain them. The involvement of the private sector and civil society is also crucial, leading to effective financial management.*



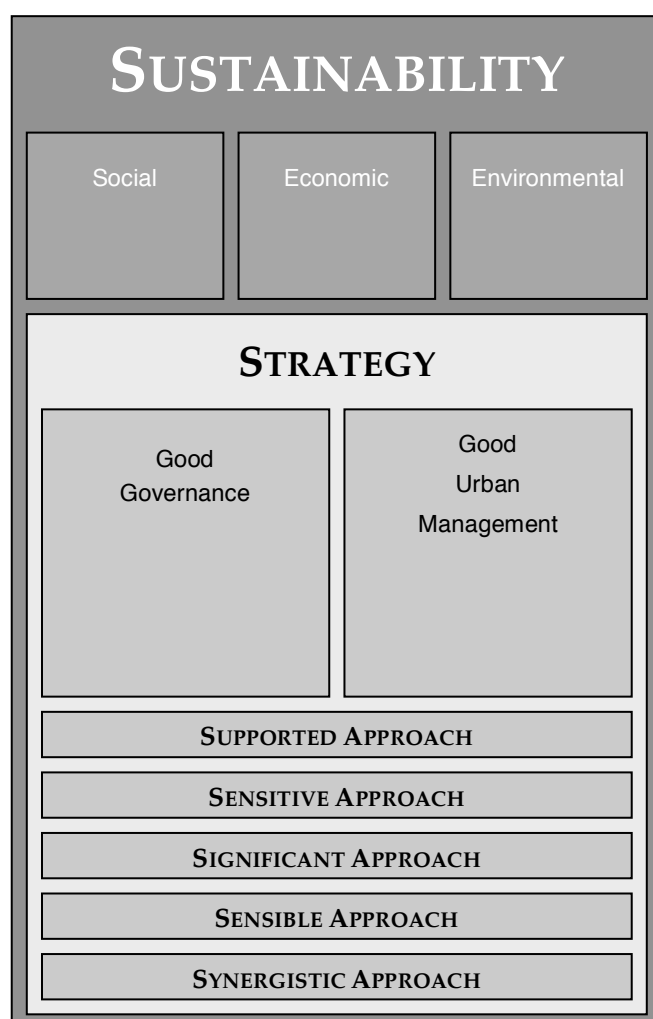
# THE SEVEN PRINCIPLES

The strategic approach takes into account the main potentials and problems of urban areas and identifies effective ways of working towards the overall development goals. This approach sets out a framework for urban development, emphasising the goal of socially sustainable development built on good governance and good urban management. The next three chapters outline this approach.

## 2.1

## DEFINING THE BASIC PRINCIPLES

An effective process for urban development can be contained within seven principles, described here as “The Seven ‘S’s.” These principles



### THE SEVEN ‘S’

are represented in this diagram.

**Sustainability** is achieved through a **Strategy** of good governance and good urban management. This approach needs to be **Supported, Sensitive, Significant, Sensible** and **Synergistic**.

embrace the overall goal of poverty reduction and economic integration through sustainable urban development, with the strategic approach focusing on good governance and good management. These seven basic principles should be kept in mind throughout the process of urban development (but particularly during the early stages).

### **SUSTAINABILITY**

This basic goal refers to impacting on poverty in a manner that can be continued and replicated elsewhere. Development actions should not deplete any resources (social, physical or financial) that cannot be renewed or replaced.

### **STRATEGY**

The two main elements of the strategic approach to city development are good governance (decision making in society that is transparent and balances stakeholder interests) and good urban management (the system to work on developing and maintaining city services).

### **SUPPORTED APPROACH**

Urban development projects should be based on, and respond to, local priorities within the framework of relevant national and regional policies and strategies. Participation facilitates the achievement of the development objectives and ensures that projects are well targeted and that local creativity and resources are developed and exploited to the benefit of the project. Urban projects should be designed and developed locally by, or in very close collaboration with, the principal stakeholders. Central government agencies responsible for regional development, urban policies and local government should also be involved in the preparation of such projects to facilitate support and policy impact.

### **SENSITIVE APPROACH**

In order to facilitate local sensitivity, it is necessary to have sufficient flexibility in local adaptation of those projects, which support wide national or regional urban development initiatives. This is due to the rapid rate of change and complexity in city developments (for example, the sensitivity of city economies to global economic changes, or urban societies under demographic or political pressure). In addition, there is frequently a significant delay between the first conception of a regional- or national-level urban project and its eventual implementation, requiring adaptation to ensure continued relevance. Consequently, criteria relating to issues such as culture, social structure and gender should be incorporated in the project initiation and design phases. This is particularly relevant to groups and individuals involved in determining project objectives and the method used for their consultation. Urban projects should have regard for the specific cultural and social contexts of the regions in which they are located. For example, sensitivity in urban project design should allow for the gender-specific needs of women and men, and the special concerns of minority groups. Operational plans should be designed to allow for changing situations during the process of project development.

**SIGNIFICANT APPROACH**

Urban projects should be selected and designed to have the maximum impact (whether direct or indirect) on development. Direct impact refers to planned outcomes that are the immediate purpose of a project. An indirect impact can be more significant than a direct impact, but is invariably more difficult to measure (for example, the influence of a pilot project on a future programme, or that of a local programme on national policy). Urban projects should be designed to maximise both their direct and indirect impacts in urban areas in terms of enhancing the economic, social and environmental development of cities. The scale of impact on achieving development objectives should be a major consideration in the appraisal and monitoring of projects. Learning from projects should also be a key objective, and both should be explicitly built into urban projects from the beginning. Resources should be included to fund independent evaluation, with a wide dissemination of results. This is appropriate, regardless of whether the final project is a success as a project with poor results may still provide a good learning experience.

**SENSIBLE APPROACH**

Urban projects should not be over-complex for the situation in which they are intended, but rather initiated and designed with a clear understanding of the capacities of all potential partners. The realities of local capacities in urban areas should be taken into account during the identification and design phases. Necessary capacity building should also be a key component of any urban development project.

**SYNERGISTIC APPROACH**

There is a strong potential added value to be achieved by linking urban projects across different sectors. Linking may also be achieved between different urban areas so that they may learn from each other. Identifying and incorporating these linkages often requires only simple additions or modifications to urban projects, but they need to be thought through at an early stage of development. A simple example is that a project to build houses in a poor area of a city can also create local employment opportunities. Synergistic partnerships imply additional value through working with the appropriate partners, which can be civil society or private sector. This form of working often requires empowering and enabling stakeholders, especially those with the least access to power and resources, such as low-income households and communities. Synergy can also come from positive working relationships between elected representatives and officials. Better local government performance can stimulate political support.

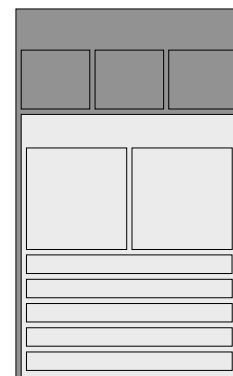




# SUSTAINABILITY IN URBAN DEVELOPMENT

The first definition of sustainable development came from the Brundtland Commission report in 1987: *Development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.*

This sustainability concept was central to developing an environmentally sensitive approach. It was further developed in practical terms at the World Environment Conference in Rio de Janeiro in 1992, with Agenda 21 and Local Agenda 21. The Local Agenda 21 concept has since been taken up by an increasing number of cities in countries around the world. The sustainability concept questions much of the general direction that development had hitherto been taking. The use of resources and the abuse of the environment that in the past have been dismissed as the “cost of development” are no longer acceptable. Moreover, sustainable urban development cannot be confined to physical resources and the environment. If the urban economic and social frameworks within which they are cast are not sustainable, little of lasting value will be achieved. A critical aspect is the balance between the issues: How to balance an improved environment with employment? How to attract new service industries while avoiding social division? These linkages, and the balances between them, are particularly important in urban areas.

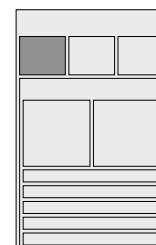


## 3.1

### URBAN SOCIAL DEVELOPMENT

Persistent inequalities and poverty in cities represents an infringement of basic socio-economic rights of groups of citizens who often constitute the majority of urban populations (and can be a major source of inefficiency and instability). Therefore, urban social and human development strategies must actively promote a fair, just and equitable allocation of resources and opportunities. This involves strategies for the equitable allocation of public funds and collection of public revenues.

There can be a share of costs and benefits to improve urban areas between those who can afford to pay and those who need special assistance to participate. However, disparities in access to resources reflect only one dimension of the inequalities in cities, while disparities



on the bases of gender, age, ethnicity, religion, origin, or disability all intersect, highlighting distinct patterns of deprivation and discrimination.

*Sustainable strategies are needed to break down the barriers that exclude various groups from access to resources and opportunities offered by urban development. The realisation of the potential of all social groups represents an enormous resource to urban development and a key contribution to the efficiency and stability of cities.*

### THE SIGNIFICANCE OF SOCIAL DEVELOPMENT

Social development approaches to cooperation are based on the premise that there is a need to cater for the human rights of all. This includes access to basic needs and a right to participate in decision-making.

*Interventions can be equitable and sustainable when they incorporate a social development approach. Such an approach*

- *Encourages social inclusion of all groups and hence, avoids tension within government and society which can lead to conflict.*
- *Ensures the development of "human capital" (a healthy and educated workforce), which contributes to the economic growth of the city.*
- *Maintains human dignity by promoting democratic ideals and human rights.*
- *Encourages equilibrium with the environment by working towards equitable and sustainable livelihoods.*

#### SOCIAL DEVELOPMENT

with a particular focus on the urban poor, is central to every type of development cooperation, though entry points may be energy, transport, health, education or micro-enterprise development. A social development approach aims to secure equitable relations between people.

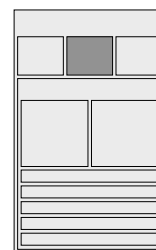
## 3.2

### URBAN ECONOMIC DEVELOPMENT

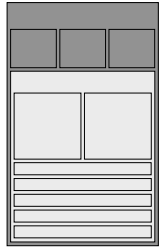
History has repeatedly shown that it is possible to generate significant additions to local economic development from even the smallest-scale and informal enterprises. Central to sustainable economic development is the level of productivity of industrial, commercial and service activities, which together create the income and thus wealth of cities and their citizens. Increasing productivity adds to earnings for both businesses and workers, which in turn supports new investments

Therefore, there is a need to embrace strategies for the creation of new employment opportunities and the productivity of existing and new enterprises. There is also a need to focus attention on the resource requirements and the environmental impact of industries.

The goal of urban policy is to bring public, private and community enterprise together to achieve mutually beneficial increases in efficiency. Macro-economic reforms (i.e., opening national markets to external competition and the rapid development of new telecommunication and transport technologies) are demanding a new kind of management at all levels of and within urban systems. At the same time, through programmes of administrative and fiscal decentralisation, national governments are entrusting sub-national authorities (including city administrations) with powers to manage their own affairs, respond to economic restructuring, and develop new productive entities.



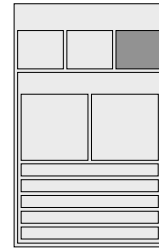
*New approaches to the management of city economics can bring together public, private and community enterprises to achieve mutually beneficial increases in efficiency across the whole range of urban economic activities. The focus of such partnerships should be on how to mobilise and maximise the contributions of all those engaged in productive activities at whatever level of technology or market demand they operate.*



## 3.3

## ENVIRONMENTAL MANAGEMENT

Urban environmental problems are often addressed through investments in technological innovations and engineering works designed to mitigate or reduce pollution (often referred to as 'hardware' solutions). While this approach remains valid, sometimes it is typified by a high incidence of failure as a result of the subscription of inappropriate technologies.



Environmental problems cannot be separated from the wider challenges of social, economic and institutional issues. Therefore, environmental improvements need to be developed as an integral part of urban development policies. Commitment to environmental management solutions that are sympathetic to prevailing economic, social and cultural conditions, combined with local ownership (the "software" aspects) is needed.

Improving management to deal with immediate problems and addressing longer-term issues of sustainability must go together. It is important that urban environmental considerations embrace both the "green" and "brown" agendas. Cities are by no means the source of all macro-environmental problems, but they contribute very significantly to many of them.

### BROWN AGENDA

covers those environmental issues that have immediate local impact, including wastewater and solid-waste management, air pollution control and similar aspects of degradation that affect the quality of life in cities.

### GREEN AGENDA

focuses on long-term, more fundamental global environmental issues, such as global warming, rainforest depletion and biodiversity.

*Sustainable development entails improving the living environment in cities.*

*The primary aim is to find the best means within available resources to improve living conditions for citizens with a strong emphasis on the urban poor. Adopting sustainable development as the overall goal of urban projects, means that the connections between the various activities have to be carefully examined, both for their positive and their negative impacts on the environment.*

## ENVIRONMENTAL SUSTAINABILITY

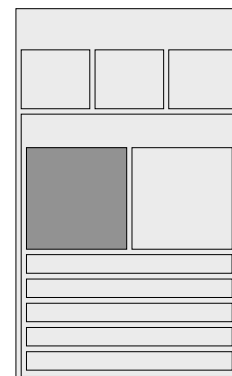
Long-term challenges for environmental sustainability are concerned with reducing the impact of cities on the regional and global environment. These concerns include the management of natural resources used in urban areas so that they can continue to be available in the future. Cities use both renewable and non-renewable natural resources, thus the sustainable supply of resources to urban areas is critical.

*It is important to ensure that a healthy urban environment, including the surrounding sub-region, can be available for present day use and for future generations.*



# GOOD GOVERNANCE

Good governance provides the framework required to manage cities equitably and efficiently. Governance is the process of wielding power and authority in society. It influences and enacts public policy and decisions concerning public life. Governance is a broader notion than government, involving interaction between formal institutions and those of civil society, and has become an important concept for international development. Good governance gives due consideration to poverty and gender issues, sustains the environment, and creates opportunities for incomes and employment. By contrast, poor governance is associated with an excessive concentration of decision-making – often unaccountable – in a particular institution, an unstable and unpredictable legal framework, an expanding range of rules and regulations, and a clear definition of the limits of public and private resources and interests. Currently, national governments in most countries publicly declare they are committed to democracy and good governance. However, in practice, many nations are not able to make real progress in this direction. Where this situation prevails at the national level, there is a danger that similar conditions may be easily reproduced at the city level.



## 4.1

### THE LEADING PARTICIPANTS

There are three main groups involved in urban governance that are vital for development, namely the state, civil society and the private sector. Promoting good governance requires urban projects to ensure that capacities are developed at the local level for all three of the above groups fairly and equitably. In addition, civil society and private sector organisations need to be supported in promoting good governance to:

- Represent disadvantaged groups.
- Facilitate citizens' participation and empowerment.
- Improve accountability, transparency, human rights, the rule of law, social integration and local economic development.
- The various roles of these main participants are described below.

### THE STATE AT THE LOCAL LEVEL

The responsibilities of the state are to create and develop an appropriate political and legal environment, a sound system of public sector institutions, and the provision of effective services.

*Good governance in cities requires a vigorous system of democratic, dynamic and transparent local government.*

## CIVIL SOCIETY

The role of civil society organisations (CSOs) as key political participants in urban development in local society is crucial. CSOs are community-based and non-profit-making. They may be NGOs, co-operatives, community development, religious, cultural, ethnic, language or gender-based organisations. This can include charities, professional and business associations, political parties, social and sports clubs, environmental groups, academic and policy-oriented institutions, or the media.

*CSOs are intermediary organisations that interact with state government authorities, demanding accountability and responsiveness. They are a basic source of information about the demands, needs and expectations of citizens. Political leaders and local authorities now recognise that a sound urban development requires the existence of a vibrant civil society.*

### CHALLENGES FOR LOCAL GOVERNMENT

A series of challenges face local government institutions engaged in urban development. These include:

- Protecting vulnerable groups of people and alleviating severe poverty.
- Promoting environmental and sustainable conditions for development.
- Assuring access to basic services
- Fostering social, ethnic and cultural integration.
- Facilitating public participation.
- Assisting in creating a favourable economic environment.

## THE PRIVATE SECTOR

Since the purpose of private sector enterprise is to make a profit, it requires an environment conducive to the market place and private enterprise in banking and financial services, co-operatives, commerce and trade, and the informal sector. Partnerships between local government and the private sector can mobilise financial resources and facilitate the provision of public services. However, the market alone cannot guarantee appropriate patterns of production and consumption.

*Private sector development must take place with the right safeguards for the environment and natural resources, providing protection to groups of people vulnerable to economic exploitation, and facilitating access for the poor to established credit systems. Fair competition, stable market conditions and transparency should be encouraged and supported in the development of the urban economy.*

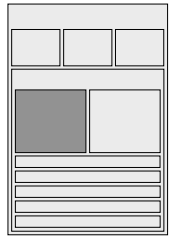
## 4.2

## SUPPORT FOR GOOD GOVERNANCE

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Strong local institutions (whether dealing with government, private or civil sectors) are important in balancing the exercise of power at the national level, leading to a constructive, non-antagonistic relationship between government at various levels. The development of good relationships between the state, civil society and the private sector should encourage pluralism, participation and peaceful conflict resolution in cities.

Local government should enable, facilitate and encourage development of civil society and the private sector. Cooperation funds may be used to enhance skills by training and educating participants in urban governance. State organisations may be strengthened by the implementation of development and training programmes aimed at improving the capacities of various agencies of government, for appointed



and elected officials, civil society and business leaders.

### LEVELS OF INTERVENTION

A universally accepted and applicable model of good governance does not yet exist, so general principles need to be adapted to local circumstances in a variety of situations. Levels of intervention for the promotion of good governance include the involvement of institutions, organisations and individuals, as discussed below.

*At the institutional level governance can be improved by*

- *Fostering changes in the legal framework, government regulations and procedures.*
- *Reforming procedures or systems of co-ordination between various organisations (particularly those between governmental and non-governmental).*
- *Supporting the development of institutional mechanisms based on local culture and traditions to facilitate city-specific governance.*
- *Cultivating norms and values to change the incentives for individuals and organisations (including advocacy activities and the dissemination of information on key policy issues).*

*The modernisation and strengthening of government agencies can also support good governance. Key areas for intervention are financial management (including budgeting, accounting and auditing procedures), human resources management, and communication and information technology.*

## 4.3

### DECENTRALISATION AND THE PEOPLE

State organisations are frequently perceived to be remote from people, both socially and geographically, as often decisions do not represent the current concerns and priorities of the people. In recent years, concentration of authority and decision-making has been tackled with decentralisation policies in many countries, requiring the complementary building of financial, managerial and institutional capacities at the local level. Decentralisation requires that both the local government and central government at the local level are brought closer to the people being served through democratic processes, such as the election of representatives, political debate, and participation in the preparation and implementation of policies, plans and budgets. Decentralisation recognises that the demand for local services varies according to locality, and that local politicians are more accessible to the people, leading to increased levels of participation within the community. Moreover, local government is better placed than national government to co-ordinate local institutional activities and services. Key obstacles to decentralisation are the lack of institutional capacity in local government to deal with new functions and responsibilities, and the lack of political willingness and resistance from national politicians and civil servants. There may also be a lack of macro-

#### DECENTRALISATION

is the transfer of power or authority to perform a function from higher levels of government or other organisation to lower levels or to other organisations. It normally refers to relations between central and local government, but can also include decentralisation from city government to sub-city districts.



economic, financial or political stability, which inevitably demands strong direction from the centre.

*Urban cooperation funds may be used to support decentralisation initiatives. Cooperation funds may be aimed initially at the development of an appropriate legal framework for decentralisation and local self-government (especially when it includes consideration of national minorities, their transfer of responsibilities, and financial resources). For this purpose, urban development programmes may include advocacy activities aimed at influencing decision-makers, the preparation of background studies, or support for the drafting of required legislation.*

### SUPPORT FOR DECENTRALISATION

Good governance for urban development implies adequate levels of decentralisation as a permanent process of improvement of inter-governmental relations. Central government will always retain the core functions, such as defence, international relations, and the establishment of standards in the provision of services. Support for local self-government may be a sensitive topic, especially in countries with territorial separatist movements or tensions between different ethnic, religious or language groups. While preserving the territorial integrity of a country, development of local self-government with significant representation of minority groups may serve as a mechanism for solving specific social and economic problems, while avoiding the development of separatist tendencies. Protection of the human rights of national minorities is a key element of good governance.

*Conditions of office for elected representatives must ensure that they are able to exercise their functions freely within the limits of local self-government as defined in legislation. Democratically elected councils exercise the right of local self-government. There may be also executive bodies, which are accountable to these councils and to the local electorate. Both local councils and executive bodies must be able to recruit necessary staff. Financial resources should be made available to local authorities to enable them to carry out their tasks. Resources may originate from local sources or derive from grants, in which case, local authorities must be consulted on their needs. Support for the decentralisation of specific services, such as water provision, electricity and education, should also be included in the list of potential activities.*

## 4.4

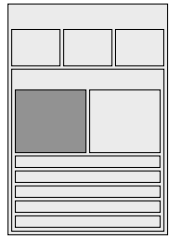
### ACCOUNTABILITY, TRANSPARENCY AND LAW

Good governance implies responsible government with elected and appointed officials accountable to stakeholders in the city. The abuse of public power for personal gain is both a cause and a consequence of underdevelopment. Corruption discourages investment in the local community and consequently, the supply of appropriate infrastructure, thus affecting urban finances. Goods and services become unjustifiably expensive, formal institutions and procedures are undermined,

#### LOCAL SELF-GOVERNMENT

is the management by local authorities of a substantial proportion of public affairs under their own responsibility with the interest of the local population in mind. Local authorities must be able to act freely within the limits of the law on all matters, which they are best placed to deal with because of their proximity to the population (the subsidiarity principle).





government debts increase, and services are provided at low standards (especially those provided to vulnerable groups of the population).

*More accountability and less corruption in local systems of governance can be fostered by strengthening the process of checks and balances between the various branches of government by clarifying the definitions of roles, rules and responsibilities of officials; by supporting justice and the development of a local government audit. Transparency and openness in the process of decision-making are essential elements in fighting corruption and increasing accountability in local government.*

### INTER-GOVERNMENTAL LINKS

Good governance also requires a balanced relationship between local and central government. The establishment of inter-governmental links includes various mechanisms through which local governments are legally accountable to national institutions. While supporting the principles of local self-government and autonomy, the EC urban development programme may assist in the development of appropriate systems of guidance, control and accountability to promote constructive inter-governmental relations.

*Urban development projects financed by the EC require support for the creation of systems of financial accountability, rules for financial disclosure by public officials, the preparation of codes of conduct, and mechanisms to facilitate consultation between civil society and the private sector with elected and appointed officials. Support is also required for local watchdog organisations, citizens' education programmes and media awareness.*

### AN APPROPRIATE LEGAL FRAMEWORK

Good governance demands a fair, transparent, predictable and creditable legal framework, able to guarantee individual and group rights, capable of providing an appropriate environment for the development of economic and social activities. In relation to urban development, the main stakeholders should have respect for the rule of law and the protection of human rights. The rules should be applied equally to all members of the community and appropriate institutions, and should guarantee their enforcement, free from political influence. Of special relevance is the existence of an appropriate legal framework for the development of market-based economic activities at the local level. This is particularly important for the consideration of civil and commercial codes that respect private property and contracts.

*The local system of institutions ought to provide appropriate protection and promote peace, integration and harmony in the city. Diversity in the city (social, ethnic, religious, cultural) should be seen as a positive factor for urban development. Therefore, local governmental institutions and civil society must play an active role to ensure the preservation of law and protect vulnerable groups from exploitation and discrimination. For the existence of a strong, vibrant and constructive society, freedom of association and expression should also be granted. Activities supported by the EC on human rights, the rule of law and public participation include:*

- *Strengthening organisational and skill capacities of judges.*
- *Supporting civil society organisations.*
- *Creating community information centres.*

- *Training local police forces in good governance in day-to-day activities.*
- *Modernising the legislative systems in local government.*
- *Good governance training for councillors.*

4.5

## CIVIL SOCIETY PARTICIPATION

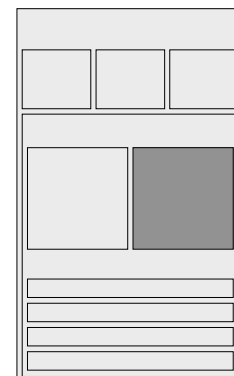
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Civil society's role is crucial in the process of helping particular groups, particularly those that are poor and disadvantaged. Democratic urban development encourages civil society to debate public policies openly and make representations to their government, and to assist in the monitoring and implementation of development policies.

*Governance in urban areas can be improved by supporting the participation of civil society in the provision of services. Resources should be allocated for the establishment of official mechanisms for participation. Background studies on participation at the local level and the preparation of legal frameworks are basic requirements. Support is needed for the development of citywide consultative practices to establish priorities in providing services and the allocation of budgetary resources (i.e., participatory budgeting). Initiatives that involve the community as the producer of services should also be supported, particularly where communities provide complementary services such as housing, roads, schools, water provision and solid-waste management. These services should be managed not just as economic goods, but social ones as well. This often occurs where public sector organisations show a lack of capacity to provide such services. A specific community may give support directly to the development of locally generated projects.*

# GOOD URBAN MANAGEMENT

Whilst good urban governance refers to the politics of participatory and transparent decision-making, urban management is concerned with the implementation of those decisions. Public administration, an important component of urban management, covers the routine supply and maintenance of urban services and infrastructure. Urban management takes place via the interaction and relationship of a wide range of actors and institutions. The way they relate to each other determines their management of the city. It is desirable to build up an enabling environment through which all these institutional actors can contribute to the process of decision-making in the city.



**GOOD URBAN GOVERNANCE** means effective (political) decision-making carried out with transparency and participation of key stakeholders.

**GOOD URBAN MANAGEMENT** means the effective implementation of operational and developmental decisions.

## 5.1

## INSTITUTIONAL ASPECTS OF URBAN MANAGEMENT

This section reviews the main elements through which institutional concerns in the process of urban management may be addressed. Firstly, the concepts of urban management and urban government are discussed. Then, the following three sections detail:

- Central-local relations, which inevitably serve as the context of urban management
- Strengthening cooperation and building up of partnerships between a series of institutional actors
- Local government

### URBAN MANAGEMENT AND URBAN GOVERNMENT

Urban development can be boosted or hindered depending on its institutional framework and its management and policies in substantive areas. Therefore, a vital task is to promote an institutional framework that facilitates the functioning of efficient urban government. Urban government refers to the whole set of public agencies (sectoral, national and local) that perform key city functions.

*Urban government institutions should be flexible enough to cope rapidly and constantly with the changes and adjustments that prevail in current urban development. Urban development programmes can support the strengthening of institutions in the process of urban management. Institutional development should be in line with the criteria and principles highlighted in the previous section on governance, taking into account such*

*strategic considerations as decentralisation, democracy and legitimacy of government, accountability and transparency, the rule of law, and respect for human rights and participation.*

### CENTRAL AND LOCAL RELATIONS

In urban management, central-local relations play a fundamental role. They are basically concerned with the distribution and exercise of powers or functions. Although the law usually defines the nature of central-local relations, the balance of political power in the country determines its operation.

*An important objective for sound urban management policy is to develop central-local relations in a climate of mutual cooperation. To improve central-local relationships it may be necessary to develop mechanisms and systems to create urban agencies, which are mutually positive and supportive. This includes the implementation of normative controls, rather than case-by-case review of local decisions, and the development of co-operative mechanisms for urban investment planning, with the participation of all levels of government. Change and reform in the legal framework is required to improve the distribution of the various local government functions. Finally, cooperation could be aimed at providing a new structure for central-local relations that would strengthen local government.*

### COOPERATION BETWEEN PUBLIC AND INFORMAL SECTORS

Many policies of local and central governments hold down the supply of the urban informal (not statutorily registered) sector services. Regulations such as zoning laws can be insensitive to the needs of urban informal sector businesses, and often municipal by-laws prohibit informal firms from selling their products at profitable locations.

*Positive government intervention in various markets (labour, raw materials, capital) can assist in favour of informal businesses.*

### COOPERATION BETWEEN PUBLIC AND PRIVATE SECTORS

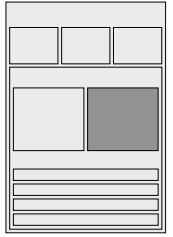
There are several ways of linking public and private sector organisations. Where the objective is good and affordable urban services, then provision through the private sector can sometimes be a valuable alternative to public provision. It may be fostered mainly in cases where technology, the scale of investments, and the size and maturity of the business community provide a competitive environment.

*Public organisations need to develop their capacity to stimulate productive working relations, regulate and manage contracts with the private sector.*

### GOVERNMENT AND NON-GOVERNMENT COOPERATION

Along with municipalities, councils and other state agencies (known as urban government institutions), there are also informal institutions. These are recognised as NGOs and CSOs. Relations between these two types of urban institutions (i.e., government and non-government) are often antagonistic, particularly in dealing with political issues and defining priorities and actions within a city.

*Differing points of view should not be an obstacle for co-ordination and cooperation in the difficult task of providing services for the city. Institutions are likely to be stronger if support is provided for strengthening co-*



*ordination and productive partnerships between local authorities, NGOs, CBOs and the private sector. It may be necessary to give preference to programmes that show explicit and clear working relationships between the various parties involved.*

### COOPERATION BETWEEN POLITICIANS AND PROFESSIONALS

A common issue in urban management is the result of conflict between legitimate interests of elected politicians and appointed professionals working in local government. Politicians need to ensure the implementation of the policies for which they are held accountable to their electorate, while professionals value independence from political influence. Politicians prefer to be able to hire and fire professional staff, while the latter expect secure employment.

*Co-ordination between these two important groups in urban government is fundamental to the effective implementation of urban policies. The training of local authorities, councillors and mayors may be undertaken through short courses on key policy areas. Such training could contribute to the process of cooperation between elected and appointed local government officials, and improve management practices and political processes.*

### COOPERATION BETWEEN LEGISLATIVE AND EXECUTIVE BODIES

Executive and legislative bodies in municipal organisations often play an obstructive game based on parochial political considerations. As a result, the city is neglected and its citizens are affected by poor-quality services. Officials (elected or appointed) often perform their functions by intuition and goodwill, but without the required preparation.

*Political leadership is needed with authority and popular recognition. Authorities in the legislative and executive bodies need to share a vision and be committed to address the overall challenges of urban growth. Similarly, it is important to consider the provision of basic training for councillors, mayors and senior officials of the municipality. Improvements in the process of decision-making should emphasise a process of cooperation and positive relationship between the two branches of government.*

### COOPERATION BETWEEN SECTORS

Urban government is mainly organised by sectors of activity, particularly within local government organisations. Normally, there are departments or agencies dealing with housing, education, finance, economic development, physical planning or infrastructure investment and maintenance. There may also be severe obstacles to overcome in dealing with bureaucratic practices, professional biases, physical distance, various time frameworks for delivery of services, and the lack of will of the heads of departments or agencies.

*Urban government should co-ordinate activities carried out by the various sectors. Efforts are needed to ensure that public interventions through the sectors are coordinated and are aimed at achieving sustainable improvements in standards of living in the city. This can be achieved by the development of "institutionalised practices of participation based on the development of agreements and consensus, rather than in the production*

*of rigid plans. Constructive engagement amongst key stakeholders should be an ongoing activity linked to a process of annual strategic planning, budget preparation and management.*

### LOCAL GOVERNMENT

Improving local government requires more than simply changing the structure of the organisation and providing training. It relates to the way decisions are taken within the municipality and with other urban agencies and organisations. Recently, public agencies have increased their intervention in the area of capacity building in local government by means of reforms and institutional development, or strengthening programmes. Such programmes may affect the entire system of local government or deal only with specific cases.

*Capacity building can involve improving the legal framework of local government, together with its financial management. Changes in organisational structures may be required to improve the management of local government and the general distribution of functions. As part of the organisation reforms, there is also a need to modernise information and communication technologies as a management tool, together with administrative systems and procedures in local government. In implementing projects, there are several possible interventions that can be introduced in relation to local government improvements. Interventions normally target:*

- *The legal framework*
- *The organisational structure*
- *Financial capacities and management*
- *Human resources and management system*
- *Capacities for the provision of local services*
- *Local democratic services*

## 5.2

### URBAN FINANCIAL MANAGEMENT

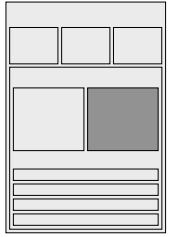
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Urban development requires financing to build infrastructure in new parts of cities, to rehabilitate older areas, and to maintain services on an ongoing basis. Public funds are seldom enough to keep pace with infrastructure, land and other urban demands. Private and community investment is crucial to financing urban development. The involvement of businesses and communities in providing and running infrastructure and services has opened many new sources of revenue for development. Partnerships are also helping to use available resources more efficiently. For these reasons, financial issues lie at the interface of urban management and governance. EC support for urban development can give particular attention to financial management.

#### PUBLIC REVENUES

The ability of local governments to meet the needs of their residents relies to a large extent on the financial resources they have available and how well they are managed.

*The main revenues for most local governments may come from various levies, fees and local taxes (especially property taxes). There are also charges to the users of services provided by the local government. Finally,*



*local governments receive some revenues from the use or disposal of their assets, or from various financial instruments they might have made.*

### INTER-GOVERNMENTAL FINANCE

Grants and inter-governmental transfers from national or regional governments to local governments are becoming increasingly important (allowing local governments a share of national revenues). These might include monies to be used for specific purposes (conditional allocations, service agreements or subsidies), or they might allow local government to decide how to put these funds to best use (unconditional allocations).

*Successful decentralisation programmes usually include the introduction of, or an increase in, such fiscal transfers. As responsibilities are transferred to local level, corresponding financial support may need to be given to local government to undertake these added functions.*

### COORDINATING SPENDING ACTIVITIES

Usually, several national or regional government departments or parastatal utilities are responsible for providing specific physical infrastructure or social services (such as schools, hospitals, railways or other large-scale infrastructure). A difficult task is co-ordinating spending activities between local governments, regional and national departments and parastatal bodies that exist in the same urban area. Often, a national department, or parastatal agency will provide new infrastructure in an urban area, but will leave the maintenance to local governments.

*It is desirable for the infrastructure facility to generate enough revenue to cover the cost of maintenance. In some cases, simply co-ordinating the physical location of these services can assist in aligning the financial flows necessary for their operational sustainability.*

### BORROWING

Local governments sometimes need to borrow money. They may need short term bridging finance when there is a mismatch between their cash flow and their expenditures, especially when high capital outlays for infrastructure investments are required.

#### BRIDGING FINANCE

is a method of short-term borrowing to cover timing differences between spending and receiving money.

Similarly, when a local government borrows money to support a project, it must make sure that it will have enough money in the coming years to operate and maintain it, and to pay back the money it originally borrowed with interest. Local government must therefore, think carefully about the revenue that its capital project will generate in years to come before deciding to borrow for construction. Local governments borrow from many sources, including from other parts of the public sector, banks and the capital markets. In most countries, there are laws that set out limits and sources for local government borrowing. If lending to a local government is too risky (i.e., that it may not be able to pay back the money with interest), either high interest rates may be charged or borrowing may not take place. Lenders will also require some form of guarantee that they will be able to recover their loan in case the local government cannot repay it and has to default. If a local government cannot clearly show that it has the will and the capacity to manage its



financial responsibilities, it will be difficult to convince others to lend it money. International agencies may also give it a poor credit rating.

*There are many exciting developments in the area of borrowing for urban projects. One possibility has been the issuing of bonds by large local governments; another is the development of municipal bond markets. Other sophisticated debt instruments and structured financing means include asset-based securities. For most developing countries, the establishment of municipal development funds or other centrally controlled financing mechanisms has proven an important and successful vehicle in raising money for capital projects and recurrent borrowing. This has worked particularly well for smaller cities and towns. Similarly, guarantee mechanisms provided by institutions such as the World Bank are proving critical to underwrite lending into parts of the developing world that would otherwise be perceived as too risky.*

### FINANCIAL MANAGEMENT

Scarce municipal resources can be wasted if their use is not well planned. Proper budgeting is essential to make sure that money is spent on actual development priorities.

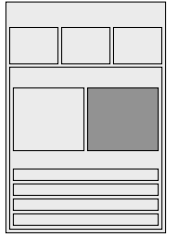
*Preparing a budget allows the local government to make sure that the spending on its plans each year is not greater than the revenue it expects to receive. This 'balanced budget' approach helps the local government to calculate how it should set taxes and other changes each year. A capital budget should be prepared to outline capital spending. Good budgeting is also necessary because a local government must divide its revenues between providing new infrastructure and services, and operating and maintaining existing ones. Finally, budgeting gives government a plan against which it can check its spending. This is particularly important for the general public and other bodies to check that the local government is using the public funds it receives in a financially responsible, prudent and accountable manner. For this, local governments need adequate expenditure control and accounting systems.*

### COST RECOVERY

Recovering the cost of infrastructure and services over time through direct and indirect user charges is becoming increasingly important. Local governments frequently set user fees too low and are reluctant to increase them regularly to keep pace with rising costs and inflation, fearing pressure and a loss of political support. Many local governments also lack the will or the capacity to bill users regularly and accurately, to collect payments, and to act against defaulters. Sometimes, the consequence of this is that the revenues raised are insufficient to maintain and operate services adequately, or to pay for the initial cost of their installation. Inaccurate accounting and hidden costs also make it difficult for local governments to calculate the real costs of services; hence, they are unable to determine an economic rate.

*Support is often necessary to assist local governments in determining economic tariffs, as well as in running effective billing and collection systems.*





### PRIVATE SECTOR INVOLVEMENT

The private sector has become an increasingly important player in financing urban development in two main ways. First, private investment is a growing source of financing. Most of the capital markets operate through the participation of private sector investment (from pension funds to individual investors) and a large part of conventional debt comes from commercial lenders. Therefore, the private sector often funds the provision or rehabilitation of infrastructure and services and, in some instances, their operation and maintenance, whether they are run by the public or private sector. The private sector is usually the main source of equity for privatised infrastructure and services.

Second, where the potential revenue generated by existing or new infrastructure and services is adequate, the private sector has proven a willing partner for their construction and/or operation. Where sufficient risk is transferred to a private operator, it may be possible to deliver a service more efficiently than by the public sector.

*Better performance can free financial resources for wider service coverage. However, the effectiveness of privatised services or those run by public-private partnerships relies strongly on the local government's capacity to structure a good contract with a private provider and to effectively regulate the operator's performance. Regulation is often a new and challenging responsibility for a local government.*

### COMMUNITY INVOLVEMENT

Community capital finds its way into urban development initiatives in innumerable ways. For example, a large amount of new housing and upgrading in cities takes place through the efforts of communities and individual households. Similarly, in many urban areas, communities themselves are a major source of services, such as communal water provision systems, waste collection or security via community-based policing.

*Many formalised ways have been found to involve communities. Community group savings and credit schemes found in almost all countries fund many activities. Communities have even been actively involved in privatisation or operation of services.*

#### COMMUNITY CAPITAL

consists of the money, skills, resources and labour that communities can mobilise for development.

### SIGNIFICANT LINKAGES IN BUDGETING

The budget is one of the most important planning and management tools for a city. To be effective, it must focus on spending in local priority areas, it must be realistic and affordable and it must be accurate. Fundamentally, it must respond to the needs and priorities of its citizens rather than those of its ambitious electorate. Some of the most important linkages to ensure that the budget has the maximum positive impact on overall urban development are described below.

**Synergy:** The budget is the expression of policy in monetary terms. It should be based on citizen-articulated needs and priorities, and provide the best way of addressing them. Spending with other government departments should be co-ordinated with that of the project. Planned

spending should be linked to physical and spatial development and institutional capacity.

■ **Economic Development:** By providing enough infrastructure and services for business (formal or informal), the budget can help the local economy to grow. The budget should be used to leverage contributions by the private sector and the communities. Local businesses should be consulted to assess needs. The private sector and the communities should be involved in providing and operating services wherever possible.

■ **Governance:** Participation in setting priorities and a transparent approach can build confidence and enhance payment. Private investment and community “capital” can increase efficiency and productivity. The private sector, communities and the general public should all be involved in planning and budgeting.

■ **Urban management, institutions and physical planning:** The institutional set-up and personnel requirements are closely linked to how well finances are managed and what role the local government plays. Regulation is a difficult task. Knowing where spending is going spatially is the first step to effective budgetary co-ordination, particularly with other government bodies. The size and form of local government should be structured to suit the role it plays (regulator versus provider). A map should be attached to the capital budget, showing where the main capital projects are located.

#### KEY QUESTIONS

To check that the financial aspects have been adequately taken into account include:

- How is EC support linked to the financial management systems of the local government?
- In what way does the project lever further financial resources from other sources, such as the domestic public sector, businesses or communities?

## 5.3

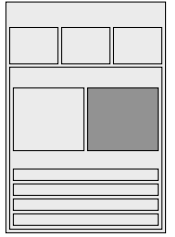
### PHYSICAL ASPECTS

This section highlights some of the current issues in development planning and indicates how they link to urban projects. The way development is planned in physical and spatial terms can make a significant difference to the quality of the lives of citizens, to the development of a sound economy, and to the sustainability of the environment. Urban development planning is one of the main tools in ensuring that cities work well. Attention needs to be paid to making land use planning more effective by ensuring that the process of planning helps to build the ownership of the key stakeholders whose commitment will be necessary for implementation.

■ *It is important that physical planning influences the location of investment, so that potential benefits can accrue. This should be useful for both planners and non-planners. Physical planning needs to be integrated with other forms of planning – social, economic, financial and institutional – and needs to be carried out by a range of stakeholders, not just urban planners.*

#### PHYSICAL AND SPATIAL ASPECTS

These need to be well integrated into projects and programmes. ‘Physical’ refers to what is built on or under the ground. ‘Spatial’ refers to where it is built and the relation between land uses. ‘Design’, in the context of spatial planning, is the process of deciding what goes where and in what form. The actual proportions of spaces and buildings can affect the aesthetic quality of the physical environment and thus the quality of life. Attention to the visual impact of spaces and buildings can also enhance the economic viability of a city.



## LAND USE

Land that can be developed is a fundamental resource of a city. Its use affects the relationship of all urban activities. For example, the efficiency of infrastructure systems is influenced strongly by issues of density of development, layout of development, combinations of land uses, and the shape and size of plots. It is also influenced by the policies on issues such as transportation. The public sector, the private sector, the community sector, or a combination of these groups can participate in carefully planned development.

*Effective planning and management of land use requires a combined effort as each sector has its own strengths and weaknesses. The private market can encourage the appropriate use of land, but needs to be balanced by effective local government to ensure equitable results.*

## PLANNING TOOLS

A number of tools are used in development planning:

**Legal requirements:** Rights to the use of land are normally constrained by rules in several forms (for example, formal rules of land tenure and land use, traditional rules and informal rules, as is the case in many squatter areas). The rules can affect the value of land when they are enforced.

*The effectiveness of the legal aspects of land use is strongly linked to the capacity of government.*

**Land zoning:** One of the main tools of government is land zoning which outlines permitted uses. The idea is to avoid conflicts in land use, such as between polluting industry and residential use.

*The trend recently has been towards encouraging a mixture of compatible uses.*

**Integrated planning:** Planning that brings together the design, financing and institutional aspects of implementation of more than one sector or component is considered integrated planning. This has the potential for the efficient use of scarce resources. However, there is a cost: Integrated planning can be complicated and institutions may see their autonomy threatened.

*The key is to make sure that connecting actions are linked to strong benefits so that the reasons for integration are clear, resulting in a sustained effort.*

**Public-private partnerships (PPPs):** Such partnerships involve the government specifying overall city objectives and the private sector dealing with the needs of a financially viable development.

*This approach requires that both public and private sectors are strong and competent.*

## PLANNING IN CONTEXT

There are specific issues that may arise at the various levels of planning which affect cities (whether regional, city, local, or neighbourhood).

People in cities live, work, use products and produce waste. They have an impact on a wide area. As far as possible, urban plans should be linked to those of the surrounding areas, depending on the level of administration. There are benefits where the same government is responsible for both city and region.

*A strong local government in cities can provide better services to the rural areas that they serve. Good urban development provides a service to the surrounding rural areas and small towns.*

### PLANNING AT THE CITY LEVEL

There are two main types of plans: **the statutory land use plan** typically takes a long time to prepare and approve but has a base in law, and **the strategic plan** focuses on priority objectives with support from key stakeholders. The latter ensures that key investments are in place and that there is a suitable financing and management system. City level plans need to ensure that the infrastructure is functioning properly and the main transport systems are in place. Major infrastructure operations need to be linked with the financial and institutional base. This means that the main elements of the city's development strategy must have wide support from the bodies responsible for resources.

*City fora can be formed to bring stakeholders together to identify areas of common concern, establish a coherent vision and improve performance.*

### PLANNING AT THE LOCAL LEVEL

Action is most likely to be concentrated in specific parts of the city. A common strategy is necessary to link activities without waiting for the completion and approval of a citywide land-use plan. Plans are most effective when they help make decisions, when people are committed to them, or where the law is implemented.

*The commitment of people and organisations to the plan is crucial to success with key stakeholders involved from the earlier stages, for example, through city consultations, participatory rapid appraisal and participatory planning processes.*

### INTEGRATED DECISION-MAKING

There are important linkages and key issues that ensure development has the maximum potential added value:

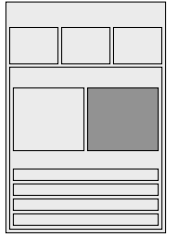
**Policy links and ownership:** A programme can reinforce other plans and programmes. Its successful implementation can also feed into policy development. Positive linkages encourage further support for the implementation of a programme.

*Key stakeholders should be involved at the start of a project's development to check linkages directly. Existing plans and programmes can be scanned and checked by plotting the location of activities on the same base map to ensure the benefits of potential linkages.*

#### KEY QUESTIONS

To check that the spatial, physical and technical dimensions have been properly taken into account, development plans should answer the following questions:

- In what way are the project proposals related to the spatial plan?
- In what way does the project take into account spatial and land use dimensions, both within the city and their surrounding area?
- What activities are planned in the same area as the project and what are the proposals to maximise benefits and minimise potential conflicts?
- In what way are the development proposals linked to city budgets for investment, operation and maintenance, and to management capacity in relevant organisations?
- Who are the key stakeholders? In what way is their ownership and commitment expressed?
- Have the stakeholders been involved from an early stage in developing the plan?



**Economic development:** Economic development should be reinforced by ensuring places for profitable activities with the involvement of the private sector in the planning process.

*Private sector development must take place with the right balance between profit and community needs.*

**Social development:** The spatial location of areas with social problems can be used as a criterion for the selection of priority action.

*There are benefits to focusing on areas of high poverty through strategically targeted interventions.*

**Environment:** Links should be formed with existing environmental planning efforts, as this is a broad-based form of planning aimed at sustainable development, leading to protection and the rational use of land while minimising transport and infrastructure costs.

*Environmental organisations should be invited to participate in project definition workshops. Duplication should be avoided by building on existing initiatives.*

**Governance:** Governance is concerned with the spatial aspects of decision-making and opportunities for participation in planning.

*Participation aids transparency and builds on the commitment of key stakeholder groups.*

**Urban management:** The basis for planning infrastructure is strong urban management. Strong capacity for taxation and financial management are essential to provide services and to maintain them.

*Key departments can be involved in planning from the start to ensure commitment to the objectives and to maximise the learning process.*



# A WAY FORWARD: THE BEGINNING – NOT A CONCLUSION

Just as the world's population is becoming urban, there has also been a considerable decline in urban assistance by some development actors. Even when donors have been working in poorer cities, resources have simply not matched the scale, intensity or immediacy of the actions necessary. Successful policies must consider and acknowledge the complexity of urban areas, viewing cities as more than the sum of their parts and responding to the multifaceted problem of urban sustainability in a holistic and comprehensive approach. Policymakers and academics alike agree that new policy frameworks and intellectual tools are a good start in helping to respond to the challenges of urbanisation, but it is only immediate and medium term actions with a clear idea of prioritised long term goals that will bring about the necessary improvements to urban sustainability. There is a serious absence of reliable data on urban populations, growth, and development, especially sound scholarship that draws upon local knowledge to inform policy.

As the chapters in this volume attest, there is a need to affirm the view that cities and their residents as part of the solution, not the problem.

## 6.1

### KEY MESSAGES FOR PART 1

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- Failure to respond immediately and meaningfully to the economic and social reality of increased urbanisation (especially in some of the world's poorest countries) will only create conditions of increased poverty, inequality and environmental and social degradation.
- Rather than planning for urban growth and working to provide land, infrastructure, and services for the poor, misguided policies have focused on slowing the process of urbanisation and unsuccessfully trying to stem the tide of rural-to-urban migration.
- Responding to the urban development challenge in a sustainable manner requires a policy framework based on a better understanding of the relationship between migration and urbanisation, linking together urban and rural development policies.
- Successful action in support of strategic urban development requires an integrated approach based on solid analytical work that

encompasses infrastructure, housing, social programmes, health, education, the physical environment, income generation, microfinance, credit, safety nets, and social inclusion.

- Urban development is a long-term process, and time is an extremely important factor in assessing the impact of policy and assistance. This is often at odds with project-based goals and donor funding cycles.
- Increasingly, cities are places where prosperity and poverty exist side-by-side, yet urban centres of political energy and social interaction can be powerful instruments of change. The challenge to policymakers is to provide opportunities for the urban poor to access material and political resources that allow them to benefit from booming urban economies.
- The ultimate goal of sustainable urban development is to get rid of or mitigate poverty, to tackle such things as unemployment, to ensure cities contribute meaningfully and significantly to economic growth and as centres of culture and human development, whilst responding to common social inequities such as poor housing, infrastructure and related social services. The process therefore integrates three key aspects of development – social political sustainability, environmental health, as well as economic productivity.
- The more critical issue is for urban centres in the developing world to define clearly how resources are to be managed and allocated or re-distributed to ensure urban efficiencies and responsiveness to citizen needs. This will help to ensure longer-term sustainability and define the specific responsibilities of the different stakeholders at each level.
- Successful policies must consider and acknowledge the complexity of urban areas, viewing cities as more than the sum of their parts and responding to the multifaceted problem of urban sustainability in a holistic and comprehensive approach. Policymakers and academics alike agree that new policy frameworks and intellectual tools are a good start in helping to respond to the challenges of urbanisation, but it is only immediate and medium term actions with a clear idea of prioritised long term goals that will bring about the necessary improvements to urban sustainability.



part

2

**METHOD**



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# THE STRATEGIC APPROACH IN SUPPORT OF DEVELOPMENT

*Part Two of the Guidelines is designed to help apply strategic approaches and a broader understanding of the issues facing urban areas with specific relevance to the initiation, design and implementation of urban projects to support development. It provides an overview of urban projects, ranging from policy initiatives, with multiple components, to specific sectoral issues.*

*Other chapters move sequentially through the Project Cycle Management (PCM), indicating how the Guidelines can broaden the understanding and acceptance of new and emerging urban realities.*

# PROCESSING THE STRATEGIC APPROACH

Strategic urban projects make use of new and existing linkages within city-level organisation with a view to improving their governance, management and overall efficiency. They address locally supported issues, which may include productivity, poverty, environmental quality, social equity, cultural diversity and security. Urban projects generally include a significant component dealing with the development of operating and managing systems. The exact focus, nature and design of urban projects will invariably differ between regions, countries and even individual cities in response to various priorities and conditions according to their location.

## URBAN PROJECTS

The term urban projects should be interpreted as broadly as possible. In Project Cycle Management (PCM) the term 'project' is primarily used for convenience and simply means the collection of related activities for which a contribution is provided to meet a specific objective.

## 7.1

### URBAN PROJECTS

Five main forms of urban projects are discussed, dealing with:

- Support for urban policy development/reform;
- Support for a country urban strategy;
- Support for good governance and good urban management;
- Significant sectoral components;
- Decentralised cooperation;

#### URBAN POLICY DEVELOPMENT/REFORM

An urban project may be used to formulate a national or regional urban strategy (or more recently, agree a territorial approach or strategy). This provides a framework for the programmed investment of resources and allocates them spatially where encouragement is to be given to industrial development; a hierarchy of transport and communications networks; concentrations of service centres; etc. Within such a framework, decentralised decisions can be made concerning localised investment.

*Urban development projects assist in orientating governments towards supporting local action, such as generating national urban/regional or territorial policies and dealing with legislative changes. Reform for financial systems for investments may also be initiated (particularly local government finance), while promoting ways to improve urban management at local levels.*

#### A COUNTRY URBAN STRATEGY

A project may be used to inform or formulate a country urban strategy,

which may cover an entire region, or specific cities or towns. Where an urban strategy is in place, sectoral projects can be defined within that framework. Alternatively, where an urban strategy does not exist, ways need to be found for sectoral projects to have a wide urban impact and ensure their effectiveness and sustainability. Urban projects of this kind should be flexible to anticipate economic, social and demographic changes. They can also be used to ensure the effectiveness of their contribution to national and/or regional development as a whole.

*Within the framework of a country's strategy to support and manage urban development, several components may be included:*

- *Assist key government agencies in developing a national urban policy;*
- *Assist in creating the legal institutional and capacity-building structures to support decentralisation programmes;*
- *Promote transparent, accountable and participatory urban governments;*
- *Support national urban management capacity-building programmes;*
- *Assist in establishing and financing an Urban Development Fund (UDF) (or support an existing fund)*

### URBAN DEVELOPMENT FUNDS

Funds can be set up to catalyse and finance local initiatives for urban development, based on broad criteria for projects. Urban development funds can be used to gear further finance by requiring matching contributions to be made by governments, the private sector or other organisations.

## GOOD GOVERNANCE AND GOOD URBAN MANAGEMENT

Urban projects may require capacity building for decision-makers or technical support to improve the operational management of local government. Training and technical support may also be necessary to enable the public, private and community sectors to work in partnership. Planning and resource allocation systems may need improvement together with institutional development (for example, establishing pilot projects in a large city where participatory planning is a difficult task).

*Urban projects can support and enhance the development of cities as holistic entities, contributing to local and national economic and social development by improving effective governance and urban management. Improving governance and urban management can also take place through the establishment of a financing framework (or UDF) to cover a series of projects in particular thematic areas. This approach may involve specific support units and the funding of networks for decentralised cooperation between European local authorities or NGOs and urban stakeholders, for example.*

## SIGNIFICANT SECTORAL COMPONENTS

Projects addressing the improvement of infrastructure or service delivery, such as transport, energy, health or water and sanitation, should be undertaken in support of city priorities as necessary. In many cases, such projects do not go beyond addressing the specific sector (distribution of water, road upgrading, etc.) and are seldom concerned with other aspects of urban development. Some sectoral projects have not performed well, or failed, because the original demands were not recognised (such as acceptance by local stakeholders, attention to institutional structures, and the absence of linkages to other requirements).

Many urban projects must also focus on improving specific sectoral issues in urban areas, such as transport, water supply or health. These projects, in addition, have the potential to strengthen key linkages between that sector and the overall urban area, and also provide support for governance and urban management. For example, an engineering project in a city, in addition to meeting its sectoral objectives, can contribute to sustainable urban development (through enhancing social equity, security and quality of life, reduction of poverty and environmental improvements).

### DECENTRALISED COOPERATION

Decentralised cooperation involves the channelling of funds directly to local agents of civil society or local government or their associations.

*Local government institutions, co-operatives, NGOs, companies and business interests capable of contributing to urban development can be involved.*

#### DECENTRALISED COOPERATION

can take many forms, for example:

- European NGOs organise general or thematically specific projects and programmes (for example, sanitation, small-scale finance) directly with poorer urban communities using their own funds.
- European municipalities forge twinning arrangements with partner municipalities within which they mutually decide on joint development activities, in some cases, employing NGOs (less often consultants) to bring their expertise into the organisation and/or undertake activities.
- European or international municipal associations organise programmes of cooperation between partner municipalities, sometimes with part funding from national governments.
- Bilateral and international agencies provide funding for such cooperation to NGOs, municipal associations, or directly to individual municipalities.
- Bilateral and international funding agencies organise frameworks for cooperation between northern and southern municipalities in the form of networks around either general interests or specific themes (types of project).
- Bilateral and international agencies fund private sector interests to collaborate with municipalities and other local actors around general interests or specific themes.

## 7.2

### PROJECT CYCLE MANAGEMENT (PCM)

PCM is the system for project development, funding, implementation and evaluation used by the EC for much of its development cooperation. Central to PCM is the idea of managing a process rather than contributing to a “one-off” event with a beginning and an end. As a logical framework and management cycle, PCM can be applied to the development of both urban strategies and urban projects (but is not unique or exclusive to urban development alone).

*PCM incorporates two important ideas:*

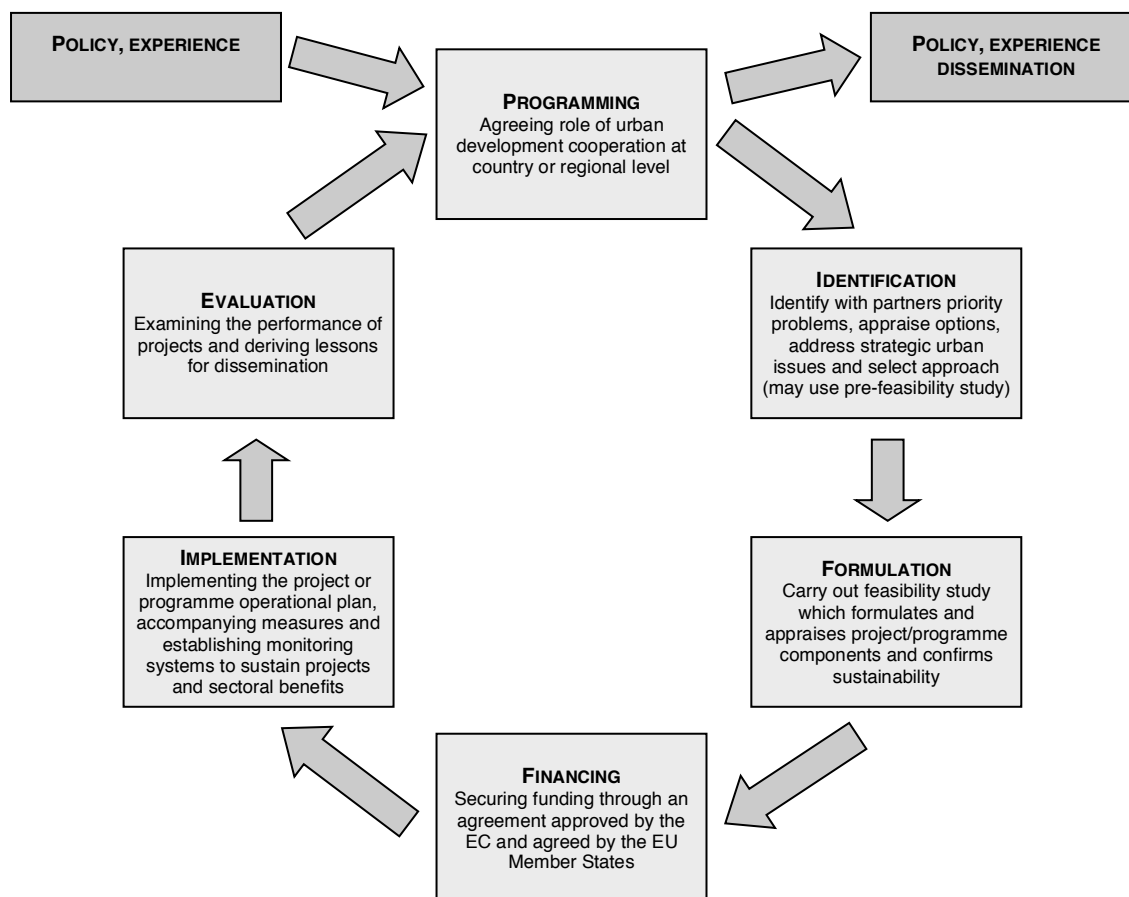
- *The concept of a project proceeding through various stages, from planning to evaluation, forming an identifiable cycle of development.*
- *The need for management of the project cycle through all its stages.*

### THE SIX PCM COMPONENTS

The six PCM components are summarised as follows:

**Programming:** Priority sectors are defined in, for example, an EC Regional or National Indicative Programmes (R/NIP). Sector objectives are defined during the regional or country negotiations, and the project cycle becomes the method whereby programmes and projects are elaborated and executed.

**Identification:** This stage involves defining in detail the scope and, where appropriate, the location of the project and the agency through which development and implementation will take place. A commonly used tool for project identification is the pre-feasibility study.



**Formulation:** By this stage, the project has been accepted in principle by the country government and the EC, and is elaborated in detail. This involves the design of the project and its appraisal in terms of what will be produced, how, over what time period, and with what financial resources. This will help clarify and confirm the purpose and outputs of the project. The main tool for project formulation is the feasibility study.

**Financing:** The financial proposal is made within the framework of the feasibility study. The EC and its partners consider the proposal and a final decision is taken on whether to proceed with the project.

**Implementation:** During this stage, the various actions as defined in the financing agreement are carried out and delivered. These actions should achieve the project's purpose through the delivery of specific outputs.

**Evaluation:** Projects may undergo a mid-term evaluation as a means of ensuring they are on course or as a basis for re-orientation. The lessons learned from these evaluations should be widely distributed and built into future projects.

# PROGRAMMING

The purpose of the programming stage is to assess whether urban development cooperation should be considered and in what form. Programming analyses current needs and policies in a country or region and identifies opportunities for EC support in order to achieve a cohesive and effective urban development approach. This is the initial step in making sure that the possible impact and benefit of EC cooperation in urban development is recognised in the specific region or country concerned. The agreement for cooperation in urban development achieved during programming provides a framework and a base for support within which specific urban projects can then be identified in the next stage of sector development programmes and PCM.

The programming stage also involves the allocation of responsibilities to various agencies participating in urban development processes and reconciling these with current activities of other donor agencies. When programming for urban projects with a strong sectoral component, awareness is needed of EC urban policy in general and about urbanisation, urban policies and the main programmes of the particular country.

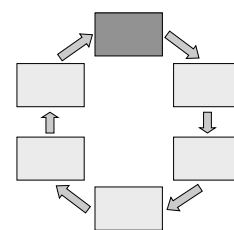
The roles of local authorities and other local actors should also be understood at the outset, focusing attention on the inter-relationship between the management of various sectors at the local level. If required, an Urban Sector Profile Study (USPS) may be commissioned as a policy review and a programming / identification tool, which can be contracted to experts but should be undertaken as a participatory dialogue between key city-level actors.

## URBAN SECTOR PROFILES

can be developed through background reports providing information necessary to formulate effective policies. These may be generated with external assistance, for example, from previous studies or other sources such as the Asian Development Bank, the World Bank, UNDP, Habitat and bilateral donors that may have provided necessary assistance. Documentation should be available from relevant ministries in each country. See also Appendix Two for standard Terms of Reference.

## THE SECTOR-BASED APPROACH

The point of departure for programming is the country's own articulated policy agenda. For countries that are involved in the design and development of poverty reduction strategies, the starting point should be the Poverty Reduction Strategy Paper (PRSP) preparations (see also Basic Elements Poverty Reduction Strategy Papers) of the Tenth European



Development Fund (EDF) Programming Process, together with Further Guidelines and Background Material for the Tenth Programming Process.

The approach to programming needs to be comprehensive (that is, linking and co-relating all EC development cooperation resources and instruments in a coherent and integrated manner). In practical terms, this involves programming the initial indicative country allocation. Concentration of effort is required due to the increased emphasis on the sectoral approach. At each stage of the process, every effort is needed to maximise the sharing of information and to ensure “complementarity” with Member State (MS) interventions and activities of other bilateral and multilateral agencies.

### ALIGNMENT

A single documentation should include a strategic analysis of a country’s own development plan. It should also include an appreciation of the role and activities of other donors, an appropriate sector-based response strategy, and a time-based implementation plan. The aim is to ensure transparency and coherence. The action plan should be derived fully from the strategic analysis.

### SECTORAL SUPPORT

Individual development projects in the past that have not been framed within an effective national policy have often shown a limited impact and a lack of sustainability. In addition, the multiplicity of projects and a lack of co-ordination amongst donors have, on occasions, adversely affected the efficiency of aid and have tended to undermine local ownership and the development of local capacity. Sector-based approaches and decentralised processes are now replacing project support in EC cooperation efforts with all (Sub-Saharan) African, Caribbean and Pacific (ACP) countries. Such an approach allows the elaboration and implementation of coherent policies and the co-ordination of donor activities in a meaningful way.

*In countries with weak or dysfunctional administrations, the “project approach” is likely to continue for some time. Even in these countries, it is essential to provide traditional projects with sectoral-type support in sub-sectors where there is sufficient capacity. There should also be support for building up capacity for a transition towards the sector-programme approach.*

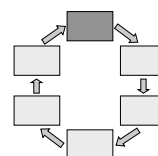
### COUNTRY SUPPORT STRATEGY

The nature of the relationship of the partner country with the EC varies from country to country and from region to region. Other elements may also be added to reflect such variations. However, the dual focus in ACP countries is emphasis on poverty reduction and on integration into the world economy.

*The preparation of a Country Support Strategy (CSS) combines both strategic objectives and implementation priorities. There are three key phases in the construction of the CSS:*

- *Outlining and understanding the national development strategy;*





- *Analysing the country situation;*
- *Elaborating the EC response strategy, including an indicative work programme*

## SUSTAINABILITY

Places identified as priorities for economic, environmental and/or social development (the main issues of sustainability) may not necessarily be specifically urban. Support to urban areas can also have a positive impact on economic and environmental development in rural areas.

- *Consult stakeholders in a range of sectors to establish major priorities.*
- *Identify linkages between social, economic and environmental problems confronted in cities and focus strategic efforts there.*
- *Identify locations with high potential for increased urban productivity, growth and change.*

## STRATEGICALLY FOCUSED – GOOD GOVERNANCE

Rapid urbanisation and poor urban governance in developing countries is becoming a major problem. Little attention has been paid in the past in the R/NIP to the need for development cooperation in the urban context.

Many developing countries do not have an official urban development policy. Even if such a policy exists, it is usually poorly articulated.

- *Use these Guidelines to promote urban development as a priority area in the R/NIP.*
- *Use the Guidelines also to establish a process of urban project development following simple steps.*

**Support for urban policies:** It is likely that policies in most sectoral areas will not specifically relate to urban development. Many countries lack effective urban policies or have policies that may actually hinder development. A legal framework and the capacity to implement it is also necessary to support a process of open decision-making at the local level.

- *Organise discussions with national officials in relevant sectoral agencies, as well as other donor agencies active in relevant sectoral areas, to develop a coherent view on how sectoral policy should relate to urban development.*
- *The EC has developed policies and programmes in Europe for many sectors with a specific urban focus that need to be considered as background to the initiation of projects in urban areas. Review such policies together with relevant programmes in the particular sector, especially where they focus on developments in urban areas.*
- *During the programming consultation, undertake*

### THE PURPOSE OF PROGRAMMING

#### Objectives

- To establish support for EC cooperation in urban development at a regional or country level
- To identify priority areas for support

#### Inputs

- Current EC programming policy
- Other donor and partner policies, programmes and projects
- Expert support

#### Tasks

- Conduct an Urban Sector Profile Study, as required
- Review urban sector policies in the region and/or country
- Inquire into interest for supporting urban development in the region and/or country
- Organise and carry out consultation workshops, as appropriate
- Define the scope of urban programmes and projects during the country strategy preparation and/or regional and national indicative programme formulation

#### Outputs

- Support for development in R/NIP consistent with regional and/or country policies, plans and priorities for urban areas
- Initial objectives and priority focus areas of cooperation in urban development
- Agreement to begin identification of urban projects

*an investigation as to whether urban areas are being either supported or hampered by specific policies or their absence.*

- *Consider whether direct policy support may be required to introduce or reform policies affecting urban development.*
- *Assess whether there is interest to prepare a Country Urban Strategy.*
- *Consider providing support at the local level to enable participation in the decision-making process.*

### STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

The presence and capacity of local authorities are key issues in an urban programme. Basic support may be required where capacity is non-existent, or more advanced support where effective local authorities are functioning.

■ *Hold meetings with local government associations and/or a representative sample of local governments to assess the overall state and capacity of urban management.*

**Institutional:** A thorough understanding of the structure and organisation of local administration and its relation to key national agencies is a basic prerequisite to the undertaking of urban projects. Institutional development or reform can assist cities to function better. It can also assist national government to play an enabling role in urban areas.

- 
- *Collect existing documentation or reports on the legal and administrative framework for local government and urban projects before embarking on new projects.*
  - *Assess whether broader institutional reform at a national or local level is required and is a priority.*
  - *Build specific support for institutional reform into programming if appropriate.*

**Financial management:** Effective financial support is critical to the functioning of local authorities.

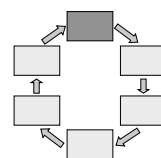
- 
- *Assess whether the inter-governmental system is sufficient through consultations at national and local levels.*
  - *Assess whether financial management support is a priority and build it into programming if appropriate.*

**Physical:** Physical planning can be critical for effective, spatially integrated urban development initiatives. A strong link is also needed between design, location, timing and financing of infrastructure.

- 
- *Assess whether physical planning practices are adequate.*
  - *Build specific support for physical planning capacity into programming if appropriate.*

### SUPPORTED APPROACH

For urban development support to be most effective, it is important that it is responsive to local and national priorities. A range of stakeholder concerns and priorities should be taken into account. Priorities from various levels of government (central, provincial or district, and especially local) need to be identified. Priorities from within or outside



government (from the private sector and civil society) also need to be considered.

- *Consult with a range of stakeholders from central and local levels of government, as well as from the private sector and civil society during the programming process (without raising unrealistic expectations).*
- *The urban sector profile study (USPS) can provide a structured way of undertaking consultations.*

**Participants:** Although primarily concerned with information gathering, the production of the USPS also offers the opportunity of consolidating connections with key actors in urban development.

- *Conduct the USPS in a participatory manner and contract persons experienced in this approach to develop it.*
- *Start by contacting key agencies and organisations and by gathering and collating existing urbanisation studies.*
- *Promote methods that maximise the interaction between researchers and key actors, and between the actors themselves.*

**Terms of Reference (ToR)** should be developed for the preparation of a USPS.

- *Orient the ToR towards topics of particular interest in the country.*
- *Give the contractors sufficient latitude to pursue topics that emerge as priorities in the course of the study.*

### SENSITIVE APPROACH

Social, cultural and gender issues should be considered during all levels of urban development.

- *Consult departments and organisations active in social, cultural and gender areas during programming.*
- *Consider programming specific support in these areas if appropriate.*
- *Ensure that programmes are sensitive to local culture and politics.*

### SIGNIFICANT APPROACH

Support should be programmed to have a wide, direct and indirect impact for urban development. Pilot projects can also contribute to encouraging changes in urban development practice. Support can be provided in a way that mobilises further resources from other sources.

- *Assess possible impacts and likely spin-offs as part of national and local discussions.*
- *Assess whether and what resources from other sources may be obtained if support is programmed for particular activities.*

### SENSIBLE APPROACH

Stakeholders may not fully understand the important role that cities play in national or regional development. Government and its potential partners may have very limited capacity.

- *Use these Guidelines to increase the understanding of urban development. Agencies and NGOs may also be significant sources of information and capacity-building support.*
- *Ensure that programmes are sensible and realistic in relation to local capacities for implementation.*

- *Make sure that programmes are sufficiently flexible to adapt to rapidly changing environments.*

### SYNERGISTIC APPROACH

Municipal associations and NGOs working in urban areas in developing countries may still be relatively new and therefore undeveloped.

- • *Investigate whether non-governmental agencies, including municipal associations, may be effective partners in the generation of urban projects.*

**Donor agencies:** Co-ordination between agencies in developing programmes is often poor, although in some countries, co-ordination forums have been established to deal with particular issues.

- • *Consult other donors with significant urban programmes to see whether they have current or intended urban projects.*

**External assistance agencies:** Support for urban development is an area that has been traditionally neglected by development agencies. Nevertheless, some assistance has been given and national government agencies are developing their own urban programmes.

- • *At the outset, collect basic information to decide whether there might be a role for the EC in urban development cooperation.*
- *Undertaking a USPS can assist in identifying what support exists and where there may be gaps or the need for further assistance.*

**Existing national urban programmes:** In addition to regular urban administrative procedures, many special programmes may already exist or be at planning stage (including social, economic, administrative, decentralisation, environmental management, infrastructure and training components).

- • *Prepare an overview of current urban-focused programmes as a background to the generation of urban projects.*
- *Focus on programmes that have potential to add significant value to development efforts.*

**EC-funded projects:** There are many lessons to be learnt from past experience of EC projects (and those financed by other donor agencies) before defining new projects in the same area.

- • *Conduct an evaluation of EC reports on urban projects in the sector in question, within the countries of the region of interest.*

# IDENTIFICATION

After programming, when agreement for EC cooperation in urban development has been established, identification of specific activities can take place. The purpose of the identification stage is to examine options and consider viable interventions that can address the priorities found during programming. Identification may be supported by the outcomes of an Urban Sector Profile Study (assuming one has been undertaken during the programming stage).

## RANGE OF PROJECTS

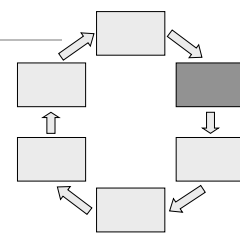
A variety of urban projects may be identified, ranging from individual ones in specific cities to those that support the establishment of a wide-ranging policy. The aim is to identify how support that will encourage local actors to work together and improve urban management can be given. The intention should be to focus on projects and areas that fit in with national and local priorities, and where maximum impact is possible. This is because the project complements other activities and has a wide influence to other areas and issues of sustainable urban development, governance and management.

*Urban projects that focus on a specific sectoral component in cities should, in particular, take account of local conditions and views. Where local decision-making processes are undeveloped, consideration should be given to preceding any funding of sectoral developments in urban areas with a project to establish a basis for local participation and management.*

## SUSTAINABILITY

There are various ways of intervening to support urban areas. Support can have a range of impacts on economic, environmental and social development. Support for urban management systems can help to strengthen the ability of cities to address economic, environmental and social issues. Support that focuses on specific sectoral components has a positive economic, environmental and social impact.

- *Require that an urban project identification mission looks at economic, environmental and social impacts.*
- *Ensure that direct support for improving governance and urban*



### THE IDENTIFICATION MISSION

Many international and bilateral agencies, including the World Bank and most EU member states, use an identification mission. This comprises donor agency officers and/or consultants and local experts exposed to a wide range of local interests, in formal and informal discussions, to uncover potential programmes and projects. The mission also identifies problems that may arise in the course of the project's development and implementation.

### THE PURPOSE OF IDENTIFICATION

#### Objectives

- To identify urban projects.

#### Inputs

- R/NIP (Regional or national indicative programmes)
- USPS (Urban sector profile study) – if already prepared
- Urban expert support
- Experience of previous projects and that of other donors.

#### Tasks

- Undertake pre-feasibility study, or an identification mission
- Review the outcomes of the USPS, if prepared
- Discuss the participation of other donors or organisations, national agencies and other urban actors.

#### Outputs

- Results of pre-feasibility study, or identification mission for urban projects
- Agreement amongst key donors, agencies and actors on EC-supported urban projects.

*management capacity is identified, if appropriate.*

### STRATEGICALLY FOCUSED – GOOD GOVERNANCE

An urban strategy that addresses the needs in urban areas, identified by stakeholders themselves, is likely to gain good support. A strategy for EC participation in technical cooperation can be considered to assist in aspects of urban development.

**Participation and Partnership:** Important institutions and actors do not necessarily co-operate well. Some effort needs to be applied from the outset to ensure that there is overall agreement to co-operate and, where appropriate, collaborate in EC-financed urban projects.

- *Conducting a “country consultation” at the start provides a good platform for developing urban projects and bringing together institutions and other actors who will be needed later to support the projects.*
- *Individual negotiations with key institutions and individuals should also be conducted.*

### STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

Urban projects should consciously contribute to building institutional capacity to strengthen democratic and participatory decision-making and effective urban management. Specific weaknesses can be addressed while building upon the potential of existing institutions.

- *Consult local governments and other institutions involved in urban management.*
- *Identify institutional strengths and weaknesses, which may be tackled in the project identified.*

**Financial considerations:** Urban projects should be integrated or aligned to existing local financial systems and structures. They should also be made to contribute to the development of urban finance capacity.

- *Examine existing urban development financing structures and institutions.*
- *Identify areas where mutual support between structures and financing is possible.*
- *Assess whether direct support for financing structures or institutions is required.*

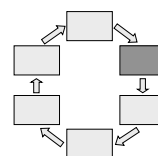
**Physical aspects:** Urban projects should make sense spatially and physically in terms of design and layout.

- *Examine the basic spatial dynamics of the urban areas on a map to reveal the overall impact of urban projects.*

### SUPPORTED APPROACH

Local governments in developing countries often lack mechanisms to incorporate the views and interests of a wide variety of stakeholders. This easily results in developments creating more problems than they originally aimed to solve.

- *Make sure that projects identified are the subject of participatory planning processes that may result in substantial changes to the project, or even abandonment.*



**Cooperation with communities:** Care needs to be taken in selecting development and implementing partners, so as to achieve sustainable results and learn lessons that can be widely disseminated.

*Look at cases where similar projects have been operating for some time and hold discussions with country counterpart agencies and other actors to identify where and how sustainable results can be achieved.*

### SENSITIVE APPROACH

Urban projects should be sensitive to specific local cultural approaches.

- *View potential projects against the specific cultural dimensions of urban areas.*
- *Assess the extent to which the project is sensitive to organisational cultures.*

### SIGNIFICANT APPROACH

Urban projects should have maximum impact in terms of the number of people who benefit, particularly from amongst the urban poor, their replicability, and the extent to which they can lever resources from elsewhere.

- *Identify both potential direct and indirect impacts of the project.*
- *Compare the cost-benefit relationship of different projects.*

### SENSIBLE APPROACH

Urban projects should be responsive to the nature of urban issues and the options for dealing with them, including the methods for planning and managing the solutions.

- *Identify projects taking into account local knowledge and locally appropriate solutions to problems.*
- *Ensure that identified projects are realistic within the context of local capacity.*
- *Consider identifying projects to specifically strengthen local capacity where appropriate.*

**Project flexibility:** Urban projects should include sufficient flexibility to allow for responsible adaptation to changing situations in cities.

*Assess whether identified projects will be able to adapt to changing circumstances.*

### SYNERGISTIC APPROACH

Many urban projects focus on an issue without engaging in any substantial way with the eventual beneficiaries or those who would have to manage the outputs. The result is little sense of ownership by the beneficiaries, leading to a high rate of project failure.

*Use the identification process to establish a general basis for cooperation at the level of specific communities, towns, cities or sub-regions.*

**Support for existing projects:** An urban project should support and enhance other existing or planned initiatives to ensure that it complements existing urban development activities and has a maximum impact.

■ *Collect information on other programmes or projects for urban development that may exist and identify how effective linkages could be established.*

**Sector development:** Many projects in urban areas are proposed with little reference to the sector as a whole. This is particularly relevant where the sector has been divided into separate “packages” in order to facilitate funding.

■ *Avoid adopting proposals for projects that have a potentially significant impact on areas beyond their intended impact without having an adequate strategy or planning framework for the sector as a whole. But be careful not to require that projects must always have exhaustive comprehensive frameworks.*



# FORMULATION

The purpose of the formulation stage is to define all the urban project components in sufficient detail to enable the preparation of a financing proposal. A major tool during this stage is the feasibility study. This is the occasion where both national and local commitment to the project is forged and where an assessment is made of the capacity of the local authority and other stakeholders (including the private and community sectors) to take ownership and sustain the outputs. Urban projects should not be more complex or sophisticated than can be locally managed. The issues critical to the viability and long-term sustainability of the project should be addressed.

When formulating an urban project, the possible implementation roles of local stakeholders should be kept in mind. By further mobilising local capacity, including through formal partnerships, project sustainability can be increased. Special attention should also be paid to the "software" aspects, particularly in the raising of awareness amongst the general public. The capacity building of those who will bear direct and indirect responsibility for the operation and maintenance of the project in use should be considered.

## SUSTAINABILITY

Urban projects should not necessarily attempt to address all of the issues covered under the umbrella of sustainable development. In some instances, some specific social considerations may need to be addressed to achieve maximum impact. For example, there may be a lack of awareness of key social and gender issues and their implications.

- *Require that the feasibility study give substantive consideration to how social and cultural attitudes of the relevant urban population will be taken into account in the design of the project.*
- *Attempt to focus projects in action areas (for example transport, water or health), which have positive impacts in one or more of the areas of sustainable urban development.*

### THE PURPOSE OF FORMULATION

#### Objectives

- To formulate components of an urban project for support by EC cooperation.

#### Inputs

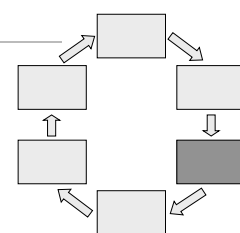
- Urban Sector Profile Study (USPS), if prepared
- Pre-feasibility or identification mission report
- ToRs for feasibility study
- Urban expert support.

#### Tasks

- Commission feasibility study applying participatory methods and analysing proposals in accordance with urban principles
- Identify potential partners and alternative modes of project execution.

#### Outputs

- Feasibility report for an urban project
- Technical and financial proposals
- Operational plan for project implementation
- Indicators to monitor project.



**Broad economic impacts and environmental sustainability:** There is often an assumption that economic benefits of projects also encompass social benefits. Meanwhile, cultural questions, which can have a major bearing on project success, are often ignored. Moreover, the urban environment, in most developing country cities is in great need of improved management.

- *The feasibility study should highlight important aspects of the local economy that would be affected by the project.*
- *Projects should be structured to minimise negative impacts and maximise positive affects.*
- *Require that the feasibility look particularly towards long-term economic sustainability.*
- *An Environmental Impact Assessment (EIA) is required on all EC projects.*
- *Projects should look at similar possible impacts and improvements to social and environmental conditions, and should also consider the sustainable use of resources by the project.*

### STRATEGICALLY FOCUSED – GOOD URBAN GOVERNANCE

Many sectoral urban projects have been adjusted to the prevailing quality of governance at the time, regardless of any possibilities for contributing to its improvement. In addition to achieving their goals, urban projects should make a positive contribution to the improvement of urban governance.

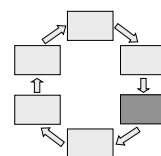
- *Using participatory modes of detail design, even in the case of a sectoral project of limited focus, can provide a first step toward greater transparency of local government as a whole.*
- *The feasibility study should consider every opportunity to build improvements in local governance into the project team.*

**Participation and partnership:** There needs to be an agreement amongst key national and local institutions to achieve commitments to participate actively in a project. Moreover, in most developing countries, local authorities tend to be weak with many participants acting independently of the State. There is also a danger that consultation will fail to engage with stakeholders who later, during project implementation, may be found to represent important interests.

- *Project formulation should include broad awareness-raising exercises to improve the chances of sustainability of project outputs and achievements.*
- *Include a detailed design for consultations, to include interviews and workshops for debate, in the formulation.*
- *Discuss project alternatives and secure commitments from key interest groups.*

### STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

In the past, technical projects have focused on the provision of “hardware” and occasionally on the training of municipal staff as the key to improve urban systems and their management. Not enough attention has been paid to how the results will be managed and how they will



contribute to improving municipal management. Staff training has generally lacked accompanying incentives. There is also a need to alert senior officials to the value of developing skills of junior members. Moreover, a broader range of municipal actors needs to be included in such training.

- *The feasibility study should look in adequate detail into the capacity of local government to manage the project.*
- *Capacity building of local government and other relevant actors should be designed in the project to ensure sustainable management.*
- *A strategy of capacity building is required which includes changes in incentives (to support improvement to planning and management), as well as conventional training.*
- *While keeping municipal staff as a key target for capacity building, look also at other relevant actors for capacity building opportunities.*

**Institutional considerations:** It is usual for sectoral projects to be initiated via a ministry or other agency at the national level. There should also be collaboration between municipalities with or without NGO participation. The project itself should be an opportunity for capacity building.

- *Ensure that urban projects engaged effectively with local interests from the outset.*
- *The formulation study should be prepared in consultation with all relevant levels of government and stakeholders.*

**Financial management:** Generally, development of the project needs to be financed in the same way as any other national or regional scheme. Financial arrangements for the project need to be internally coherent. They should also link to and support the normal financing of development in the city.

*The financial system of the local government should be clearly established and linked to the management capacity of the local government. The implementation of an urban strategy will require a capacity to translate the strategy into projects over a period of time. As part of a Country Urban Strategy, consideration should be given to the creation of a fund within the country to finance smaller-scale activities.*

**Physical:** Urban projects need to be spatially coherent in their operation and should facilitate efficient development, which helps to achieve the goal of sustainable urban development. They should respect existing infrastructure and land tenure.

*Include a map of the city, indicating the focus and/or spatial impact of the project and linkages to other activities.*

## SUPPORTED APPROACH

Consultants have often conducted feasibility studies with little or no local interaction. This means that project beneficiaries and others affected by the project only learn about the project once it is being implemented. It should be noted that in urban areas, even small projects have a major impact on local communities. But often because of local government complexities and inadequate prior investigation and agreement with

affected stakeholder groups, the result in project benefits is often less than expected, or even outright failure.

- *The feasibility study should be conducted on the participatory base established by the pre-feasibility study.*
- *Consultants involved in the feasibility study should be experienced in the identification of key stakeholder groups and in participatory methods for defining the details of projects.*

### SENSITIVE APPROACH

Standard projects often ignore local situations and can perform poorly as a result. Urban projects need to have sufficient flexibility to adapt to change in circumstances and conditions within cities.

- *Ensure strong local participation during project development to maintain sensitivity.*
- *Actively built-in provisions and procedures should be incorporated to allow the project to be responsibly adapted if changes occur.*
- *Aim to achieve a process approach in the formulated project (e.g., agree broad goals and processes as opposed to a detailed blueprint).*

### SIGNIFICANT APPROACH

To justify the resources used, urban projects should have both a direct and indirect impact on development and be replicable in the city, region or country.

- *Design the project to make sure that project outcomes and lessons learned are made widely available and to ensure that information is shared.*
- *Integrate capacity building and involve relevant institutions to maximise long-term benefits.*

### SENSIBLE APPROACH

Projects often fail due to unrealistic demands on the human resources available (namely, government staff and partners).

- *Simplify the project to conform as much as possible to actual capabilities, whilst making provisions for building local capacity.*

### SYNERGISTIC APPROACH

While avoiding complications, urban projects can add value through linkages across spatial and sectoral areas.

- *Build practical actions into the project with regard to spatial and sectoral linkages to make sure that potential areas of added value are realised.*

# FINANCING

The purpose of this stage of the PCM is to prepare and obtain approval for the financing of the project. The proposal is considered by those responsible in the EC and a final decision is made on whether to proceed. The financing plan for a project should take the specific form of an action fiche (AF) which is the format required by the EC to document necessary financing plans. The conclusion of the financing stage is a decision to grant funds by the EC. The information presented in the AF is derived from studies carried out during the Identification and Formulation stages of a project. Generally, such information is presented in a project Identification Fiche (IF). At the end of the identification phase, the EC should be briefed on the progress achieved in identifying a planned project or programme. The information planned for implementation is to be provided in consolidated form in an Identification Fiche (IF), where the relevance and likely feasibility is demonstrated. At this stage quality support is provided to orient further preparatory work during the formulation phase. Reference to the studies and their principal findings presented in the IF should be included within Annexes to the AF.

The role of the Action Fiche is to: (a) Provide a Basis for the European Commission inter-service consultation; (b) Provide the relevant financing committee with sufficient information so as to allow it to give an opinion; (c) Provide the European Commission with sufficient information so as to allow it to take a decision.

Detailed descriptions of the project's planned operations are laid down in the Technical and Administrative Provisions attached to the Action Fiche. The technical requirements required to ensure delivery are also included in the Action Fiche and should provide details specific to the scope of required project actions as a basis for subsequent contracting, financing, implementation and monitoring. The general AF format requires the following information: The context; Description of the action; Location and duration; Implementation arrangements. These key headings may be

## THE PURPOSE OF FINANCING

### Objective

To secure financing for the urban project

### Inputs

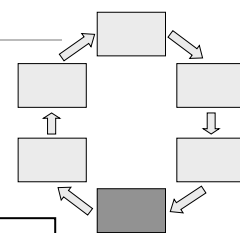
Financing proposal for supporting documentation

### Tasks

Present financial proposal to the Commission and European Member States

### Output

Action Fiche.



supplemented by further information or Annexes and supporting documents including, for example, a strategic plan of the project, its work programme, or descriptions on the scope of interventions expected under the proposed EC support.

Recent efforts to improve performance have resulted in the revision of regulations regarding financial limits and procedures, and readers are advised to check the EC website to ensure they are in compliance with current limits and procedures prior to submission of an AF.

### **ACTION FICHE (AF)**

The basic format for an AF to be presented to the European Development Fund and Committee is as follows:

#### **SUMMARY**

The summary will be sent to the Commission with the financing decision and will also appear on the Directorate General V's Internet site as a description of the project. It should not exceed one page and will usually be about half a page.

#### **A. RELEVANCE**

**1. Consistency with global objectives:** The aim of this section is to position the project in the context of cooperation with the country and region concerned and to ensure compatibility with more general EC aid objectives (Council Resolutions, Communications and so on).

**1.1 EC aid policy objectives and priorities**

**1.2 Objectives of NIP/RIP (focal/non-focal sector)**

**1.3 Link with annual country review**

**2. Sectoral analysis:** This section should describe the general features of the sector in which the project will take place and sectoral policy within the beneficiary state.

**2.1 Features of this sector**

**2.2 Status of national/regional policy**

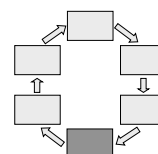
**3. Problem analysis:** This section provides an analysis of the problems that require EC intervention, and are the basis of the intervention logic.

**3.1 Target groups, beneficiaries, and stakeholders**

*Here, the main beneficiaries should be identified (and if possible quantified) (e.g., farmers, economic operators, women, children, poorest part of the population, etc.) Even if in some cases target groups are identical with beneficiaries, sometimes they should be specifically identified (e.g., parts of administration, teachers, institutions, transactors of aid).*

**3.2 Specific problems**

*This section should indicate the problems that have been identified, such as access to health services or drinking water, inaccessibility of central areas, lack of efficient human resources, and so on.*



**4. Origins and preparation of the project:** This section describes how the project was developed (e.g., request from the government, or an NGO; log-frame workshops with representatives of beneficiary groups; sectoral donor programme).

## B. FEASIBILITY

**5. Project description:** This section describes the project and its intervention logic.

### 5.1 Overall objectives

*This section explains why the project is important for society as a whole; it describes the wider national or sectoral programme objectives to which the project is designed to contribute and also the long-term benefits that can be expected from the project. In addition, it describes other projects or interventions that will be required in order to achieve the overall objective.*

### 5.2 Project purpose

*This should define the project's central objective in terms of a (permanent) stream of sustainable benefits to be delivered to the project beneficiaries. The project purpose is directly related to the core problem(s) that the project is seeking to address: it defines the project's success. The project purpose should NOT describe the delivery of the services that create the benefits, but should describe the benefits themselves that beneficiaries derive from utilisation of the services provided by the project.*

### 5.3 Results

*This section describes the above-mentioned services to be provided by the project to the target group(s); the project is directly responsible/accountable for producing the expected results. There is a close linkage between results and purpose: what the project will deliver (results) and the benefits to be derived from the results by the target group (project purpose).*

### 5.4 Activities

*This section describes what the project will practically DO in order to deliver its intended results.*

### 5.5 Indicators

*Key indicators are vital for assessing the success of the project. The method(s) for collecting relevant information must be specified, though the indicators themselves can be confined to the log-frame.*

**6. Project analysis:** This section provides an analytical appreciation of the context of the project and factors that have influenced its development as well as factors that will contribute to its feasibility and achievement of its purpose.

### 6.1 Lessons from past experience

*A description should be given here of how the results of previous evaluations have been taken into account in this project. Lessons learnt from other projects, whether completed or on-going, whether in the same sectors or countries or not, could also be included here.*

### 6.2 Linkage with other operations

*This section should contain details of projects by other donors, the*



*Community or the beneficiary government that complement this project and that will help it to achieve its overall objective.*

**6.3 Results of economic and cross-sectoral appraisals**

*A number of appraisals will have taken place in the feasibility study stage of the projects (economic analysis, gender, socio-cultural, environmental impact, poverty alleviation, etc.). The results of these studies should be described here (or described in a more detailed annex), in terms of how they will affect the feasibility and implementation of this project.*

**6.4 Risks and assumptions (relating to implementation)**

*A certain number of risks have to be assessed and assumption made when assessing the feasibility of a project. This section should describe the most important of these and how they are to be addressed, perhaps referring to the section on special conditions and accompanying measures (7.5, below).*

**7. Project implementation:** This section specifies the technical and implementation details necessary for other agents to understand what is necessary to deliver the project. This forms the basis of the Technical and Administrative Provisions and thereby the Action Fiche.

**7.1 Physical and non-physical means**

*Means or inputs, namely investments in the broadest sense, including technical assistance and capital finance, need to be specified in detail.*

**7.2 Organisational and implementation procedures**

*Implementation procedures and the responsibilities of various people and organisations as well as private bodies involved in delivery should be described here. There should also be a description of measures to be taken to ensure co-ordination with Member States and other donors. It is strongly suggested that tendering and contracting aspects be discussed with SCR/E/4 before submitting the proposal.*

**7.3 Appropriate technology**

*This heading covers the technical ways and means of carrying out activities and should ensure that the most appropriate means are chosen, after plausible alternatives have been examined for the best solution.*

**7.4 Timetable, cost and financing plan**

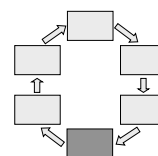
*This section must indicate the start date and finish dates and the start-up action. A proposed form of words is: "For the purposes of Article 3 (Duration of the project) of the Special Conditions of the Action Fiche resulting in financing for the project which shall start not later than [day, month, year] and shall end by [day, month, year]. The start up event shall be..."*

*A brief table should be included indicating the board headings to which financing will be given. A more detailed cost breakdown can be included as an annexe.*

**7.5 Special conditions and accompanying measures to be taken by the government**

*This point summarises the commitments the beneficiary Government will make to ensure the success of the project. They will often be*





linked to the risks and assumptions in order to reduce the risk of the project not achieving its purpose.

#### **7.6 Monitoring arrangements and follow-up**

Proper planning and regular checks on implementation (monitoring reports) are essential to the success of the project. This section should detail what measures are to be put in place and under whose responsibility.

#### **7.7 Reviews/evaluations/audits: procedures and reports**

Provision should be made for independent evaluation at some point during implementation (a mid-term review) and at the end of the project. It may also be desirable to provide for an independent audit of the project.

## **C. SUSTAINABILITY**

**8. Measures ensuring sustainability:** This section describes the factors that will ensure that a project continues to deliver benefits to its beneficiary groups beyond the end of the EC financing.

### **8.1 Ownership by beneficiaries**

This section should describe measures that have been taken to ensure that the beneficiaries of the project are sufficiently involved for it to be socially sustainable after the end of the EC financing.

### **8.2 Cross-sectoral sustainability**

This section should describe what measures are envisaged to ensure that the project is financially, technically, culturally and socially sustainable after the end of EC interventions and has a positive impact on gender and the environment. If these sustainability issues have already been dealt with in section 6.3, a reference to that section and any accompanying annexes is sufficient.

### **8.3 National policy measures**

These measures are the policy context in which the project will be inserted. It may include sectoral strategies, new legislation or the regulatory framework.

### **8.4 Institutional and management capacity**

Evaluation reports have shown that weak institutions are the single most important factor in the failure of "people-oriented" projects. Therefore, institution and management capacity building activities, for both private and public institutions, are vital to assure long-term benefits from the project.

### **8.5 Complementarity and sectoral co-ordination between donors**

This section should detail any elements of complementarity and co-ordination not mentioned elsewhere that will contribute to the sustainability of the project beyond the end of the EC financing.

### **8.6 Economic and financial sustainability**

It is essential to realistically forecast the economic and financial sustainability of the project after its implementation. There are various methods for such analysis (cost/benefit, economic or internal rates of return) that take account of various factors. Even for projects that are not traditionally "financial", some kind of analysis can and should be made. An economic and financial help desk is available to services to assist them in this work.

### ACTION FICHE (AF) (Projects less than Euro 8 million)

The basic format for an AF, to be presented to the European Development Fund and Committee is as follows:

**IMPORTANT**

Threshold figures change, please check the current threshold figure.

**1. Recipient State**

**2. Project title**

**3. Identification number:** This number is received when the identification sheet is presented to the QSG (Quality Support Group). No project will be considered unless the project identification sheet has already been approved by the QSG.

**4. Authority submitting the project**

**5. Sectoral Classification:** According to OECD classifications (list available on OASIS). This number appears on the project identification sheet for the project. Include both the code and the title.

**6. Project total:** \_\_\_\_\_ euro by way of a grant  
Percentage of indicative programme \_\_\_\_ %

Official responsible: [Name] [Telephone]

**7. Background**

**7.1 Main features of the sector**

*This section should describe the general features of the sector in which the project will take place. It should also mention initiatives of government and/or other donors in that sector.*

**7.2 Problems to be resolved**

*This section should indicate the problems that have been identified, such as access to health services or drinking water, inaccessibility of central areas, lack of efficient human resources and so on.*

**8. Objectives and expected results**

**8.1 Overall objectives**

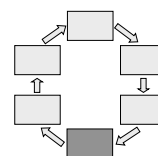
*This section should explain why the project is important for the society as a whole and longer-term benefits that can be expected from the project. To achieve the overall objective, other projects or interventions will also be required.*

**8.2. Project purpose**

*This should define the project's central objective in terms of a stream of sustainable benefits to be delivered to the project beneficiaries. It is directly related to the core problem(s) that the project is seeking to address.*

**8.3 Results**

*This section describes the services to be provided by the project to the target group(s). There is a close linkage between results and purpose: what the project will deliver (results) and the benefit derived*



(project purpose).

## 9. Factors ensuring feasibility and sustainability

### 9.1 **Lessons learnt from previous projects/evaluations**

A description should be given of how the results of previous evaluations have been taken into account in this project. Lessons learnt from other projects, whether completed or ongoing, and whether in the same sector/country or not, could also be included here.

### 9.2 **Environment, gender mainstreaming and other aspects**

Appraisals of cross-sectoral issues will usually have taken place in the feasibility study stage of the projects. The results of these studies and how they will contribute to the sustainability of the project should be described here.

### 9.3 **Co-ordination with other donors**

This section could contain details of complementary projects financed by other donors, as well as a description of measures to be taken to ensure co-ordination with Member States.

## 10. Implementation

### 10.1 **Activities**

This section describes what the project will practically do in order to deliver its intended results.

### 10.2 **Cost estimate and financing plan**

### 10.3 **Implementation procedures and timetable**

This section must indicate the start date and finish dates and the start-up action. A proposed form of words is: "For the purposes of Article 3 (Duration of the project) of the Special Conditions of the Action Fiche, the project shall start not later than [day, month, year] and shall end by [day, month, year]. The start up event shall be..."

### 10.4 **Special conditions**

**11. Economic and financial viability:** It is important to realistically forecast the economic and financial viability of a project. There is an economic and financial helpdesk to assist services in this task.

**12. Monitoring the evaluation:** Monitoring must be accurate and effective and key indicators should be agreed and developed to be able to compare achievements against planned objectives. Provision should be made for independent evaluation at some point, and, if necessary, an independent audit at the end of the project.



# IMPLEMENTATION

The purpose of the implementation stage is to create efficient institutional and organisational structures and systems to execute, manage and monitor the project. During implementation, activities are carried out according to a timetable and financial plan. Special conditions must be satisfied and regular monitoring and supervision conducted. Implementation takes place after the urban project has been approved. This includes establishing the mechanism for physical delivery of the project, managing it over time and monitoring performance.

## SUSTAINABLE DEVELOPMENT

Project reports, without specific objectively verifiable indicators can result in inadequate information being available to judge progress.

- *Set out the indicators to be used for project monitoring in the plan of operation.*
- *Require regular reports based on the plan of operation.*
- *Further explanations should be provided where a project deviates from the plan.*
- *Include other stakeholder in project monitoring.*

## STRATEGICALLY FOCUSED – GOOD URBAN GOVERNANCE

Obstacles that may exist in policy or legislation, often sectoral in nature, may not be foreseen at inception and are encountered during the implementation of the project. Very often, important lessons for policy emerge as a project is implemented. These lessons are crucial to the success and sustainability of the project and for policy formulation.

- *Establish clear reporting procedures and communication channels for the project.*
- *If difficulties with existing policies or legislation are anticipated, consider involving relevant national departments or agencies in the overall project steering process.*
- *The project should be designed to allow flexibility in the development process during implementation.*
- *Record and communicate policy lessons.*
- *Allowing an external organisation to monitor implementation can provide advantages.*

### THE PURPOSE OF IMPLEMENTATION

#### Objectives

- To efficiently execute, manage and monitor an urban project.

#### Inputs

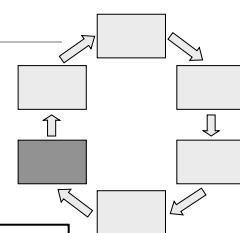
- Project operation plan and financial proposal
- Monitoring indicators
- Supporting documentation.

#### Tasks

- Establish a project team and an interactive action planning process
- Supervise establishment of the project
- Establish a monitoring system
- Manage project finances.

#### Outputs

- Successful project implementation
- Project implementation review
- Monitoring system.



### STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

Various political and logistic considerations enter into the choice of location of the management structure to execute the project, in relation to the configuration of the local political circumstances. An urban strategy unit can play a creative role in encouraging the kind of projects proposed and assist with their formulation and design. An ideal location for the unit may not be possible. A location within government offices can make the project captive to bureaucracy. A location away from public offices can lead to local government disregarding the project outputs.

- *Choose the location of an urban strategy unit based on cost effectiveness and strategic advantage.*
- *An urban strategy unit should produce a plan of action, be in touch regularly with government departments and external support agencies, and concentrate its resources on generating urban project proposals.*
- *Involve relevant local and national institutions and civil society organisations dealing with urban management in the project, possibly at steering committee level.*
- *Assist and allow local bodies to manage the inputs of consultants.*

**Financial management:** Conventionally, contractors are paid at specific intervals for particular project outputs. Similarly, recovering full or partial costs of a project are integral to financial sustainability. Cost recovery mechanisms usually require considerable attention and capacity.

- *Provide “software” projects with regular payments over time to cover staff, overheads and incidental activities (such as workshops and publications).*
- *Use simple trigger mechanisms based on pre-established monitoring and reporting procedures built into the project administration framework to minimise time in processing payment claims and to ensure small-scale sub-projects can be financed without undue delays.*
- *Focus on linking project cost recovery to existing capacity within local urban institutions.*

### SUPPORTED APPROACH

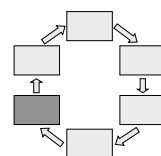
Although agreement on the project will have been made with key in-country agencies and actors during project formulation, the project contractors should be involved in developing the arrangements.

- *Make sure that the project steering committee represents the main local interests.*
- *Steering arrangements should be based on workshop outputs starting with the wide consultations with potential collaborating agencies and individuals during initial planning workshops for the project.*

### SENSITIVE APPROACH

Project components should not be rigid. If priorities change in urban areas, the strategy should be reasonably able to adjust.

- *Agreements and contracts relating to the project should include provisions allowing for reasonable adaptations to be made over time.*



### SIGNIFICANT APPROACH

Reports should be prepared with specific, objectively verifiable indicators by stressing common interests. This should help to assess progress objectively and may involve relations between organisations that are likely to be protective of their independence. However, leveraging further resources widens the impact of urban projects. Resources that are committed during previous stages should be made tangible during implementation.

- *The plan of operation should lay out the indicators to be used as the basis for project monitoring.*
- *Regular reporting should indicate progress against these indicators.*
- *Establish and follow procedures for ensuring that agreed resources are obtained.*

### SENSIBLE APPROACH

Where possible, projects should involve local capacity in implementation. Support for project management may be necessary. Capacity-building should also focus on developing skills that are appropriate to local circumstances and make sure that it can be replicated to other projects.

- *Arrange to undertake capacity building of project managers.*
- *When using external expertise, include in the ToR requirements for the transfer of skills to local project managers.*

### SYNERGISTIC APPROACH

Once areas of added value have been identified through linkages, practical arrangements are needed to ensure that benefits can accrue.

- *When added value through linkages has been identified, consider including representatives from such projects and sectoral areas in the project steering committee.*





# EVALUATION

The purpose of the evaluation stage is to arrive at an assessment of how successful the project has been in meeting its stated objectives. Performance will be judged against indicators selected during the formulation stage and these results compared against baseline information. The evaluation must be independent and objective. Regular monitoring is important to ensure that the project is on course. Evaluations assess both successes and failures and (perhaps most importantly) the resultant lessons from each. For urban projects with a significant sectoral focus, the emphasis needs to be on whether a net overall benefit was made on development. Evaluation and feedback from both successes and failures is essential for building institutional knowledge on urban development within the EC.

## THE PURPOSE OF EVALUATION

### Objectives

- To improve the effectiveness of ongoing urban projects in urban areas.

### Inputs

- ToR for evaluation study
- Report on project
- Result of monitoring surveys and audits.

### Tasks

- Regular interim evaluation studies
- End of project evaluation study
- Ex-post evaluation study.

### Output

- Evaluation reports.

## SUSTAINABLE URBAN DEVELOPMENT

The overall urban objective of the project should result in sustainable long-term benefits for the city in which it is located.

- *Include social, economic and environmental indicators in evaluation criteria requiring consideration of both direct and indirect impacts.*
- *Use the plan of action log-frame generated during the formulation stage as the foundation for the evaluation process.*
- *Consider sustainability over time.*

## STRATEGICALLY FOCUSED – GOOD GOVERNANCE

Urban projects can have a major impact if they contribute to national policies. They also have implications for regional, district, or local policies. Such projects can influence how sectoral policies relate to urban areas.

- *Involve those dealing with regional, district, or local policy formulation in the evaluation process.*
- *Circulate the results of the project and the policy implications widely (from successful projects but also from those that fail).*
- *Ensure that evaluation findings are discussed with and by those involved in policy formulation.*
- *Include national goals in the evaluation criteria.*

**EC development goals:** As more experience is gained in supporting urban development, lessons can be learned that can influence and change

policy towards urban areas.

- *Evaluations should be required to consider the achievements of urban projects in the light of EC policy directives dealing with urban, rural, regional and territorial development.*
- *Include new EC policy directives where relevant in the evaluation of urban projects.*

**Participation and partnership:** Local communities, national stakeholders and external advisors may all judge the success of a project in various ways. Evaluations should be undertaken with involvement by outside independent experts with local experience whenever possible (particularly when assessing target groups).

- *Involve key stakeholders in defining the criteria for evaluating a project.*
- *Provide for a variety of target groups to contribute to a project's evaluation.*
- *Evaluations should take place through a partnership of outside independent consultants and local experts.*

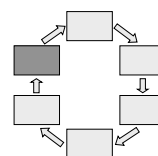
### STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

Urban projects promote new ways for institutions to work in partnership, through sustainable arrangements.

- *Assess and evaluate the institutional arrangements proposed in the project to determine whether new partnerships have been formed in the course of the project.*
- *Consider whether other project or activities have been taken into account by the partnership.*

**Financial sustainability:** Financial performance targets are set at the start of the project and are important indicators of project performance. Urban projects can also promote partnerships in which several institutions or bodies, including local, jointly contribute funds or resources. While money may be committed during project inception, full contribution may not be met over the life of the project. Cost recovery is critical for sustainable project financing. However, some projects, by their nature do not have potential for cost recovery. Some can recover costs partially and others can regain expenditures in full. An important factor for urban projects is whether the same or a similar project can be replicated using local resources of financing.

- *The project should contribute to the sustainable financial arrangements within the city in which it is located.*
- *Financial performance targets should be included together with general criteria in the project evaluation.*
- *Include all funds and other resources committed to the project in the evaluation.*
- *Assess whether the project generated significant funds during its life, and where applicable, possible future revenue streams.*
- *Obtain a basic indication of whether and how to replicate the project by looking at the cost recovery assessment and the extent of local financial contributions.*



**Physical:** The physical components of urban projects should make sense from a spatial planning perspective.

*Include spatial impacts of projects in the evaluation process.*

### SUPPORTED APPROACH

It is important to evaluate the activities at regular intervals to assess progress at various stages and to maintain support.

*Conduct regular interim evaluations over the life of the project.*

### SENSITIVE APPROACH

The actual evaluation process should be sensitive to specific social, cultural and gender requirements.

*Consider also the social and cultural context when evaluating the project.*

*Include gender criteria within the evaluation process.*

### SIGNIFICANT APPROACH

Local priorities are important in project identification and hence are central to evaluation. However, local priorities are also likely to change over the life of the project.

*When conducting the evaluation, consider the performance of the project with respect to local priorities at the time of the project design and against new priorities and policy directions that may have since emerged.*

### SENSIBLE APPROACH

Projects may be too complex, or simply inappropriate to circumstances to be operated locally, or without substantial support from outside. They may be difficult to replicate using local capacity. One of the goals of urban projects is to build local capacity for improved governance and urban management. The evaluation process is another opportunity to build local capacity. Local capacity may be developed in areas that are inappropriate to circumstances for the transfer of skills. There may be limited alternative places for local people to apply such skills.

- *The evaluation criteria should include criteria relating to the development of local capacity, including both formal and informal skills transfer.*
- *Evaluate also the appropriateness within local circumstances of the skills developed during the project.*
- *Assess also whether and where alternative places exist for the application of these skills.*

### SYNERGISTIC APPROACH

Development projects normally have wider goals than those dealing with local development.

- *The project evaluation should assess the overall impact of the project on its surroundings and on the relevant group of sectors where impact was intended.*
- *Consider also wider impacts of the project that may not have been foreseen during its earlier identification and formulation.*



part

3

**METHOD**

# URBAN THEMES AND ISSUES

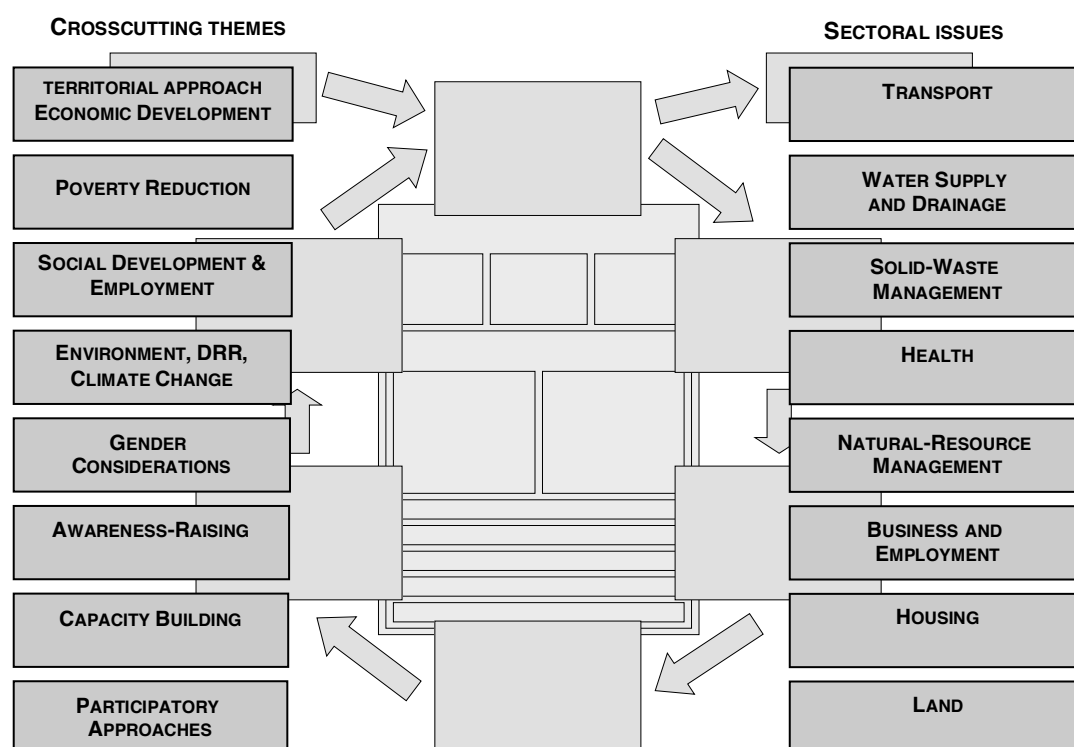
*Part Three of the Guidelines covers some of the most important themes and sectoral issues encountered in cities. These can be divided into two main categories:*

## CROSSCUTTING THEMES

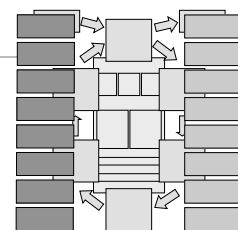
*These are broad issues, such as poverty alleviation, territorial development, environment, gender and the relationships between men and women and the urban economy, which cut across all parts of urban areas.*

## SECTORAL ISSUES

*These involve key sectors such as transport, waste planning and management and health, which are integral to the functioning and productivity of cities and contribute to making them pleasant places in which to live and work.*



# CROSSCUTTING THEMES



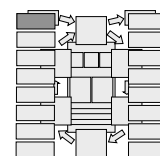
This chapter highlights a limited number of cross-cutting themes. Health is included here under social development, but also under Chapter 15, Sectoral Issues. One global theme has been added here and appears as the first section of Chapter 14: Territorial Development. This section discusses the need for a comprehensive approach to development in general. Further to this, two new themes are also included here, Disaster Risk Reduction (DRR) and Climate Change as well as Promotion of Employment Intensive Methods. These have been placed in the Cross Cutting Themes Chapter because they require a different approach to their delivery and require more than simply technical skills for their realisation. For other subjects not covered by main headings, please refer to Index or Appendices (Part 4). The following themes are discussed in this Part.

- Territorial Development
- Sustainable Economic Development
- Poverty Reduction
- Sustainable Social Development
- Promotion of Employment Intensive Methods
- Sustainable Environmental Development
- Disaster Risk Reduction and Climate Change
- Gender Considerations
- Awareness-Raising
- Capacity-Building
- Participatory Approaches

## 14.1

### NOT URBAN – NOT RURAL: A TERRITORIAL APPROACH TO COMPREHENSIVE AND INTEGRATED DEVELOPMENT

Many recent authors, researchers as well as policy-makers in various developing as well as more established economies have articulated the need for a balanced approach to reconcile urban and rural disparities. Rather than focus strictly on rural issues on one hand and urban issues on the other, many think that there is a need for a 'territorial' approach to development. Historically, such an approach may have been referred to as a regional development approach, but even regional development approaches have not ameliorated the clash between often-conflicting urban and rural priorities.



As previous Chapters in these Guidelines have suggested, a more comprehensive, all-encompassing and integrated approach to the resolution of disparities, establishment of priorities and agreement of development trajectories between urban and rural is needed. Consideration of the totality of urban and rural issues needs to be dealt with as a whole in a comprehensive, balanced and iterative manner rather than in a compartmentalised way.

The emergence of the concept of territorial development is the product of economic and social changes within countries and in the wider political context of globalisation. It responds to the need to adapt methodologies, instruments and activities to the new requirements imposed by these changes and their undesired impacts. Finally, it promotes a different way for urban and rural priorities to collectively respond to a common global agenda in a meaningful way without prioritising either urban or rural interests, or having one set of issues dominate the other. It proposes a balanced, iterative and comprehensive framework to respond to problems, challenges and issues in a meaningful and practical manner.

In developing countries, the emergence of a territorial approach is deeply rooted in balancing interests to foster economic development with poverty alleviation. These then need to be reconciled with urban versus rural priorities. These four factors were often at odds or in seeming opposition to one another. The territorial approach is a process, which advocates the need to find a harmonic equilibrium between these four previously opposing 'forces' in development.

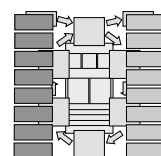
*The concept of territorial development may be defined in different ways by different writers and disciplines. Principle notions of territorial development include:*

- **Spatial / Political definitions:** territory as bounded space/the political or demographic space of institutionalised power;
- **Geographic and Anthropological definitions:** territory as space of cultural and social identity and groupings / individual and group identifications with spatial units of political / administrative control. The operative feature here is that of social assimilation and implicit understanding concepts of territory;
- **Economic definitions:** territory as defined by production or consumption footprints plus market sizes within a particular area.

The prevailing division between 'urban' and 'rural' policies is based on the assumption that the physical distinction between the two areas is self-explanatory and uncontroversial. However, there are three major problems with this view. The first is that demographic and economic criteria used to define what is 'urban' and what is 'rural' can vary widely between cities, regions, states and even countries, making such generalisations problematic.

A second problem is that of the definition of urban boundaries. In Southeast Asia's Extended Metropolitan Regions, agriculture, cottage industry, industrial estates, suburban developments and other types of land use coexist side by side in areas with a radius as large as 100 km, where the high mobility of the population includes circular migration





and commuting. In sub-Saharan Africa, agriculture still prevails in peri-urban areas, but there, as elsewhere, significant shifts in land ownership and employment patterns are taking place, often at the expense of both rural and urban poor people.

The third problem in the definition of the boundaries between 'rural' and 'urban' areas is the fact that urban residents and enterprises depend on an area significantly larger than the built-up area for basic resources and ecological functions. In general, the larger and the wealthier the city, the more its industrial base and its wealthy consumers will draw on such resources and ecological functions from beyond its surrounding region. The concept of a city's ecological footprint was developed to quantify the land area on which any city's inhabitants depend for food, water and other renewable resources such as fuel wood, and the absorption of carbon to compensate for the carbon dioxide emitted from fossil fuel use.

The concept makes clear the dependence of any city on the resources and ecological functions of an area considerably larger than itself (although urban areas with limited industrial bases and with most of their population having low incomes will have much smaller and generally more local ecological footprints than large and prosperous cities).

What most definitions of territory have in common is an aspect of subjectivity – territory is not simply geographical space and physical resources, but space and resources on which some social group depend and exercise some form of control or authority. Implicit in this is the idea of social identification with geographical space and the social construction of territory, which may in turn involve the concrete development of political authority, economic relations and cultural symbolism and modes of communication.

**Table 14.1.1: Comparing Different Approaches to the Concept of Territorial Development**

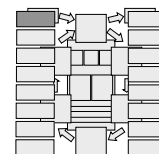
	Integrated Rural Development	Urban Development Planning	Territorial Development
<b>Focus</b>	Rural regions, districts or defined geographical areas or places. Multi-sectoral and production oriented.	Cities, their systems and levels of organisation. Biased towards commerce and cities as centres of economic, social and intellectual productivity. City areas as main contributors to National and Regional wealth therefore a disproportionate importance offered within larger systems.	Combination of people and places. Opportunities to concretise livelihoods approaches in specific meso-level geographical areas defined as territories: - with shared territorial identity amongst different stakeholders as a key ingredient. Some focus on outcomes of interplay between processes of globalisation and decentralisation at territorial level.
<b>Origins and cultural context</b>	Late 1960s and 1970s emphasis in international development policy on rural development and smallholder agriculture, backed by infrastructural / service support, combined with centralised, state / expert -led planning	UK and Anglophone countries in 1980s and 1990s, changing perspectives on urban poverty, natural resource management and city-level governance in support of 'engines of growth' approach.	Endogenous analytical civil society and government initiatives primarily in Latin America, also in Europe from late 1990s in response to changing impacts of development policies Considers mix of urban and rural comprehensively specifically

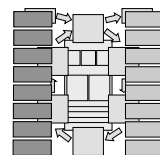
	Integrated Rural Development	Urban Development Planning	Territorial Development
			responding to globalisation and its impacts on people. Partially adopted by regional and international agencies and European Union. As yet without clear institutional identity or specific technical interpretation.
<b>Conceptions of poverty</b>	Multi-dimensional, necessitating support in different sectors (production, health, education etc.) but reality of the poor often simplified suggesting uniformity	Multi-dimensional, complex, local. Embraces the concepts of risk and variability at the urban level and accepts the reality of the poor migrating to the city as a result of increased economic and social and livelihood aspirations.	No explicit poverty analysis but consistent with SL approach. Rural poverty considered broadly, to include non-farm and urban-rural aspects. Focus on empowerment of poor through building social and human capital and facilitating access to assets, markets, institutions and political space.
<b>Size and scale of intervention</b>	Large, and often complex. Area or region wide (sometimes with preceding pilot)	Starting small with diagnosis at the micro level and limited areas of activity, growing into a potentially diverse range of interventions at different scales, encompassing cities and their productive footprints beyond the territorial limits of the city.	Influencing policy programme implementation and stimulating institutional realignment at the <i>meso or supra-local</i> level, to achieve more responsive planning, often with no or little dedicated budget. Scale and type of specific projects may vary, but all projects should have replicability or policy / institutional impact at territorial level.
<b>Participation</b>	Minimal, if any. Top-Down	Participation prioritised as key principle. Bottom - Up as well as Top - Down, especially insofar as budgeting is concerned.	Seeks to mainstream participation in public policy and planning, promote voice of disempowered, and provide space for stakeholder negotiation and dialogue. Top-down meets bottom-up.
<b>Coordination</b>	Integrated execution through institutionalising project units in	Driven by shared objectives and needs identified by those involved.	State as enabler and public-private-civil- society partnerships important, building on existing

## SUSTAINABLE ECONOMIC DEVELOPMENT

In most cities, the private sector consists of formal and informal (or unstructured) sectors. The formal sector deals with officially registered, profit-orientated enterprises with relatively high capital and technology investments. The location of these enterprises is usually based on the comparative and competitive advantages of the locality. In most cities, the formal private sector represents a low percentage of the labour force but has a relatively high contribution to make to the total income.

The informal sector absorbs the unemployed and underdeveloped labour force in the city. Informal sector workers engage mostly in petty trade and small-scale services and production. These operations are often survival-oriented and are unregistered or only partially registered. They also have a low labour productivity, due to low capital and technology





investments. In many cities, the informal sector represents a high percentage of the labour force, while its contribution to the total income of the city is relatively low, though not insignificant. Two types of informal operations are distinguished: micro-enterprises (with an average of 2 to 10 wage labourers) and self-employment (typically one-person).

During periods of economic decline, the number of formal jobs can fall sharply. Expenditures in the local consumer market decrease as well. This adversely affects the informal sector. During a period of decline, the informal sector might, therefore, grow in terms of labour and decline in terms of income.

### PRIVATISED PUBLIC SERVICES

When city managers contract out public services to the private sector, employment creation should be a consideration in the selection of enterprises. A good balance between technology and labour-intensive enterprises should be achieved, creating a maximum number of sustainable jobs.

*City managers can promote the creation of micro-enterprises specialising in certain public services. Micro-enterprises are flexible, have better linkages with the communities and often have lower costs than large enterprises. They are labour intensive by nature and present an employment opportunity for informal sector workers.*

### STIMULATING FORMAL SECTOR DEVELOPMENT

Registration procedures and legislation, tax regulation and other regulatory requirements for foreign investors, for example, can be only partially influenced by local government. Cities can, however, provide clear information on what the actual procedures are and assist people as much as possible.

*Formal sector development can be achieved through domestic enterprises and the attraction of "foreign" investors. City managers can facilitate enterprise development by providing, as far as possible, an enabling (legal) environment.*

### INFORMATION AND CITY MARKETING

Cities increasingly have to compete with each other to provide the best location for commerce. Macro-economic conditions and legislation influence competitiveness; these include cost of capital, raw materials and labour, as well as business registration procedures. City managers can influence competitiveness by offering skilled labour, tax advantages, subsidies and business services.

*City managers can stimulate innovation by offering business services, such as information on markets, products, knowledge and finance.*

### SMALL- AND MEDIUM-SIZED ENTERPRISES

More flexible than larger enterprises in reacting to changes in the market are the small- and medium-sized enterprises (SMEs). These often have difficulties in the early stages of development, mainly because of tax regulations and a lack of access to financial services. Banks can be

reluctant to finance business proposals for fledgling entrepreneurs. Mainly because they may consider the risk to be too high compared to the level of co-lateral. Starting SMEs might also be in need of non-financial business services, such as information on markets, training and guidance in the design of a business proposal.

*A special way of providing business services to starting SMEs is "business incubators". These are low cost premises where starting businesses are offered continuous administrative and other services during the early years of existence. Once entrepreneurs are fully capable of managing the enterprise by themselves, the business has to move out of the incubator, thus freeing up a place for a new starter. In the case of banks, special financial instruments, such as risk-taking and guarantee funds can make them better acquainted with new clients.*

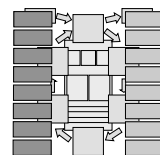
### INFORMAL MICRO-ENTERPRISE DEVELOPMENT

Micro-enterprises encounter various constraints in their development including the regulatory framework. For example, land-use planning that rigidly separates uses does not facilitate micro-enterprise developments since many of these entrepreneurs develop their activities at home. To a certain extent, deregulation is an important factor in micro-enterprise development. Micro-enterprises may be unregistered or only partially registered, not because they do not want to register, but due to the administrative barriers and requirements for registration that sometimes make operations impossible. A lack of entrepreneurial skills is another constraint. Basic skills in administration, costing, stock keeping and marketing are all necessary, but mostly under-developed in many urban areas of the developing world. In addition, micro-enterprises with a real potential for growth are often restricted by their small scale and low quality standards. Access to capital is even more difficult for micro-enterprises than it is for SMEs. Banks often consider micro-enterprises to be too risky to lend to. This is because the type of collateral such entrepreneurs can offer and their lack of registration usually makes them unacceptable.

*Micro-enterprises will need the same kind of flexibility as SMEs. A possible solution for the scale problem is the formation of associations of similar micro-enterprises to deal with large orders. The quality problem is mainly a question of training and additional financial investment. Special credit schemes for micro-enterprises that offer credit at a slightly higher cost than market rates might be a solution. These schemes should be as rigid as any bank on their requirements in terms of a business plan and feasibility study, but flexible on the type of collateral required.*

### LABOUR EXCHANGES

Communication with the unemployed can be facilitated by various organisations, including informal sector workers, NGOs and those who are community based. The most efficient way is to set up labour exchange offices. These should be well known and easily accessible to both the business community and the unemployed. Interventions (to balance labour supply with demand) can be derived by concentrating on education, qualifications and skills. Policies for primary and secondary education are important, but vocational training is more effective for specific skills. The vocational system needs to have knowledge of supply and demand on the labour market, and to enable it to adjust the training



offered to meet identified needs.

*The link between the labour exchange system and the vocational training system is thus of utmost importance. Local government can play an important role in establishing a local labour exchange and can influence the vocational training system to adjust to the labour market.*

### SUPPORT FOR SURVIVAL STRATEGIES

Many unemployed people are likely to remain in informal sector activities. Such people can be supported in their survival strategies. Economic growth in the formal sector can indirectly have a positive influence in the form of less competition and a larger market. Credit is just about the only service that can be offered to support informal sector workers. Apparently small improvements can be significant, taking into account the low income on which people live.

*Special micro-credit schemes for these types of activities have been successful in different parts of the world, in the sense that there is a large demand for their services and that repayment records are very good. This type of micro-credit scheme particularly helps informal sector traders to expand their operations and increase their income. These schemes are mainly implemented by NGOs or by financial institutions that have developed out of NGOs.*

### PARTNERSHIP

Although local government can implement some of the strategies described above, it is also recommended to involve those stakeholders that will have a direct interest in the outcome of measures. This helps to develop a thorough understanding of the problems they encounter and to base strategies on the analysis of these problems. Many of these strategies mentioned above, such as business services and micro-credit schemes, are not the core activities of local government. They can be carried out in partnership with the business community, NGOs and/or informal sector associations. The business community is most likely to be organised in a chamber of commerce or an entrepreneurs' organisation.

*Entrepreneurs of micro-enterprises and informal sector workers could be organised in associations. If they are not, they can be formed into community-based organisations (CBOs). NGOs can provide a valuable channel to contact informal sector associations or CBOs.*

### LINKAGES IN URBAN AREAS

Urban projects should take account of the general economic issues relating to cities in which they are located. The linkages between the economy and projects need to be incorporated in initiatives within urban areas, but also be aware of how this dynamic relates to the rural and regional context.

*There are areas where potential added value exists through linkages with elements of the strategic approach:*

- **Urban management and planning:** Well-located industrial areas with serviced plots facilitate formal sector developments, while deregulation in residential areas can enhance micro-enterprise developments and employment creation.
- **Governance:** The private sector, both formal and informal, should

*participate in the formulation of local economic development strategies.*

- **Finance:** *Investments in the provision of economic development should be included in the financial plan, while cost recovery and revenues should be estimated both in amounts and in time.*
- **Environment:** *There should be a balance between economic development and the negative impact on the environment. Exploitation of natural resources and the location of industries should take place in an efficient and sustainable way.*

### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are key considerations regarding the urban economy for the design and implementation of urban projects.

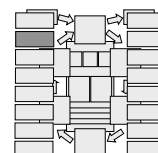
*Such considerations during each of the six stages of the project cycle include:*

- **Programming:** *Highlight in Regional and National Indicative Programme discussions the importance of urban productivity for overall economic development and include the urban economy in ToRs for an Urban Sector Profile Study.*
- **Identification:** *Consider current strategies for sustaining the urban economy when identifying projects for cooperation support in cities.*
- **Formulation:** *Include the urban economy in ToRs for an EC Country Urban Strategy.*
- **Financing:** *Consider joint financing arrangements and potential economic spin-offs of cooperation to both informal and formal sectors.*
- **Implementation:** *Ensure tendering promotes local formal and informal sectors where possible and appropriate.*
- **Evaluation:** *Incorporate urban economic indicators in strategy or project evaluation criteria.*

## 14.3

### POVERTY REDUCTION

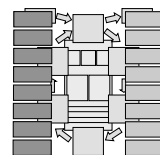
It has been variously estimated using economic poverty lines that between 25 and 50 per cent of urban residents in developing countries are living in poverty. However, assuming that poverty includes a wide range of deprivations, such as inadequate assets leading to stress or a lack of education, then those living in poverty might represent a much larger portion of urban populations than those with low-income levels. The presence of such a large constituency of people has implications for the social, economic, environmental and political development of cities, their management and planning, and their approach to governance. Interventions to eradicate poverty and uphold the human rights of the poor are a moral imperative. The success of urban development demands interventions to assist the poor.



### URBAN CONTEXT

The urban poor generally live in low-quality, densely occupied shelters that are often concentrated in areas of marginal lands with informal tenure. These areas are frequently close to industrial locations, which are heavily polluted, where, for example, waste dumps are sited and watercourses are contaminated, or on hillsides and plains, which are





susceptible to flooding and landslides. In many instances, these vulnerable areas are sometimes far from income generating opportunities for the poorest and most marginalised. The result is that the poor are frequently vulnerable to a range of environmental and health hazards, coupled by few opportunities for income and employment and not able to access safe, reliable or affordable urban infrastructure and other services. The lives of the poor are further curtailed by their exclusion from a wide range of human rights. The nature and scale of this exclusion varies from place to place, but it can include, for example, social disenfranchisement, inequity before the law and lack of opportunity to participate in decisions that affect their lives.

*Despite the problems outlined above, the poor, like other residents, contribute to their development and wealth of the city. Productive employment, which is critical for economic growth, depends on workers' knowledge, skills, motivation and health. Extreme poverty is relieved through improving the quality of the labour available, which supports growth and development of the city. The poor need to be integrated into the social, economic, environmental and political fabric of urban areas in order to ensure development is sustainable. It is, therefore, in the interests of all urban citizens to address problems of poverty.*

## APPROACH

Sectoral interventions, such as the construction of new infrastructure (for example, roads and utility facilities, reclamation of land, new residential and commercial development) and legal, financial or institutional changes, can affect the poor in terms of their livelihoods, resources and rights. Where the poor are affected, every effort should be made to ensure that use is made of their local knowledge. Where appropriate, they should be provided with the opportunity to further develop their understanding and skills. For example, those who will be affected by new development should be given the opportunity to be directly involved in the work, if possible. It should be stressed that "the poor" are not a homogeneous group. Individuals and groups have a variety of social identities, which means they have a range of roles and responsibilities and are affected by poverty in different ways. Policy responses must, therefore, be tailored to specific needs.

*Policy approaches to poverty and anti-poverty interventions should:*

- *See poor people as capable actors, not recipients or helpless victims, and place them at the centre of development policy.*
- *Recognise and support people's existing livelihood strategies.*
- *Take account of the specific context of people's livelihoods in order to cater for their particular needs.*
- *Take account of structural constraints on livelihoods that limit men's and women's (often differing) capacities, needs and willingness to undertake these strategies.*
- *Acknowledge that the real experts in poverty are the poor themselves and foster participation, empowerment and political enfranchisement, so that they can ensure successful livelihoods.*

## STRATEGIES FOR URBAN POVERTY ERADICATION

Poverty is not a stable, permanent or static condition. The poor are at risk

from a variety of shocks and stresses. They move in and out of relative poverty as they respond to the opportunities and stresses that they experience. They respond to these pressures with a variety of livelihood strategies. These strategies draw on a broad mix of assets.

*A sustainable livelihood is one that is adequate for the satisfaction of basic needs and is secure against anticipated problems. The poor utilise a complex mix of strategies in their attempts to achieve sustainable livelihoods. Some strategies relate to raising household incomes (for example, vending, child labour or seasonal migration); others are concerned with lowering household expenditure (for example, scavenging, increasing household size, or cutting transportation costs by walking); while others still deal with exchanges between households, such as mutual financial help, family splitting, or remittances from migrant workers. In undertaking livelihood strategies, poor people also draw on a wide range of assets. These may be financial, human, natural, physical or related to social capital.*

### ANTI-POVERTY DEVELOPMENT COOPERATION

In an urban setting, poor people are likely to be vulnerable to certain specific problems. The main sources of this vulnerability vary from city to city, but certain elements appear common to many poor urban residents. These are the informal legal status of many poor women and men in cities, poor living conditions, and a dependence on the cash economy for basic goods and services.

*Anti-poverty development cooperation should take account of the strategies adopted by poor people, strengthen the asset base available to them, and assist them in overcoming the sources of vulnerability to which they are exposed. In so doing, policies should aim to:*

- *Improve social inclusion, particularly of poor women and men.*
- *Remove barriers that may have a negative impact on the livelihood*
- *Strategies of the poor.*
- *Undertake tasks that reduce the vulnerability of the poor.*

### IMPROVING SOCIAL INCLUSION

The social inclusion of poor people can be achieved by ensuring that they have access to a whole range of human rights, including, for example, access to justice and the right to participate in decisions affecting their lives. The social diversity of cities makes the issue of inclusion of particular relevance, as many groups (distinguished along lines, such as, income, area of residence or ethnicity) are frequently left out of the system of urban governance.

*This is a key area in which development cooperation strategies can intervene by promoting existing models of good practice for social inclusion and by ensuring that all groups including the poor benefit from projects.*

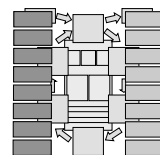
### REMOVING BARRIERS

A variety of barriers block people's ability to attain sustainable livelihoods. Many constraints are particularly significant in urban areas, such as land tenure rights.

*Where appropriate, development cooperation should aim to:*

- *Strengthen land and property rights of the urban poor.*





- Facilitate access to infrastructure and basic services (water and sanitation, solid-waste collection, electricity and roads).
- Improve access to health facilities, child-care and education.

## REDUCING VULNERABILITY

Much of the vulnerability of the urban poor derives from situations that undermine their legal status and rights (for example, informal tenure, exclusion from electoral registers, inaccessible criteria for formal credit). Successful development cooperation depends on the involvement of the poor in the design and implementation of interventions. Only when this happens will such cooperation address the priorities of the poor and be 'owned' by them. Such ownership together with their integration into appropriate institutions that can support their long-term management is critical for their sustainability.

*Development cooperation should:*

- Improve access to assets and livelihoods for the urban poor through legislative change.
- Encourage the enforcement of such legislation.
- Support institutional changes, leading to greater inclusion of poor people.

## TARGETING THE POOR

Care should be taken when targeting to ensure that interventions are not politically divisive and do not stigmatise the poor. Furthermore, targeted interventions may be unhelpful where groups, other than the intended beneficiaries, have a strong influence on any outcomes (for example, targeting malnourished children through mother and child programmes may fail where the role of men in resource allocation in the household are ignored).

*When such potential shortcomings are taken into account, targeting can be a key tactic for improving the efficiency and effectiveness of anti-poverty interventions. Targeted interventions have the advantage of being relatively inexpensive to fund (through more efficient use of resources). Such interventions also avoid the problem of resources being siphoned off by non-poor groups. In addition, because targeted interventions are specifically identified for the poor, they can be designed to cater for their needs.*

## LINKAGES

Urban projects should be sensitive to the poverty issues specific to the cities in which they are located. Areas where potential added value exists through linkages with elements of the strategic approach are described below:

### KEY AREAS OF VULNERABILITY

Vulnerabilities common amongst the urban poor include:

- **Employment:** Those in informal employment often lack full labour rights and are susceptible to sudden unemployment or unprotected working conditions (long hours, poor pay, unsanitary or unsafe conditions).
- **Shelter and land:** Urban residents on land with uncertain legal tenure rights often experience poor housing quality and face the threat of summary eviction.
- **Political rights:** Residents lacking legal registration may be disenfranchised and excluded from political decision-making.
- **Services and infrastructure:** Lack of legal tenure can limit access to basic social services (health and education) or financial services (e.g., bank loans). The prevalence of illegal connections to infrastructure, such as electricity or water, means that many informal residents are vulnerable to the sudden withdrawal of key services.
- **The local environment:** Poor living environments endanger the lives and health of the urban poor, especially where they are forced to live and work in marginal areas.
- **Dependence on the cash economy:** The basic living needs of urban residents must be paid for in cash, making the urban poor particularly vulnerable to market vagaries, such as inflation and the removal of government subsidies.

**Economic development:** Support for poverty reduction can focus on improving the access and inclusion of the urban poor within the urban economy. Economic development projects should, therefore, actively consider implications for the urban poor.

*Poverty-reduction projects can target increasing access of the poor to the urban economy. They should dovetail with economic projects and should be designed against the background of a good understanding of their composition and functioning within the urban economies concerned.*

**Social development:** Inadequate social services and support exacerbate urban poverty.

*Social programmes should specifically take account of the urban poor. Projects should elicit participation and sustainable community focus.*

**Environment:** Frequently, the urban poor live and work in the most degraded urban environments, thereby increasing their environmental vulnerability.

*Interventions can address the environmental conditions faced by the urban poor. Environmental improvement activities offer potential for involvement of the urban poor as beneficiaries of small job creation.*

**Governance:** One of the underlying factors of urban poverty is the lack of access of the urban poor to decision-making processes and to resource allocation procedures.

*Strengthening transparency and participation of governance processes and, in particular, improving the access for the urban poor can result in increased potential for poverty reduction.*

**Urban management:** Several urban management institutions, notably local governments, NGOs and community organisations, play important roles with regard to poverty reduction.

*Institutional support can assist in working effectively in partnership to target poverty reduction.*

### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are key considerations regarding urban poverty for the design and implementation of projects in cities. Such issues need to be taken into account during each of the six stages of the project cycle management. Considerations for urban poverty include:

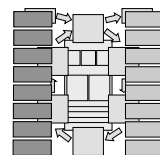
**Programming:** The importance of poverty reduction should be raised during programming consultations.

*Urban poverty reduction should be supported and the concerns of poor households (and communities) should be considered during the programming phase.*

**Identification:** Specific poverty-reduction projects need to be identified.

*Poverty reduction in cities should be included within the ToR of a pre-feasibility study.*

**Formulation:** Urban projects should be designed to involve institutions, organisations and communities active in urban poverty reduction.



*Ways of involving poor urban communities in the implementation and operation of projects should be incorporated in the development plan.*

**Financing:** For urban projects located in poor areas or targeted specifically at the urban poor, the issue of cost recovery and/or financial sustainability is a major issue.

*Consideration should be given to in-kind commitments from poor communities, such as free labour or materials.*

**Implementation:** The involvement of local stakeholders in implementing a project increases the sense of ownership.

*Participation from the urban poor should be actively sought in project implementation where appropriate.*

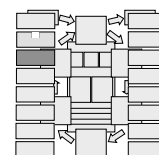
**Evaluation:** Urban poor communities need to be included in the criteria for project evaluation.

*The urban poor must be adequately and appropriately consulted in project evaluation.*

## 14.4

### SUSTAINABLE SOCIAL DEVELOPMENT

In this section, a brief overview of social development is provided followed by a short summary of key development strategies. Important linkages within the context of urban areas are also discussed, together with major issues that should be considered when developing co-operative support.



#### SOCIAL DIVERSITY

Urban populations are generally more mobile, fragmented, and socially and culturally diverse than those of rural areas or smaller settlements. Differences in social identities (such as age, gender, ethnicity or religion) mean that people have a variety of needs, roles and access to resources. In addition, urban social diversity results in a different set of constraints and opportunities for urban men and women than their rural counterparts.

*Development interventions need to take account of these specific needs.*

*Development cooperation should be sensitive to the specific nature of these strategies.*

#### SECURITY

Security in urban areas is becoming a growing issue in many cities, with particular focus on certain societies and a strong link with poverty. Security includes issues of crime and violence and also exposure to traffic, pollution and natural disasters.

*The degree of security importance should be checked through participatory processes. Effective action is likely to be through a combination of measures, which may well have synergies with those needed to tackle other issues*

#### POVERTY

A large proportion of the urban population in developing countries live

in conditions of poverty. The structural causes and the experience of poverty are strongly linked to differences in social identity, such as ethnicity or gender. Interventions that address poverty must, therefore, confront cultural, political and institutional structures, which block people's access to assets on the basis of their social identity. Equitable access to the basic goods and services required for healthy, dignified life is a human right. This idea is increasingly adopted by organisations engaged in development cooperation. The poverty of large proportions of urban residents is frequently compounded by the poverty of many urban authorities.

*Development cooperation approaches that promote participation of poor men and women in decision-making can help them to overcome their conditions of poverty and marginalisation, and take pressure off authorities by generating local resources and reducing demand on municipal budgets.*

### **SOCIAL INFRASTRUCTURE**

is the infrastructure needed to ensure a healthy and well-educated population. Social infrastructure is managed according to social policies. Social policy encompasses wealth redistribution and welfare as core elements of development cooperation in the interest of promoting urban productivity and reducing urban poverty. Key components in social infrastructure are health, education, water and sanitation.

## **WEALTH GENERATION**

The productivity of cities draws on human capital; that is, the skills and capacity of the labour force. Urban residents, in addition to producing wealth, are dependent on a national resource base. The ways in which urban residents affect the environment depends largely on their social mores and habits.

*Investments in social infrastructure for education and health should make a key contribution to the wealth generated by cities. The social mores and habits also determine how the local environment is used and how local and global resources are consumed.*

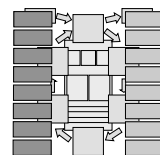
## **INSTITUTIONS AND ORGANISATIONAL RESOURCES**

In the past, social development was synonymous with the social sector, the norm being provision of services such as health care and education by the state, and to a lesser extent by civil society organisations. Furthermore, the development of "ethical business" approaches is linked to the growing demands for commercial enterprises to become involved in both environmental management and social concerns. This emphasises their responsibilities to local communities, employees, consumers and primary producers. Local community groups and NGOs also play a key role in social development by providing facilities and upholding people's human rights. Agencies involved in development cooperation can act as facilitators for community sector initiatives.

*Social development activities now draw on inputs from the public, private and community sectors. Current policy approaches encouraging new roles for the state have increased the responsibility of the private and community sectors for social development, thus changing the role of the state from provider to enabler, or facilitator for social development. Privatisation initiatives have meant that the private sector has an increasing role in the provision of services, such as health and education.*

## **URBAN DEVELOPMENT COOPERATION**

Various types of development cooperation, either directly or indirectly,



address the social issues already discussed, and include a range of activities as outlined here. Support for community sector initiatives foster participation and reduce the stress on public sector bodies (which are frequently unable to deliver). Enablement for community support initiatives can also encourage the integration of disparate groups (for example, poor women and children, old people and the ethnically marginalised).

*The strategy for initiatives should be to expand the number of poor communities involved in the process of development (thus creating opportunities to educate and train people) and to improve their access to resources and services available in cities through the following:*

- *Assist the poor by creating and strengthening community-based organisations and by advocacy and lobbying for their rights.*
- *Strengthen the collective leadership capabilities of the organisations of the urban poor through training.*
- *Ensure that women have equal rights to participate in decision-making.*
- *Create an information base through participatory research to become the basis for dialogue, planning and action for change.*

### SUPPORT FOR PRIVATE SECTOR INITIATIVES

This is needed in engaging with social concerns or through enforcing social responsibility through legislation.

*Development cooperation should be designed to support private sector business in undertaking anti-poverty and other socially beneficial activities in communities where the business is trading, operating or investing. These may include activities dealing with physical, economic or environmental concerns, such as:*

- *Co-operating with municipal governments in the development of participatory governance.*
- *Participatory design and management of interventions.*
- *Promotion of democratic ideals and human rights.*
- *Encouragement of development aimed at benefiting vulnerable groups.*

### SOCIAL MONITORING AND EVALUATION

This is concerned with assisting the achievements of social objectives or the social impact of development intervention. Social monitoring and evaluation uses both qualitative and quantitative mechanisms of assessment.

*Qualitative appraisal methods are particularly useful to assess social development impacts such as changes in the context of local people's participation, which are difficult to define in solely quantitative terms. One example is social impact assessment (SIA), which looks at the changes in the condition of various groups as a result of a specified intervention.*

### PARTICIPATORY EVALUATION METHODS

Such methods can provide information for all types of monitoring and evaluation, drawing on local knowledge to give people a chance to discuss development issues from their own point of view, without a rigid research structure setting the agenda for discussion.

*Methods are designed to make it easy for informants to express themselves, accommodating for special needs such as illiteracy. In addition to information gathering, these methods can also serve as a tool for education, empowerment and community building at the grass roots level.*

### SOCIAL DEVELOPMENT INDICATORS

These are used to inform social monitoring and evaluation. They are concerned with more than economic status and may be quantitative or qualitative.

*Both types of indicators are complementary. Qualitative indicators may further define and elaborate the information resulting from the use of quantitative factors. Qualitative indicators are particularly useful for demonstrating issues that may be difficult to quantify, such as people's perceptions, attitudes, behaviour and priorities. For example, the extent to which people participate may be assessed by whether or not there is an established mechanism for ensuring the involvement of specific social groups, such as neighbourhood committees, the frequency with which these meet and the nature of the decisions they are able to make. The data used for quantitative indicators is normally collected by traditional research methods (for example, from questionnaires or the recording of statistical information).*

### DESEGREGATION

Differences in social identities, such as age, gender, ethnicity or religion, mean that people have a variety of needs, roles and access to resources. However, social status and identity are often deeply embedded in societies. Attempts to deal with situations in which people are discriminated against or disadvantaged as a result of who they are, may lead to conflicts of interests and even violence.

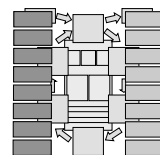
*When developing tools to analyse who in society is disadvantaged and how to deal with this, it is necessary to take account of diversity and take actions that undo unacceptable situations, without putting people against each other.*

### PROMOTING PARTICIPATION

Tools for promoting participation can be used to empower people, so that they have a greater capacity to be involved directly in decision-making. This approach starts with the assumption that people know their own surroundings and priorities better than any outsider does.

*An example of a participatory approach designed for use by community groups is "Planning for Real". It encourages people to build a model of their area and to use it to identify their problems and resources. This innovative methodology uses a three-dimensional model of the neighbourhood, built by members of the community to initiate a planning process driven by the community. The methodology enables everyone in the community to play an active part, using their local knowledge to reach appropriate solutions, and organising skills and resources in order to make their plan work. It shifts the power to initiate and implement away from experts in the government or development agency towards the local community. Officials have the role of providing technical support.*





## LINKAGES IN URBAN AREAS

Urban projects should be sensitive to the general social issues relating to the cities in which they are located. The linkages between urban social development and specific projects should, where appropriate, be incorporated to improve urban areas.

*There are several areas where potential added value exists through linkages with elements of the strategic approach:*

- **Economic development:** social programmes in cities can include components directly supporting economic development.
- **Environmental development:** improving the living and working environments of vulnerable groups can help to upgrade general social conditions, especially with regard to health.
- **Governance:** effective participation by communities and local stakeholders in decision-making can help to identify social priorities and mobilise resources from a variety of sources to address them.
- **Urban management and planning:** vulnerable groups need to have access to urban management institutions to ensure that priorities are taken into account and that social issues are effectively addressed.

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

Key considerations also need to be identified regarding urban social development for the design and implementation of urban projects in cities. Social issues should be considered during the various stages of the project cycle.

*Such considerations include:*

- **Programming:** Assess whether social issues in urban areas have been prioritised in the National Indicative Programme.
- **Identification:** Assess to what extent specific attention is required on social development issues.
- **Formulation:** Assess the social impact of the project objectives and ensure that the project design is undertaken with the participation or input of appropriate organisations.
- **Implementation:** Monitor social impacts and provide regular feedback during implementation of the project.
- **Evaluation:** Include urban social development indicators in the evaluation criteria for the project.

## 14.5

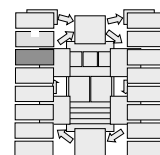
## PROMOTION OF EMPLOYMENT INTENSIVE APPROACHES

### INTRODUCTION

A linear relationship exists between urbanisation and economic growth. More specifically, cities and towns serve as primary engines for productive activity contributing significantly to national output and economic development by diversifying incomes, expanding options for more affordable service delivery, and widening horizons for innovation and skill acquisition, thereby allowing for better employment opportunities and poverty reduction. The

### **EMPLOYMENT INTENSIVE: A WORKING DEFINITION:**

The term employment intensive is defined as **strategies, programmes, projects, activities and assets** which will **promote direct or indirect, short-term or long-term employment at the highest possible level** compared with other more equipment-intensive alternatives, while remaining cost competitive for the same quality of work.



rapid urbanisation taking place in developing nations with already existing weak economies however has resulted in poor living conditions, inadequate provision of infrastructure and basic social services as well as prolonged structural unemployment arising from low job availability, the prevalence of poor business investment climates and the inability of urban regions to absorb the continuous influx of workers whose labour force skills insufficiently match the demands of formal sector local employers.

### **RAPID URBANISATION AND THE RISING INFORMAL SECTOR**

In face of rising urban poverty and high formal unemployment levels stemming from unprecedented levels of rapid urbanisation in developing countries, most of the poor living in urban slums and squatter settlements have resorted to engaging in informal sector self employment as a means for survival and livelihood. Such self-employment is seen to manifest itself in the form of small-scale enterprises (SSEs) and home-based enterprises (HBEs) which many urban poor find cheap to set up (given their lack of access to formal credit). Moreover, many such ventures can be set up within the home or established within community spaces while simultaneously requiring minimum levels of technology and allowing for easy avoidance of regulation. In fact, so significant are growth rates in the informal economy compared to the formal sector in developing countries that presently, self-employment comprises 70 per cent of informal employment in Sub-Saharan Africa, 59 per cent in developing Asia and the Pacific and 45 per cent in the Caribbean.

### **URBAN EMPLOYMENT INTENSIVE STRATEGIES FOR ACP COUNTRIES**

The International Labour Organisation's (ILO) Urban Employment Charter (2007) states unemployment as the primary cause of urban crisis. For developing countries then, it is paramount that strategies that can rapidly create jobs for the poor with limited purchasing power and insufficient capital for investment be implemented. More specifically, given the prevalence of a large proportion of self employed within the informal economies of low income countries, for any set of employment intensive strategies to be successful and for economic growth to have a positive impact on reducing urban poverty, decent work deficits within the informal sector must be addressed while simultaneously giving critical support to informal small scale enterprises, the self employed and promotion of entrepreneurship.

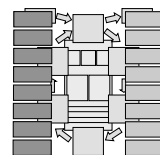
While a single prescription of guidelines allowing for successful generation of urban employment cannot be applied to all developing nations owing to their different stages in growth and development, common strategies aimed at stimulating urban employment opportunities for developing nations are nonetheless, applicable.

*This Chapter with the aid of successful case studies proposes:*

#### **LABOUR INTENSIVE ROAD CONSTRUCTION IN BURKINA FASO AND UGANDA PROVE MORE COST EFFECTIVE WITH GREATER BENEFITS FOR THE URBAN POOR:**

A study of gravel road construction in several areas of Burkina Faso showed that labour-intensive techniques when compared with mechanised alternatives, cost 42 per cent less in financial terms for a road of comparable technical standards while at the same time creating 75 per cent more employment. Moreover, an ILO supported project in Uganda demonstrated that certain employment opportunities provide poor people with supplementary income which they invested either in education for their children, housing improvements or in small business development, hence creating multiplier effects.





1. *The promotion of legislative regulations and procedures to support establishment of informal Small Scale Enterprises (SSEs);*
2. *Land security and urban slum upgrading;*
3. *Development of labour-intensive infrastructure;*
4. *Linking of informal economies with the private sector;*
5. *Urban based community participation;*
6. *Formation of worker-owned, social and financial cooperatives among the urban poor;*
7. *Access to microfinance services for the urban poor;*
8. *Skill upgrading and vocational training for slum dwellers;*
9. *Promotion of non-motorised transport; and*
10. *Investments in urban agriculture for poor in the informal sector as major strategies for stimulating intensive urban employment and alleviating urban poverty.*

### Legislative Regulations and Procedures to Support SSEs / HBEs

Existing regulatory frameworks found in developing nations work against enabling the multitude of informal SSEs and HBEs found in urban areas from effectively functioning in that, regulation procedures for such enterprises in the form of license fees are costly, difficult to comprehend and are time consuming to comply with. In addition, regulations for prominent job industries such as housing construction capable of creating employment for many, work against creating local employment opportunities by demanding the use of modern materials.

Further, zoning regulations prevent SSEs and HBEs from operating in residential areas while the absence of land titles for a majority of poor in the rapidly urbanising countries prevent their access to gaining formal credit to set up small businesses.

It is thus vital for governments in developing countries to amend existing regulatory frameworks working against the informal sector if SSEs charged with creating urban employment are to flourish. The U.K.'s Department for International Development's (DFID's) report "*Bringing the DFID Urban and Enterprise Development Agendas Closer Together*", cites an illuminating example of a bye-law (Code 95) created in Kenya that was implemented in support of stimulating informal sector local employment.

#### **KENYA'S CODE 95 BYE-LAW**

#### **PROMOTES LOCAL URBAN**

#### **EMPLOYMENT:**

While 50-70% of Kenyan urban residents reside in housing constructed from earth and timber, previous byelaws stipulated the use of modern materials such as cement, concrete, stone, steel and fittings. With the help of DFID, the government undertook an intensive survey on slum living conditions. The result was a revised byelaw (Code 95), which is performance-based allowing for flexibility in the use of better-suited construction materials and technologies. Piloted in Nakuru, housing costs fell by 30 per cent while simultaneously raising employment opportunities in residential construction. Kenyan local authorities also shortened bureaucratic procedures for obtaining building permits creating overall, a positive impact on local employment by increasing demands for local builders and artisans.

### LAND SECURITY AND URBAN SLUM UPGRADING

Given that a significant proportion of the self employed with the informal sector work from home or in shared community spaces, governments need to ensure that these urban residents remain free from threats of eviction which prevent the self employed from investing or expanding their SSEs and HBEs. More specifically, if slum dwellers have

land tenure, they will be more likely to self finance basic services for their slums seen as investments for their well being which in turn, creates job opportunities for the dwellers.

In addition, the urban poor face rising housing costs in big cities, which must be addressed by the governments of developing nations through innovative land sharing practices or residential densification in apartments. In Bangkok, Thailand, for example, the government facilitates respectful cooperation between slum dwellers and landowners, which has, as a result, allowed for successful land sharing opportunities between both parties.

Low-income settlements also lack access to basic infrastructural services such as water supply, electricity, roads, toilets and street lighting vital for improving living conditions and employment opportunities for slum dwellers. Poor infrastructure prevents existing SSEs/HBEs from operating productively while at the same time prevents establishment of new small businesses. Good infrastructure in urban areas therefore not only promotes the health and wellbeing of its residents but building and maintaining roads and toilets for example it also creates jobs.

To stimulate intensive urban employment, national governments of developing nations need to facilitate the upgrading of slums to promote effective economic and social development. Municipal authorities in turn should establish a regulatory framework, which ensures that slum upgrading involves and create jobs for local people. The creation of a maximum number of jobs for local slum dwellers can best be achieved when local authorities, civil society and the private sector work together.

The successful case study of Kitale, Kenya boxed previously suggestive of the fact that when slums and squatter settlements are upgraded, they stimulate informal employment opportunities for local urban residents.

Further, in its slum upgrading projects across India, DFID also concluded that the upgrading of urban slums is crucial for stimulating intensive employment opportunities within the informal sectors of urban areas in developing countries.

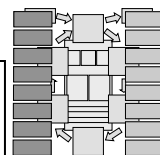
Promoting the building of urban infrastructure is a development strategy, which generates employment opportunities and improves the working conditions and productivity of SSEs provided that “priority is

**SLUM UPGRADING IN INDIA PROMOTES INFORMAL URBAN EMPLOYMENT:**

The key goal of seven DFID slum-upgrading projects carried out across India was the provision of basic infrastructure in the form of roads, water supply and street lighting. An impact assessment of the projects found that better roads have made the low-income areas more accessible while simultaneously raising their status. Further, roads had a positive impact on some of the economic activities in the slums, such as beady manufacturing, hawking and non-motorised transport and 18% of the respondents reported an increased use of public space for income generation particularly, HBEs run by women.

**SLUM DWELLERS AND LAND TENURE IN THE ORANGI PILOT PROJECT, KARACHI, PAKISTAN:**

Orangi is the largest of Karachi's low-income settlements, housing approximately 1 million people. Due to the initiative of a locally based NGO called Orangi Pilot Project (OPP), residents considerably improved their access to environmental services, health care and employment opportunities in little more than a decade. In Orangi, residents were organised in groups of 20 to 40 families who lived along the same lane and generally knew and trusted each other. Each group elected a lane manager, who formally applied to OPP for assistance, collected money, received tools and organised construction work. Although, poor Orangi residents were motivated not only to pay for improvements to sewage systems but also to assume responsibility for their construction and maintenance. Residents were interested in participating because their houses represented a significant investment for them and because lack of sanitation facilities was regarded a health hazard to their families. In the end, residents performed between 80 and 90 per cent of the work needed to build the sewer system, leaving the Karachi government with the responsibility only for the provision of the main drains and treatment plants.



given to local labour input supported where necessary by equipment, rather than equipment (often imported) supported by labour". Results from completed ILO projects which implemented labour intensive techniques in urban settings show that these techniques are cost effective as well as high in quality when compared with equipment based methods while at the same time, provide incomes to urban poor seen to invest these earnings in small and micro enterprises.

In conclusion, while labour- intensive methods of employment cannot be used for infrastructural projects such as highways, airports and power plants which require a high degree of technical expertise, these labour techniques as confirmed by the ILO 2009 job summit provide a direct positive impact on the urban poor in terms of income provision when they offer the opportunity to construct and manage water supply, drainage, erosion control, unpaved roads and foot paths in addition to slum upgrading initiatives described in the current section.

### INNOVATIVE PARTNERSHIPS WITH THE PRIVATE SECTOR

The private sector can play a crucial role in providing employment opportunities for small-scale enterprises in the informal sector. More specifically, governments and donors alike can support the informal sector to work in conjunction with, rather than compete against, the formal sector so that while large-scale enterprises engage in the designing, financing, building and maintaining trunk infrastructure, small enterprises in the informal sector, may work alongside as subcontractors undertaking minor works for these large formal enterprises.

*According to Jinchang, successful linkages between the formal and informal sectors are best achieved when governments support the establishment of:*

1. *Small-scale construction enterprises;*
2. *Small-scale building materials enterprises; and*
3. *Small-scale recycling and waste collection enterprises within the informal sector, which may then work as sub contractors for formal large scale enterprises.*

In summary, for effective work relationships to be established between the formal and

#### **KITALE SLUM UPGRADING INCREASES EMPLOYMENT AND JOB SECURITY FOR DWELLERS:**

Kitale Town in Kenya has grown so fast that there are not enough houses, services and jobs for local people. As a result, two-thirds of the town's residents live in slums, with high levels of waterborne disease, unemployment and crime. At the same time, most small businesses and home business are based in slums.

A government project, by including the local community and private businesses worked to upgrade the Kitale slums by constructing roads and toilets and providing water and electricity. Positive outcomes of the project were:

- **Increased employment opportunities** for slum communities to build, operate and maintain basic infrastructure such as water and sanitation services, footpaths and footbridges, Improved job security for women and young people- the poorest inhabitants through their involvement in building and maintenance of projects;
- **Knowledge sharing** of the successful project with the Association of Local Government Authorities of Kenya (ALGAK) to allow replication of the project across other slum areas within the country to stimulate national urban employment.
- **Residents were interested in participating** because their houses represented a significant investment for them and because lack of sanitation facilities was regarded a health hazard to their families. In the end, residents performed between 80 and 90 per cent of the work needed to build the sewer system, leaving the Karachi government with the responsibility only for the provision of the main drains and treatment plants.

#### **PRIVATE ENTERPRISE AGETIP PROVIDES JOBS FOR SENEGAL'S INFORMAL SECTOR:**

AGETIP is a private non-profit enterprise, which cooperates with the Senegal government to carry out Urban Infrastructure development. Once AGETIP signs a contract with the government, it first hires contractors in the formal economy to conduct project design and planning of trunk infrastructure and service networks. On completion of hi-tech work conducted by large-scale firms in the formal sector, AGETIP then sub-contracts labour -intensive work projects related to drainage, waste collection, pavement improvements and road maintenance to SSEs in the informal sector. To date, AGETIP has conducted 330 projects worth EUR€74.25 million and in so doing, has created 50,600 temporary and 1500 permanent jobs within the informal sector.

informal sectors, governments must rid their discriminatory policies and regulations towards small-scale enterprises in the informal sector while at the same time provide them with opportunities to bid for construction projects in formal economies. In reciprocation, these small-scale businesses must strive to comply with the best they can, with government regulations concerned with registration, taxation, health and safety and product quality.

### COMMUNITY PARTICIPATION

The urban poor are not only weak financially but they also lack the power to influence decisions pertaining to opportunities for employment and improvements for their livelihood and are often dominated by top-down approaches in the planning and management of development processes. More specifically, the creation of community-based organisations (CBOs) gives the urban poor a voice ensuring that their needs and interests are met. For example during slum upgrading, it is only when needs of the urban poor are taken into account that employment opportunities prevail for them.

With specific respect to urban residents, the creation of community development committees (CDCs) plays a crucial role in representing the needs of urban communities. More specifically, the CDCs are decision makers and act as bridges between community members, the municipality and donor organisations. They identify the communities priority needs, participate in planning and design of projects, implement project activities and are responsible for maintaining project developed assets and in so doing, hence create employment opportunities for urban residents.

The creation of CBOs thus gives urban residents a sense of responsibility and ownership with respect to their livelihoods while providing employment and incomes for urban residents via community involvement.

### PROMOTION OF WORKER-OWNED, SOCIAL AND FINANCIAL COOPERATIVES

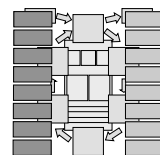
Cooperatives play a significant role in the creation of self-employment opportunities and salaried jobs in many national economies. In Africa, over 40 per cent of households is member of a cooperative society.

#### **NON TRADITIONAL COOPERATIVES IN UGANDA CREATE JOBS:**

The prevalence of over 948 active “non-traditional” cooperatives in Uganda with 80,580 members active in 26 different trades provides employment to 17,064 member-workers and to 5,688 salaried workers. Female membership is also much higher than in traditional (agricultural marketing) cooperatives.

#### **CBO PROMOTION OF URBAN SANITATION CREATES INFORMAL JOBS INDIA:**

Sulabh International, an NGO, implemented a low cost sanitation pour-flush latrine system in India. Advantages of the system are that “It is never out of commission since, with the twin-pit option, one pit can always be used while the other one is being rested. The latrine can be built with locally available materials and is easy to maintain. It is also easy to upgrade, as it can be connected to a sewer system if one is introduced in the area. The toilet also has a water seal that makes it odourless and fly-free. And flushing requires only 2 litres of water, rather than the 10 needed by other flush toilets” (Cities Alliance, p.4). Despite these benefits, successful implementation of the program was only possible through educating urban residents on the systems benefits. Raising awareness about the pour-flush system was only made possible with strong support and help from CBOs who implemented programmes to educate the dwellers. Successful CBO involvement made it possible for over 1 million units to be constructed in private homes and 1500 units as pay –and – use public toilets. This has not only created significant employment opportunities for urban communities with respect to sanitation construction but multiplier effects of the Sulabh project. Indeed more employment opportunities were created for public-toilet supervision as well as set up of telephone services and basic health care clinics within these sanitation vicinities.



*With specific reference to informal economies in urban areas, cooperatives possess a comparative job creation advantage compared to other types of enterprises as they are:*

1. *Labour intensive;*
2. *Cost effective due to voluntary member commitment and participation;*
3. *Provide links between the formal and informal sectors; and*
4. *Generate economies of scale and scope through horizontal and vertical integration.*

*In addition to promoting employment opportunities, cooperatives also ensure that members receive competitive wages, provide additional incomes by sharing profits and dividends equally and support the provision of social services such as health care and schooling.*

For the Urban informal sector, Cooperatives can also lobby against the removal of discriminatory production specifications and bidding practices as well as help promote sub-contracting while simultaneously helping members to improve their technology, management and marketing skills, and services provided to the formal sector.

In summary, with specific reference to employment generation, Worker-owned cooperatives, which have received very little support until now, are not only capable of creating additional employment in industry, transport, services and other sectors with relatively small investment but can also actively engage in the privatisation of public enterprises through worker takeovers. Further, worker-owned cooperatives can be very successful when they have access to appropriate technical assistance and financial institutions. The scarcity of social cooperatives within the African continent can create self-employment opportunities for social workers as well as provide those with no formal social security schemes minimum social protection. Lastly, financial cooperatives have proven their efficiency in mobilising large amounts of savings and in administering cost-effective credit schemes allowing for investment and expansion of informal SSEs.

### **MICROFINANCE AND EMPLOYMENT CREATION IN THE INFORMAL ECONOMY**

Most formal financial institutions do not find it profitable to lend to the informal poor generally deemed as illiterate and having no fixed assets to offer as collateral security. Further, the cost of lending to the urban poor becomes unprofitable as demand is large but the quantum of loan is insignificant so that despite the availability of funds within formal financial institutions, there is little lending to the poor.

Informal financial institutions have thus mushroomed to cater to the needs of the urban poor and filled this gap. "Moneylenders do a brisk business providing uncollateralized loans to SSEs that need extra cash to take advantage of a market opportunity, as well as to families requiring consumption-smoothing assistance

#### **EQUITY BANK KENYA; SERVING THE INFORMAL SECTOR CAN BE PROFITABLE:**

Equity bank commenced as a building society in Nairobi in 1984. A decade later however, the building society faced risk of collapsing owing to poor management, an unstable economy, stagnant deposits and high risks incurred from provision of long term loans. To save the society, the chairman changed management and switched to the provision of micro-loans. The high demand for micro loans by the urban and rural poor has today resulted in equity bank providing micro finance service to nearly 2 million low to medium income persons including 400,000 outstanding loans. The bank offers financial services such as loans for micro-and small businesses, agriculture, household, education and emergencies while also providing special savings accounts for businesses. Today Equity bank is no longer a building society and has helped millions of urban poor in the informal sector to establish SSEs.



to pay bills or just put food on the table. In much of sub-Saharan Africa, rotating savings and credit associations (ROSCAs) and tontines allow the poor to pool small sums so that members can purchase household items or invest in business activities while, savings collectors (susus) make a living by providing a valuable service, particularly daily collections for market vendors who want to safeguard their limited funds". The urban poor also meet their insurance needs via informal mechanisms such as burial societies and use informal money systems known as Hundi or Hawala to send money home to relatives.

Informal financial services however, exploit the urban poor in that, money lenders are seen to charge largely unfair interests on loans exposing the poor to risks of being unable to repay loans and fall into debt thus discouraging those in the informal sector to borrow for start-up or expansion of SSEs.

To encourage access to formal credit by those in the informal sector, policy makers in developing countries have begun to impose regulations requiring banks and insurers to serve the informal economy. In India for example, formal financial institutions are required to reserve a portion of their portfolios to serve the informal sector whilst in South Africa, formal financial institutions were involved in setting targets under the country's financial charter which raised the number of adults with transaction banking accounts from 45 per cent in 2003 to 60 per cent in 2007.

Microfinance Institutions popularly known as MFIs have also sprung to fill the void between formal access to financial credit and informal finance. MFIs rely on social collateral for lending to the urban poor and rely on peer pressure for successful loan repayments and low default rates and in so doing are providing a critical means for those in the informal sector, especially women to acquire access to loans for financing of their small businesses. In addition, MFIs across Africa have also been seen to promote decent work through imposing health and safety regulations and discouraging child labour. Further, MFIs also help to formalise the informal economy by creating incentives for informal businesses to incrementally formalize. At ABA, a microfinance institution in Egypt, for example, borrowers eventually need to have business licenses and tax receipts, but not right away. When they return for a repeat loan, they need to show that they have taken certain steps in that direction.

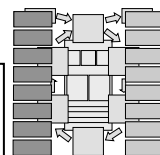
**A LIFE OF GLOOM CHANGED BY THE LOOM:**

"Lufta is looking forward to receiving her monthly wages (Rs 1,500) today. She is grateful for her job at the weaving unit, which has enabled her to put her 3 daughters in school and has increased her family income. Married to a rickshaw puller at the age of 14, her life was a long tale of deprivation and poverty until she got this job.

30 poor women like Lufta, who live in the Jahangirpur Slums of Kolkata, have benefited from the weaving unit set up by a DFID-supported innovative fund under the Kolkata Urban Services for the Poor. The women have been thoroughly trained in the skills required to make gamcha (small towel) and masari (mosquito net), which are in huge demand in the local market. Once made the products are marketed by the women themselves, leaving no room for intermediaries. As an earning member and a contributor to the family income, these women now have better mobility and decision-making power"

**UGANDA: EMPLOYMENT CREATION THROUGH CREDIT UNIONS:**

Realising that smaller credit unions and the national League cannot meet their current expenditures from the interest margin alone, the Uganda Cooperative Savings and Credit Union (the League) has set up several income generating activities (carpentry, workshop, stationery supply, transport, etc.) that provide additional income and create employment. In addition, the central finance facility grants loans to affiliated credit unions for the financing of income generating activities at primary levels. This has greatly contributed to the financial self-reliance of Uganda's credit union movement".



In conclusion, owing to the significant scope of microfinance services in creating employment opportunities for the urban poor, the ILO recommends that developing nations ought to provide access to finance for poor in the informal sector using a balanced approach that simultaneously meets the productive and protective needs of urban slum dwellers. The productive aspect caters to the provision of loans to boost incomes and create jobs while the protective dimension acts as a buffer protecting the urban poor when their business experience difficulties or family crisis emerge and mainly take the form of savings, emergency loans and insurance to enable informal workers to cope with shock and risks.

### **UPGRADE SKILLS AND PROVIDE VOCATIONAL TRAINING FOR THE URBAN POOR**

The development of skills and access to vocational training related to income-generating activities for the urban poor serve as successful employment promotion strategies. Such training programmes are most effective when they are practical, flexible and tailored to the education levels of trainees. More specifically, the training needs to be demand-led, helping poor workers, often at subsistence level in family-based activities or in service or trade activities, gain access to more productive self-employment or job opportunities. The urban poor in developing countries are likely to benefit most from receiving training to raise their skills and productivity in activities such as crafts, roof repair, water pump maintenance, welding and urban agriculture.

The case studies in this Chapter illustrate the positive impact of vocational training in raising incomes and providing better livelihood opportunities for the urban poor in India.

In summary, a strong imbalance in the demand for and supply of skills prevails in developing nations. For effective training and upgrading of skills for the urban poor to have positive impacts in generating employment, a careful assessment of the present demand for and supply of skill levels should be conducted upon which, training programmes must be designed to raise the skills of the poor to a level that effectively matches those demanded by formal sector employers.

### **PROMOTION OF NON-MOTORISED URBAN TRANSPORT**

The urban poor are often unable to afford motorised transport and thus mainly rely on walking, cycling and the use of pushcarts. These modes of

#### **THE SUSTAINABLE LIVELIHOODS PROJECT (SLP) AN MFI IN ANGOLA, PROMOTES ICE BUSINESSES FOR WOMEN:**

Mrs A is 45 years old. Her husband died in 1992 and she has six children and is currently striving to educate the three younger ones. She has become quite a successful businesswoman. Before getting credit she sold beans, rice and maize but was not able to make much profit because she didn't have enough capital. Since getting the loan she has begun to sell ice, which is quite profitable in the hot weather. At the moment she is able to sell 50 iceboxes per day and the most she can sell is 100 boxes. She makes about 300-500 kwanzas a day deducting market charges. She continues to net profits of about 200 kwanzas a day from selling. The main advantage for her in SLP is that she gets the loan in United States Dollars because she needs these dollars for school fees. The loan also gives some security in that she isn't exposed to excessive currency risks. With the profits from the ice business started with the first loan she bought herself an iron, a fan and a table for the veranda.

#### **CONSTRUCTION OF BIKE PATHS IN LIMA, PERU, CREATES URBAN INFORMAL SECTOR JOBS:**

Nearly 1,000 pedestrians and cyclists are killed each year in Lima by motor vehicles. In 1996, Lima's mayor announced a plan to increase bicycle use from a level of 2% to 10% of all trips. The plan included the construction of 86 Kms of bicycle paths, the promotion of bicycle use and the provision of low-interest loans to help the poor acquire bicycles. The main part of the network connected the Northern low-income settlements of Lima to an important industrial area, employing 70,000 people, which was poorly served by other transport services. The distance of 6 Kms suits bicycle commuting.

transportation are not only environmentally friendly, but can create significant job opportunities for the urban poor by: (i) linking them to industrialised areas where jobs are available; and (ii) through job opportunities stemming from a need construct walk and bicycle pathways. Non-Motorised modes of transport however are viewed as backward and as causes of congestion by the upper classes in developing nations and their promotion is thus excluded.

The boxed case study however, provides evidence that non-motorised modes of transport can create employment opportunities for the urban poor.

There is thus a strong need for urban planners, national governments, private enterprises and service developers to work together in light of the emerging view that promoting non-motorised urban transport can in fact, reduce high levels of urban unemployment and poverty.

#### **VOCATIONAL TRAINING AS A PETROL PUMP ASSISTANT IMPROVES VINODINI'S LIFE:**

Vinodini is proud to be the main breadwinner in her family. Her father, a daily wage labourer, could not afford to continue her education after class X (year 10 in the UK). So she attended vocational training supported by DFID to train as a petrol station assistant. Today, wearing her crisp uniform and working an eight-hour shift at the petrol station, Vinodini looks very much like any other modern Indian girl earning a living. Vinodini is proud to admit that she is supporting her two younger brothers' education. DFID support to the Andhra Pradesh Slum Improvement Programme has provided skill-based training to 31,274 young people like Vinodini, living below the poverty line in urban Andhra Pradesh.

### **PROMOTION OF URBAN AGRICULTURE**

Urban Agriculture is defined as the production, processing and distribution of a diversity of foods, including vegetables and animal products within (intra-urban) or at the fringe (peri-urban) of an urban area. Its main motivation is food production (for personal consumption or sale) and/or higher income. More specifically, by growing their own food, the urban poor generate real and fungible incomes. Fungible income is defined as the substitution of goods or labour for money that would have had to be earned to acquire these or equivalent goods. As a result, money that would have otherwise been spent on food is used on basic needs or invested in other businesses.

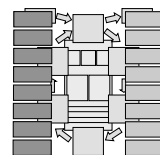
*In summary, the overall economic benefits of engaging in urban agriculture for low-income urban farmers include:*

- 1. Producing food for home consumption in light of high food market prices; income enhancement;*
- 2. A protection buffer in economic crisis; and*
- 3. A means of income or asset diversification which all work to increase income savings creating employment opportunities through investment in businesses for the urban poor.*

### **CONCLUSION**

Rapid urbanisation in developing nations caused by the natural increase in population, rural-urban migration and the expansion of cities have resulted in high levels of urban unemployment and a deteriorating living environment. This has resulted in the mushrooming of urban slums and squatter settlements where the urban poor are unemployed, lack access to basic social and infrastructural services and have very little means by which to obtain financial credit. This chapter, with the aid of successful case studies, outlines major strategies to promote intensive urban employment and in doing so, alleviate urbanisation-caused poverty. The



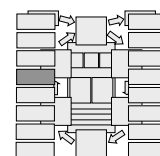


present document is not meant to be taken as a “one size fits all” prescription of guidelines for developing countries: what remains certain is that only when the urban poor, national governments, NGOs and the private formal sector work in unity under the right mix of policies, can intensive urban employment be generated over the next decade, to provide increased incomes and a better quality of life for urban slum dwellers presently trapped in poverty.

## 14.6

## SUSTAINABLE ENVIRONMENTAL DEVELOPMENT

Environmental issues have been close to the top of the political agenda since the late 1980s. At first, the interest was with issues such as global warming, the loss of rainforests and biodiversity. Since the 1990s, there has been a realisation that the urban environment requires as much attention from citizens as global or rural problems. Concerns to find solutions have arisen both in countries of the north and south. The cities of the north are concerned with problems of affluence, over-consumption and inefficiency in the use of natural resources and the disposal of waste.



In cities of the south, environmental problems are associated with poverty and lack of adequate resources to create a reasonable quality of life for the majority of citizens. Here, poor and deteriorating local environments are an important dimension. Inadequate water supplies, poor wastewater disposal systems, a lack of a solid waste disposal, regular flooding and serious air pollution are suffered by hundreds of millions of inhabitants. Yet such cities also face the same problems of natural resource constraints (often of greater magnitude) as cities in the north. In fact, the core issues of environmentally sustainable development are common to cities everywhere. In this sense, urban environmental issues cannot be dealt with as a sectoral concern within the general framework of urban management. They must be seen as a crosscutting issues that influence all aspects of urban management.

Multilateral and bilateral agencies are paying increasing attention to the improvement of the urban environment in their development cooperation strategies. Support for environmental improvement and management follows new strategic objectives, which are being pioneered by the EC. These include the following:

- Shifting away from one-off projects to longer-term environmental programmes that are broader in focus.
- Programmes and projects that are structured to involve a greater range of partners.
- Agencies are exploring innovative approaches and funding programmes via decentralised cooperation mechanisms.

### EC SUPPORT FOR THE URBAN ENVIRONMENT

There are various kinds of instruments that the EC applies in development cooperation for the urban environment. These include policy and procedural instruments to scrutinise the environmental impacts of all projects and programmes financed by the EC. It also has a number of financial instruments through which it finances programmes and projects in the urban environment. The EC has also participated with other donor agencies in environmental management institution-building programmes and projects and building municipal capacity in cities to manage the environment.

This section clarifies the principles behind these new approaches to assist those responsible to effectively incorporate the environmental dimension.

### CHALLENGES FOR THE URBAN ENVIRONMENT

Cities in the south need to initiate methods of management that will continue to work well into the foreseeable future. This means becoming aware both of the global environmental context within which the cities are managed and in particular how the city makes efficient and effective use of natural resources. The urban poor are usually more vulnerable to environmental problems, including health risks and physical hazards, lack of access to basic water and sanitation, and poor housing conditions. Similarly, environmental changes can have an impact on the livelihood strategies of these communities. Moreover, a significant proportion of citizens in the south are denied access to basic resources, including land and clean water, which are necessary for a reasonable quality of life.

*These problems have recently been referred to as the environmental "brown agenda". This term was coined by the World Bank to emphasise that environmental problems specific to urban areas are just as important as the global and rural environmental problems.*

#### BROWN AND GREEN AGENDAS

The following are examples of what the two agendas can mean in practice:

- Brown agenda solutions to improve solid-waste management in cities of the south are concerned with improving the amount of solid-waste disposed to landfill in a sanitary way. A green agenda approach is concerned with ensuring that the amount of "waste" is re-used or recycled. Ultimately, with effective programmes of waste minimisation at source, all waste finds a new use as a resource.
- Brown agenda solutions to the serious and growing problem of traffic-generated air pollution in cities focus attention on reducing pollutants produced by vehicles. In incorporating green agenda considerations, the main aim is to reduce the use of energy in transport and ultimately the need for fuel-dependent travel.

### IMPROVING LIVING CONDITIONS

The challenge of improving living conditions in cities and achieving sustainability are often seen as separate issues, with development cooperation agencies focusing most of their attention on the "brown agenda". In defining sectoral projects designed to address problems of urban water supply, sanitation and other infrastructure, development cooperation agencies have too often forgotten their long term environmental agenda: the "green agenda".

*It is essential that the two agendas be seen as comprehensive and co-existing along a continuum in the identification of all urban environmental programmes and projects.*

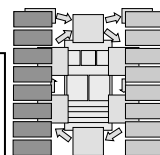
### SUSTAINABLE DEVELOPMENT AND URBAN ENVIRONMENTS

Environmental planning and management emphasises "environmental sustainability" (the supply of resources to urban areas and the maintenance of their physical environment). It also incorporates environmental issues as a core consideration in all urban interventions. Sustainability refers to the impact that cities have in creating and using environmental capital (for example, renewable and non-renewable resources).

*Minimising use or waste of non-renewable resources includes reducing the consumption of scarce mineral resources and fossil fuels in housing, commerce, industry and transport (substituting renewable resources where feasible). There are also cultural, historical and natural assets within cities that are irreplaceable and thus non-renewable (for example, historic districts and parks, and natural landscapes).*

### LINKING GLOBAL AND LOCAL SUSTAINABILITY

As global trade has vastly expanded throughout the last century, cities have become less reliant upon their hinterland for sustenance and are



increasingly importing their consumer goods, as well as food, energy, water and building materials from distant sources. Wastes produced in urban areas also are being exported to distant regions. There is also a growing dependence on resources from around the world, which may lead to overstepping the capacity of some areas to absorb or break down human wastes.

*The urban environment needs to be seen as part of the wider relationship between urban areas and their hinterland.*

### KEY STRATEGIES

The linear approach to urban management is based on imported goods (water, food, energy) brought into a community to be used and then discharged outside the community. This model is based on the assumption that there are unlimited resources to be exploited for the benefit of the urban population. This has heavy environmental implications, which are reflected in human and financial costs.

*By contrast, the circular system approach imports goods into the community, manages demand for a maximum efficiency (through using water and energy saving appliances, renewable rather than non-renewable resources), and recycles water and other goods to reduce the volume of waste and to optimise environmental benefits. This approach is based on the following principles:*

- *Increasing efficiency in resource use*
- *Broadening technical options and making choices based on effective demand*
- *Recycling to reduce costs and conserve resources*
- *Broadening the institutional framework*
- *Ensuring synergism*
- *Developing environmentally self-sufficient service districts*

*Each of these principles offers the opportunity to achieve greater efficiency in the use of limited resources. They extend services to people and reduce pollution and environmental degradation. Taken in combination, the effect can be dramatic.*

### URBAN RURAL COOPERATION

Cities impose high environmental impacts on areas beyond their limits by drawing on the resources necessary to support their inhabitants and economic activities, and by transferring pollution and wastes.

*There is a need for collaboration with authorities beyond the city to develop a mutually beneficial, sustainable resource management strategy.*

### ECONOMIC AND REGULATORY INSTRUMENTS

Regulatory instruments were traditionally applied by governments to command and control the development of activities in urban areas. These

#### URBAN ENVIRONMENTAL IMPROVEMENT

The urban environment is improved in cities by way of:

- Providing information and technical expertise by involving stakeholders and setting priorities.
- Developing strategies and decision-making by considering implementation options and resources and building consensus on issue specific objectives.
- Effective implementation of strategies by agreeing on action plans for implementation and reconfirming political support and mobilising resources.
- Institutionalised environmental planning and management by introducing participatory approaches to decision-making and monitoring, evaluating and adjusting the Environmental Planning and Management (EPM) system.
- Efficient use of resources for effective change by applying specific leveraging strategies and making use of external support.

are being replaced by economic instruments, coinciding with calls for an active involvement of the private sector in the provision of urban services and infrastructure (within the framework of *market liberalisation and privatisation policies*).

*Well-regulated privatisation of environmental services and infrastructure can result in efficiently run systems, leading to cost reductions that can be redirected to cross-subsidise poorer areas. Regulatory controls in practice remain essential to guarantee that poor areas are not neglected by the enforcement of market rules, and that appropriate standards of service provision and protection of the environment are met adequately.*

### URBAN MANAGEMENT STRATEGIES

Environmental improvements need to be developed in close conjunction within the urban management context. Local authorities and their international associations increasingly acknowledge this challenge and many are working on policies and programmes for sustainable development at the local level. However, progress has been hampered by the lack of strategic frameworks, or adequate institutional capacity.

*Efforts to effectively plan and manage the urban environment need to take account of general management conditions that prevent or enhance the success of interventions. Environmental Planning and Management (EPM) has shifted its focus from local government and the environment to one of local governance and sustainability.*

### LINKING SECTORAL APPROACHES

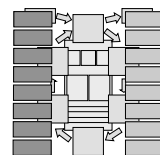
Environmental considerations are not new to urban planning and management. New approaches to urban EPM should work alongside traditional sectoral approaches. Sectors of considerable importance are public health, infrastructure (especially water supply and drainage/flood control, sanitation and solid waste management), transportation systems, urban planning and management in general, resource management (particularly concerning energy supply and the management of the resources of urban hinterlands), industrial development and pollution control.

There are practical examples of linking these sectors with the urban environment. Uncontrolled urban expansion, characterised by low-density development and vacant or derelict land, imposes many disadvantages, such as higher infrastructure costs, a wasteful use of land resources and increasing energy consumption and air pollution due to the greater impact of motorised transport. Traditional master plans have now been replaced by more flexible planning mechanisms such as development plans.

*Appropriate approaches to urban management and planning have the potential for success. Effective urban management, therefore, can reduce environmental deterioration in cities.*

### ENVIRONMENTAL INFRASTRUCTURE PROVISION

The provision of environmental infrastructure involving water supply, wastewater and drainage systems, and solid-waste management is a key dimension for the improvement of urban environmental conditions.



*Giving attention to appropriate technologies and to mobilising local financial managerial and technical capacities necessary to maintain and run new infrastructure development can enhance environmental conditions.*

## TRANSPORTATION

Improving transportation is not simply a matter of developing one-way systems and traffic lights, or simply improving public transport. It concerns the planning and management of land, as well as transport.

*Reducing the need for private cars and focusing in the long-term on improved accessibility with reduced traffic, transport improvements can have a positive impact on urban environment.*

## PUBLIC HEALTH

There is a high incidence of infectious and parasitic diseases where urban environmental conditions are poor. This requires remedial measures and a preventive approach to tackle the causes of the problems and to target the groups most vulnerable to ill health, namely, children and women.

*Public health interventions in cities should, therefore, be closely linked to urban environmental interventions.*

## ENVIRONMENTAL LINKAGES

EPM is a crosscutting activity, which promotes the idea that the development of a city leads to a healthy, pleasant and sustainable environment for all the inhabitants. This should be achieved without transferring environmental impacts to other regions and/or generations. Therefore, to be effective, EPM needs to be integrated into various levels in the decision-making process of a city (policy, planning and implementation), with particular attention to the city's ecological pattern.

*There are important linkages and key issues to enhance the quality of life and promote environmental sustainability in development. A number of important issues are highlighted below:*

- **Policy links and project ownership:** A programme or project should aim at reinforcing previous interventions. It should contribute to a long-term process towards sustainable development, rather than focusing on one-off intervention. In any given context there are always opportunities to take account of environmental considerations, both in the long and short terms. This requires a detailed assessment of the context specific circumstances of the area where the intervention is intended. The specific context of the intervention should be assessed with the assistance of a participatory environmental profile.
- **Key entry points:** To feed successfully into policy development and to encourage support for its implementation, a project needs to assess and recognise in a participatory manner positive linkages with existing

### KEY QUESTIONS

Use the following questions to check if environmental and sustainability considerations have been properly taken into account:

- How are the proposals related to environmental improvements (both short- and long-term)?
- Has the environmental profile been considered and is it integrated into existing local policies? Is this reflected in regional and national policies?
- What level of commitment and political will exists in institutions towards environmental and sustainability concerns?
- Are other donor agencies involved in the project and is it related to existing initiatives (both externally and internally driven)?
- Is there access to and control over environmental resources on the part of the various actors? Whose needs are incorporated in the project and whose needs are excluded?
- To what resources do the various actors have access and control to support and sustain the project after funding is over?
- What are the expected problems and potential benefits in the integration of long-term environmental considerations into the project?

*mechanisms and interventions. This can lead to the identification of key entry points and their design for strategic intervention. Key stakeholders should be involved at the start of project development to ensure direct linkages.*

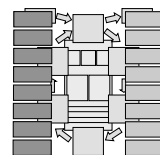
- **Economic development:** *Environmental sustainability and economic development can be mutually reinforcing objectives. However, this demands an early and strategic assessment of the environmental impact of the planned intervention (as well as the auditing of its implementation). This requires a proactive and systematic approach in the identification and design of projects. This approach can guarantee that Environmental Impact Assessment (EIA) provides an opportunity to appraise economic development alternatives based on environmental objectives and criteria. Environmental considerations should be articulated from the outset of the project with the assistance of an EIA.*
- **Social development:** *Environmental and social considerations are intrinsically linked. Conditions regulating access to and control over environmental assets on the part of various actors should be an essential component of any planned intervention. These conditions are not based on income levels but gender, age and ethnic differences. It is necessary in the first place to understand social development in terms of the opportunities and constraints that characterise people's livelihoods and quality of life, considering social factors, such as income distribution, gender, age and ethnicity, to identify and assess in a participatory way the needs of the potential beneficiaries.*
- **Environment:** *Each city makes a contribution to sustainability and the means to reduce impact on the regional and global environment. This is an integral part of urban environmental profiles and action plans.*
- **Governance:** *Corruption, lack of accountability and other impediments to good governance, all reveal the cultural structure of government and power in various countries. Their presence also shows the way in which both the role of government and working on traditional social functions could be modified to provide effective, equitable and sustainable services. Participation in the planning process can aid transparency and build commitment among key stakeholder groups.*
- **Urban management:** *The basis for planning infrastructure and for investment decisions is urban management. Therefore, there is a need for capacity building and awareness-raising. Environmental considerations need to be mainstreamed across urban management institutions and their financial arrangements. Key departments should be involved in the planning process from the start to ensure commitment and to maximise learning. Environmental auditing mechanisms should be used to encourage better cooperation and co-ordination between departments and with outside organisations.*

### PROJECT CYCLE MANAGEMENT

Urban projects should be sensitive to environmental issues relating to the cities in which they are located. The linkages between the urban environment and urban projects should be, where appropriate, incorporated into initiatives in urban areas.

- *There are areas of potential added value that exist through linkages*





with elements of the strategic approach. Consideration should be given to urban environmental development in relation to PCM:

- **Programming:** Raise the importance of the urban environment in Regional and National Indicative Programme discussions and include environmental considerations to ToRs for an Urban Sector Profile Study.
- **Identification:** Consider current strategies and tools for environmental planning and management when identifying cooperation support.
- **Formulation:** Include environmental planning and management considerations in ToRs for an EC Country Urban Strategy and assess potential impact of cooperation activities for urban environments.
- **Implementation:** Consider whether professional capacity for urban environmental planning and management is required for implementation support.
- **Evaluation:** Include urban environmental criteria in cooperation valuation activities.

## 14.7

## DISASTER RISK REDUCTION AND CLIMATE CHANGE

### INTRODUCTION

With the vast majority of the world's population now living in cities, reducing the risks of natural as well as civilisation-made disasters is essential to safeguarding the global population. This also includes building urban resilience to disasters caused by climatic variability. The World Bank estimates that almost 80 per cent of global greenhouse gas emissions—particularly in developing countries and economies in transition, are created in cities. Integrating climate change concerns into urban planning is a significant challenge for cities worldwide.

The risk of natural disasters is increasing globally and is highly concentrated in middle- and low-income countries. A number of recent disasters, such as earthquakes in Japan, Haiti, Chile and China have served as a reminder of the devastating effects of natural hazards in urban settings and underscored the need to ensure that the human-built environment is resilient in the face of an array of potential hazards, both seismic and climatic as well as the range of societal or self-inflicted hazards.

Cities throughout the world are at great risk both from a wide range of hazards and from their own multiple vulnerabilities. In the developing world, cities with the lowest abilities to cope and respond to the dangers and threats of disasters and climate change are more vulnerable than others. Points of urban vulnerability where infrastructure systems, buildings, telecommunications networks,

### KEY ISSUES 1 & 2:

City managers, governments and other municipal-level actors can use the following list to ensure Disaster Risk Reduction and Climate Change strategies have been considered in their Plans. There is an overall need for better coordination and more integration with national and international-level agencies to build the networks working to improve resilience to the many impacts of disasters and changing climates. Some networks are already in place, but more collective action needs to focus on:

- Implementation of coordinated approaches to encourage the reduction of vulnerabilities to human-made and natural disasters, climatic and environmental risks. There is a need for collective, cooperative and coordinated action to build synergies between the reduction of all human and environmentally related risks and hazards, dealing with these comprehensively whether they are climate-change related or naturally occurring environmental hazards;
- Genuine strategies, which consider the needs of those least able to respond and cope with disasters and climatic variations, the poor. The urban and rural poor are most at risk from disasters and climate change (and other environmental hazards). Their low and unpredictable levels of incomes and higher proportion of expenditures on consumption means that they have limited means to devise coping strategies to respond to immediate threats such as disasters, as well as those which will occur over time such as climate change. Moreover, as noted in the chapter on employment generation, many of their incomes are directly related to their physical environment and surroundings, meaning that changes in these conditions will have an effect on their livelihood and earning potential;

transport systems, and energy as well as other resource supply lines are weakest are most vulnerable to disasters and the effects of climate change. The reduction of these vulnerabilities is not merely a matter of better building codes, more reliable infrastructure or other such services or stronger bridges and buildings. Urban risk reduction mechanisms for the majority of urban areas in developing countries must also include a corresponding emphasis on institutions and emergency services including police and fire forces, planning and building inspection departments, health services, families, schools, and the media. Increasing support for the notion of resilient cities is found in the hazard mitigation literature. Many researchers propose the development of sustainable mitigation policy systems whose goal is developing resilient communities, capable of managing extreme events. They envision an intergovernmental system in which sustainable development policy is implemented through a series of national and then regional interlocutors to help create local mitigation commitments and capacities. Regional and local agencies prepare mitigation plans and carry out mitigation projects and actions aimed at building resilient communities. Many other recent disaster studies also call for the development of such resilient communities through the building of capacities, institutions and systems on a coordinated and comprehensive basis.

Despite such interest in the concept of resilient urban communities, few studies have formulated systematic principles of resilience and applied them at the city scale.

**KEY ISSUES 3 & 4:**

**In addition to those issues noted on the previous page, additional issues to ensure Disaster Risk Reduction and Climate Change strategies have been considered in city level Plans include:**

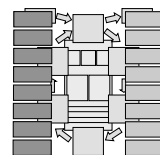
- Look for immediate responses to immediate problems whilst simultaneously encouraging longer-term approaches to future issues and problems;
- Improve and build capacities and accountability with governments at various levels so that their institutions may develop realistic and time-bound approaches to responding to the threats of civilisation-led disasters (such as the 11th March 2011 overheating of the Daiichi nuclear energy reactors in Fukushima, Japan), climate change and other environmental hazards as outlined in this chapter. Moreover, these capacities need to be integrated with equally realistic and visible approaches by the private sector to the improvement of disaster mitigation systems and risk reduction measures, reduction of household and industrial wastes and curbing of CO<sub>2</sub> emissions. All three of these approaches recognise that it is not only through the actions of individuals or households that risk-reduction, resilience and adaptation can be built, but requires the active participation and contribution of entire societies, especially governments and the industrial sectors.

**WHAT IS A RESILIENT URBAN AREA?**

Human communities are the social and institutional components of the city. They include the formal and informal, stable and *ad hoc* human associations that operate in an urban area: schools, neighbourhoods, agencies, organizations, enterprises, task forces, and the like. In sum, the communities act as the brain of the city, directing its activities, responding to its needs, and learning from its experience. During a disaster, the community networks must be able to survive and function under extreme and unique conditions.

*A disaster resilient city is a sustainable network of physical systems and human communities. Physical systems are the constructed and natural environmental components of the city. They include its built roads, buildings, infrastructure, communications, and energy facilities, as well as its waterways, soils, topography, geology, and other natural systems. In sum, the physical systems act as the body of the city, its bones, arteries, and muscles. During a disaster, the physical systems must be able to survive and function under extreme stresses. If enough of them suffer breakdowns that cannot be repaired, losses escalate and recovery slows.*





*A city without resilient physical systems will be extremely vulnerable to disasters*

Urban areas, and especially those in developing countries, without resilient communities will be extremely vulnerable to disasters. Traditional hazard mitigation programs have focused on making physical systems resistant to disaster forces. This is reasonable, since immediate injury and damage results from their failure. However, with the increased frequency of disasters coupled by the growing intensity climatic variability adds to this, mitigation programmes must also focus on teaching the city's social communities and institutions to reduce hazard risks and respond effectively to disasters, because they will be the ones most responsible for building ultimate urban resilience. Resilient cities are constructed to be strong and flexible, rather than brittle and fragile. Their lifeline systems of roads, utilities, and other support facilities are designed to continue functioning in the face of rising water, high winds, shaking ground, and terrorist attacks. Their new development is guided away from known high hazard areas, and their vulnerable existing development is relocated to safe areas. Their buildings are constructed or retrofitted to meet building code standards based on hazard threats. Their natural environmental protective systems are conserved to maintain valuable hazard mitigation functions. Finally, their governmental, nongovernmental, and private sector organisations are prepared with up-to-date information about hazard vulnerability and disaster resources, are linked with effective communication networks, and are experienced in working together.

#### **KEY ISSUE 5:**

**Another issue to ensure Disaster Risk Reduction and Climate Change strategies have been considered in city level Plans includes:**

- Improve and build capacities and accountability with governments at various levels so that their institutions may develop realistic and time-bound approaches to responding to the threats of civilisation-led disasters (such as the 11<sup>th</sup> March 2011 overheating of the Daiichi nuclear energy reactors in Fukushima, Japan), climate change and other environmental hazards as outlined in this chapter. Moreover, these capacities need to be integrated with equally realistic and visible approaches by the private sector to the improvement of disaster mitigation systems and risk reduction measures, reduction of household and industrial wastes and curbing of CO<sub>2</sub> emissions. All three of these approaches recognise that it is not only through the actions of individuals or households that risk-reduction, resilience and adaptation can be built, but requires the active participation and contribution of entire societies, especially governments and the industrial sectors.

#### **THE IMPORTANCE OF BUILDING RESILIENCE**

Encouraging urban disaster resilience and climate change preparedness in the developing world are important for two reasons: firstly, because the vulnerability of technological and social systems cannot be predicted completely, resilience—the ability to accommodate change gracefully and without catastrophic failure—is critical in times of ensuring disasters can be coped with and do not result in total catastrophic collapse of physical, social and institutional systems. If cities were to know exactly when, where, and how disasters would occur in the future, they could engineer systems to resist and respond to them. Since hazard planners must cope with uncertainty, it is necessary to design urban areas and their systems to cope effectively with contingencies. Secondly, people and property should fare better in resilient cities struck by disasters than in less flexible and adaptive places faced with uncommon stresses. In resilient cities, fewer buildings should collapse. Fewer power outages should occur. Fewer households and business should be put at risk. Fewer deaths and injuries should occur. Fewer communications and coordination breakdowns should take place.

*Many cities and especially their political leadership have undertaken specific initiatives, made political commitments, and established mechanisms to report on and showcase actions and actively share knowledge to ensure these resiliencies are actually possible. However, cities still need to be actively supported in disaster risk reduction and global climate change mitigation efforts. This requires national and international mechanisms for finance, regulatory, technical, and capacity support to unlock obstacles currently holding cities back from taking disaster reduction and mitigation actions to scale.*

Governments at both the national as well as local level have already recognised the importance of reducing urban risks. The Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters calls on governments to: 'Incorporate disaster risk assessments into the urban planning and management of disaster-prone human settlements, in particular highly populated areas and quickly urbanising settlements'. it also states that "the issues of informal and non-permanent housing and the location of housing in high-risk areas should be addressed as priorities, including in the framework of urban poverty reduction and slum-upgrading programmes."

*Urban risk reduction delivers many benefits. When successfully applied as part of sustainable urbanisation, resilient cities can help reduce poverty, increase growth and employment opportunities, deliver greater social equity, fresh business opportunities, more balanced ecosystems, as well as better health and improved education. Reducing disaster risk and increasing resilience of urban settlements to natural hazards can also have positive effects and accelerate the achievement of the Millennium Development Goals.*

Reducing losses through initiatives targeted at mitigating hazards and reducing vulnerability should therefore be a priority for urban disaster risk reduction, alongside efforts to integrated development goals into disaster response and reconstruction.

### PLAN OF ACTION FOR DISASTER RISK REDUCTION IN URBAN AREAS

Building on discussions of the Global Platform for Disaster Risk Reduction for Cities held in Geneva in May 2011, the 'Mayors' Statement on Resilient Cities' vowed to carry forward the undertakings made at the Second World Cities Scientific Development Forum and the First Mayors' Summit on Disaster Risk Reduction Held in Chengdu, China in 2010.

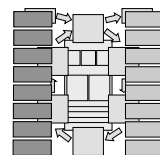
*The Plan of Action entails five components for reducing the risks of natural and civilisation-made disasters in cities. These are:*

1. *Enhance Cooperation;*
2. *Incorporate Disaster Resilience Criteria Into Urban Development Planning;*

#### **KEY ISSUES 6 & 7:**

**The final set of issues offered to ensure Disaster Risk Reduction and Climate Change strategies have been considered in city level Plans include:**

- Improved resilience and adaptation strategies must be integrated into a mitigation framework. The issue of disaster risk reduction, climate change responses and hazard reduction must be thorough and comprehensive if real gains are to be made, and total catastrophes to be averted. Only through such comprehensive strategies with global reaches can disasters be mitigated, wastes be curbed and global greenhouse gas emissions reduced to a point where they may have an impact on controlling the high levels of climatic variability expected in the very near future.
- Finally, improved resilience and adaptive capacities for urban areas must be thought of in light of a territorial approach and the establishment of the required equilibria between urban and rural contexts. The interdependence on rural and urban economic and environmental systems and the symbiotic nature these have with each other in most countries means that urban coping, mitigation and emergency response strategies will have a bearing on the rural context. As this and other chapters have argued, the urban context cannot be considered in isolation of the rural one, as this is a constantly changing dynamic, where changes in one will have a bearing on the other. A territorial approach positively responds to this challenge.



3. *Organise Public Awareness Events;*
4. *Build On International Mechanisms For Political Commitments; and*
5. *Enhance Disaster And Emergency Management Of Cities.*

Underpinning each of these five components are the imperatives of both improved government coordination and participation as well as the engagement of Non-State Actors (NSAs) to effectively improve urban resiliencies. Specific details of the Plan of Action are discussed later in this Chapter.

### LOCAL GOVERNMENT – KEY ACTORS FOR BUILDING RESILIENT CITIES

Mayors and local governments hold key positions in building resilience to disasters. Mayors provide leadership for the well-being of their constituencies. Local governments deliver essential services such as health, education, transportation and water. They issue construction permits, manage public works and plan their urban development, all of which provide opportunities to ensure reducing a community's vulnerabilities and risk to disasters.

### THE CORRELATION BETWEEN INCREASED THREATS AND URBAN CONSUMPTION

The increased rate of urbanisation is one net result of the expansion of economic activities over the past half century. The interdependent cycles of mass production and mass consumption, particularly in urban areas, are characterised by corresponding increases in waste generation, perpetuated further by a throwaway, consumer-centred culture. These, coupled with other issues have led to increased environmental pollution and the rapid depletion of scarce resources, thereby posing a threat to human development and survival.

The result has been increased vulnerability of urban populations, particularly in poorer countries. Some of this increased vulnerability would have been preventable. A significant portion of this is a direct and indirect result of climate change, which has led to higher sea levels, temperature increases and desertification as well as the increased intensity and frequency, some argue, of natural disasters.

Many of these increased vulnerabilities arising from natural or self-made environmental conditions further affect people who are already coping with poor or deficient housing, infrastructure, and services. In the coming decades the severity, intensity and frequency of already increased risks will create further problems. Floods, storms, heat waves, and constraints on fresh water supplies will put further pressures on cities and their populations to develop strategies to respond appropriately and meaningfully to their populations. Governments, activist groups and NSAs must cooperate and work together to achieve actionable, realisable, implementable and costed plans for disaster risk reduction, mitigation and improvements in overall environmental and

#### **THE ROLE OF NON-STATE ACTORS (NSAs):**

Non-State Actors including Civil society (and particularly the national Red Cross and Red Crescent societies, which operate as recognised auxiliaries to their public authorities in 186 countries) play a complementary role in urban risk reduction. They provide the indispensable link between public authorities and citizens, and are present in vulnerable areas before, during and after emergencies and crises. The range of support they provide includes, services to vulnerable groups, capacity building, community outreach, social mobilisation, advocacy, and awareness raising regarding risk reduction (e.g. health and hygiene promotion and safety and resilience).

social sustainability if city populations are not to be put at increasing risks of these threats over time.

### THE CHANGING POLITICAL ENVIRONMENT

There has been considerable interest by national as well as city-level governments on the issue of climate change and disaster risk reduction over the past decade. This interest has fostered some changes in policy governing the physical development and expansion of cities, but has largely been inadequate in terms of comprehensively responding to the increased threats of climatic variability and the disasters these bring. The Intergovernmental Panel on Climate Change (IPCC) published a synthesis report in 2007 and a technical paper on climate change and water in June 2008. In the European region, key studies were implemented on climate change, and on the specific problems resulting from water scarcity and drought. Health outcomes of climate change were the subject of a number of specialised publications.

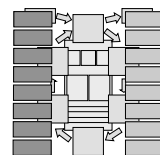
As this document advocates (and studies and reports above confirm), the technical, political and economic approaches in deriving a response to increased disaster resilience and climate change need to be considered comprehensively and iteratively, rather than sectorally. National governments, donor organisations and practitioners have not been able to pool the collective resources required to respond to climate change and disasters in a comprehensively meaningful way. Whilst some coordination exists, more integration of policies, action plans and international commitments are required to create the desirable impacts necessary to respond to these growing threats. The mismatch between wealth seeking enterprises in some key cities and the poor institutional mechanisms to manage their growth in a responsible manner has further perpetuated these threats.

In developing countries, the 'solution' to this institutional incapacity has been for much urban expansion to be outside the official, legal framework of building codes and land-use regulations and of officially recorded and legally sanctioned land transactions. Much of the housing stock is created and modified informally and illegally (usually on land that is occupied, sub-divided or developed illegally). Much service provision is also private and informal (for water, often for sanitation, health care and solid waste management, sometimes even for schools) and of poor quality or providing inadequate coverage. And a high proportion of urban economic activity and of livelihoods derived from this is outside the formal, regulated economy.

The creation and expansion of these informal settlements and unregulated enterprises means that the urbanised area expands haphazardly, with little or no official control. Inevitably, those with the least purchasing power and least political influence have to occupy land or housing that no-one else wants which often means land at risk from

#### **HOW THE POOR ARE IMPACTED:**

Poorer groups get hit hardest by this combination of greater exposure to hazards (e.g. a high proportion living in makeshift housing on unsafe sites), lack of hazard-removing infrastructure and less capacity to cope (e.g. lack of assets and insurance), less adaptive capacity, less state provision to help them cope, and less legal protection or protection from insurance. Low-income groups also have far less scope to move to less dangerous sites; indeed, the more dangerous sites are often the only sites where lower-income groups can find housing they can afford or can build their own homes.



extreme weather or other hazards are least able to cope when disasters strike.

In part, mismatches are caused by the lack of understanding about the role of cities in an international urban context. Moreover, there has been a broad scale failure to acknowledge the fact that affordable sources of labour are necessary to drive urban economies, and these are essential to the economic successes of many global cities in both the developed and developing world. The attitudes towards the poor as net consumers of city services needs to change: in reality, many are actually net contributors to the success of cities and are responsible for providing the labour inputs that drive success in cities. Many governments and policy-makers see the poor “not as people making logical economic choices to where livelihood and education opportunities are concentrated” but as encroachers, squatters and ignorant migrants who should have stayed in rural areas (even when most of those living in many informal settlements are city-born). Cities such as Nairobi, Dakar, Mumbai and Sao Paulo with a high proportion of their population living in informal settlements and lacking provision for basic infrastructure and services certainly have the prosperity to allow them to address these issues. But before even attempting to allow approaches to climate change to occur, there is a need to recognise the poor as valid and valued contributors to the overall function and economic prosperity of cities. Without this, many urban poor continue to remain invisible to decision and policy makers, and therefore any disaster or climate change mitigation or adaptation plans are likely to exclude them.

*The people most at risk from disasters and climatic variability are those who are:*

- *Least able to avoid the direct or indirect impacts (e.g. by having good-quality homes and drainage systems that prevent flooding, by moving to places with less risk or by changing jobs if climate-change threatens their livelihoods);*
- *Likely to be most affected (for instance infants and older groups who are less able to cope with heat waves);*
- *Least able to cope with the illness, injury, premature death or loss of income, livelihood or assets caused by climate change impacts.*

*As noted in Table 14.7.1 and 14.7.2, within urban areas, poorer groups get hit hardest by a combination of:*

- *Greater exposure to hazards (e.g. a high proportion living in makeshift housing on unsafe sites – and often with much of the housing built of flammable material);*
- *Lack of hazard-removing infrastructure (e.g. effective drainage systems);*

#### **THE CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY:**

CCRIF is the first multi-country risk pool in the world, and is also the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. It is a regional catastrophe fund for Caribbean governments, designed to limit the financial impact of devastating hurricanes and earthquakes by quickly providing financial liquidity when a policy is triggered. CCRIF operates as a public-private partnership, and is set up as a non-profit ‘mutual’ insurance entity in the Cayman Islands.

Since CCRIF was tasked with the goal of providing liquidity quickly, a parametric insurance programme was developed. This allows the Facility to estimate the loss on the ground by using data from the National Hurricane Centre (NHC) in the case of hurricanes and the United States Geological Survey (USGS) in the case of earthquakes, and a pre-agreed proxy relationship developed within a catastrophe risk model. This method means that loss adjusters are not required to survey affected governments to determine loss, a process which can take several months or years and would prevent the CCRIF from doing what it was set out to do — get funds to member governments quickly. The information provided by the NHC and the USGS are in the public domain and so are available for scrutiny. Both agencies are well regarded and have been used for years by Caribbean disaster management officials to properly plan for natural disasters.



- *Less capacity to cope with impacts (e.g. lack of assets that are 'safe' from disasters and/or protected by insurance);*
- *Less adaptive capacity (for instance the capacity to move to better quality housing and less dangerous sites);*
- *Less state provision to help them cope when a disaster occurs (and for many, state action actually increases exposure to hazards by limiting access to safe sites for housing);*
- *Less legal protection (for instance a lack of legal tenure for housing sites).*

### POTENTIAL RESPONSES TO CLIMATIC VARIABILITY AND DISASTER RISK REDUCTION

In order for cities to respond to the extent and severity of the problem, it is necessary to better understand it.

*The climate change and disaster issues for many cities are important for the following three reasons:*

**Scale:** *A large and growing proportion of those most at risk from disasters and climate change live in urban areas. Many cities in developing countries are home to a growing proportion of the world's urban population. The manner in which responses to climate change are formed will have to take account of this reality, especially when considered in the context of the numbers of households to be planned for and the costs allocated accordingly.*

**Costs:** *Whilst the opportunity-costs for not responding to climate change are significant, some recent studies suggest the absolute costs for responding to the problem have actually decreased over the past quarter century. Still, for many cities and national governments, the costs are prohibitively high. Ninety-nine per cent of households and businesses in low-income countries do not have disaster insurance.*

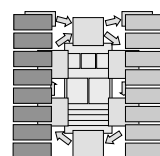
#### **URBAN FORESTRY AND CARBON SINKS:**

There is growing acceptance that the environmental benefits of forests extend beyond the traditional ecological and include the mitigation of climate change as carbon sinks. Interest in forestry mitigation activities has led to the inclusion of forestry practices at the project level in most recent city planning activities.

**Rural Biases:** *Perhaps because there is a range of on-plot solutions that can be self-implemented by households to respond to climate change, there seems to be a growing bias within the literature to rural (and agricultural) adaptation strategies. It is inappropriate to consider rural and urban areas separately, given the dependence of urban centres on rural ecological services, the importance for many urban economies of rural demand for goods and services, and the reliance of much of the rural populations on urban centres for access to markets, goods and services. Urban solutions will also require the participation of households with the incentive to act, and not rely on the leadership of their towns and cities to do so for them by proxy. A range of technological solutions and cost-sharing mechanisms as well as responsibilities need to be considered by institutions and actors working to respond to climate change by actively engaging urban households.*

### THE CHALLENGE FOR CITIES

Human-caused global warming and the increase in greenhouse gas (GHG) emissions brought on by increased economic and industrial



activity is recognised as one of the most time-sensitive challenges facing the world.

Cities are often cited as the principal agent responsible for greenhouse gas emissions (80 per cent of total greenhouse gas emissions originate from cities or city-based demands) and as the consumers of 75 per cent of world's energy. In the recent World Urban Forum, U.N. Secretary General Ban Ki Moon declared that: "Urban areas consume most of the world's energy and are generating the bulk of our waste, including greenhouse gas emissions." Recent studies have shown that it is too simplistic to blame the problem of climate change on cities alone. Thus it appears that anti-urban biases may be also perpetuated through the topic of climate change and disasters.

As noted, the increasing number of urban dwellers worldwide has coincided with the inability of cities to adequately and rapidly respond with the necessary levels of infrastructure and services required for these populations. The response should not be programmes and strategies to reverse the inevitable trend of urbanisation, but to support it with adequate infrastructure, housing, and related services so that new migrants can lead dignified lives and continue making their contributions to the prosperity of cities. Instead, many cities have seen increases in the numbers of urban dwellers living in poverty, lacking provision for the basic infrastructure and services that should protect them from environmental health hazards and from disasters. Much of this because some urban policies were contrary to creating the levels of enablement necessary, rather than in support of them.

Today, over 800 million urban dwellers live in poor-quality, overcrowded housing in informal settlements. These are locations where poverty and disaster risk are often closely intertwined, and that are likely to become increasingly threatened as a consequence of climate change. Tens of millions (see **Table 14.7.1 and 14.7.2**) face or will soon face life-threatening risks from the increased intensity of storms, flooding and heat waves that climate change is bringing, with associated threats to livelihoods, asset bases (including property), environmental quality and future prosperity.

**Table 14.7.1: Risks and Exposures to Disasters and Climate Change**

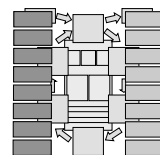
Nature of event	Disasters	Small disasters	Everyday risks
<b>Frequency</b>	INFREQUENT (perhaps return periods of 50-100 years)	FREQUENT (often seasonal)	EVERYDAY
<b>Scale</b>	LARGE or potential to be large: 10+ killed, 100+ seriously injured	3-9 persons killed, 10 or more injured	1-2 persons killed, 1-9 injured
<b>Impact on all premature death and serious injury / illness</b>	Can be catastrophic for specific places & times but low overall	Probably significant and under-estimated contribution	Main cause of premature death and serious injury
<b>Intensive or Extensive Risk</b>	INTENSIVE	EXTENSIVE	

The uneven nature of the distribution of risk and vulnerability among the world's three billion urban dwellers is a key issue of social justice, particularly in the context of climate change and disaster risk mitigation. Climate change is perhaps the greatest global outcome of environmental inequity, since it is driven by the emissions that have brought benefits to affluent individuals and societies yet most of the burdens fall on poorer individuals and societies. However, to focus only on the current and likely impact of climate change is to miss a very large preventable disaster burden that has long occurred in urban areas and continues to occur, independent of climate change.

**Table 14.7.2: Examples of Projected Impacts of Climate Change**

Climate Driven Phenomena	Agriculture, And Ecosystems	Water Resources	Human Health	Industry, Settlements and Society
<b>Temperature Change</b>				
Over most land areas, warmer and fewer cold days and nights, warmer and more frequent hot days and nights	Increased yields in colder environments Decreased yields in warmer environments Increased insect outbreaks	Effects on water resources relying on snow melt Effects on some water supply	Reduced human mortality from decreased cold exposure	Reduced energy demand for heating and increased demand for cooling Declining air quality in Cities Reduced disruption to transport due to snow, ice Effects on winter tourism
<b>Heat Waves / Warm Spells</b>				
Frequency increases over most land areas	Reduced yields in warmer regions due to Heat stress Wildfire danger increases	Increased water Demand Water quality problems, e.g. algal blooms	Increased risk of heat related mortality, especially for the elderly, chronically sick, very young and socially isolated	Reduction in quality of life for people in warm areas without appropriate housing Impacts on elderly, very young and poor
<b>Heavy Precipitation</b>				
Frequency increases over most land areas	Damage to crops Soil erosion Inability to cultivate land due to water logging of soils	Adverse effects on quality of surface and ground water Contamination of water supply Water stress may be relieved	Increased risk of deaths, injuries, infectious respiratory and skin diseases	Disruption of settlements, commerce, transport and societies due to flooding Pressures on urban and rural infrastructures Loss of property
<b>Drought</b>				
Affected areas increase	Land degradation Crop damage and failure Increased livestock deaths Increased risk of wildfire	More widespread water stress	Increased risk of malnutrition Increased risk of water and food-borne diseases	Water shortages for settlements, industry and societies Reduced hydropower generation potentials
<b>Cyclones and storm surges</b>				
Frequency increases	Damage to crops Wind throw (uprooting) of trees Damage to coral reefs	Power outages cause disruption of public water supply	Increased risk of deaths, injuries, water and food-borne diseases Post-traumatic stress disorders	Withdrawal of risk coverage in vulnerable areas by private insurers Potential for population migrations Loss of property
<b>Sea level rise</b>				
Increased incidence of extreme high sea-level (excluding tsunamis)	Salinisation of irrigation water, estuaries and freshwater systems	Decreased freshwater availability due to saltwater intrusion	Increased risk of deaths and injuries by drowning in floods Migration-related health effects	Costs of coastal protection versus costs of land-use relocation Potential for movement of populations and infrastructure





According to the fourth assessment report of the Intergovernmental Panel on Climate Change, published in 2007, global temperatures are projected to rise between 1.4° C and 6.4° C over the period from 1990 to 2100, while global sea levels are expected to rise by one metre or more for the same period. Considering that many of the world's urban populations (especially the poorest ones who are least able to cope with these conditions) are located near large water masses and in regions most sensitive to temperature variations, the impacts of these two conditions will be devastating and catastrophic to the world's poorest and least resilient populations.

Compounding the threat of climatic variability is exponential urban population growth, particularly in developing countries. This leaves a greater proportion of the world's population exposed to the significant direct and indirect hazards caused by climate change.

The main climate change and disaster challenges likely to face urban populations will emanate from extreme climate events such as floods (and resulting landslides in some areas), strong winds, droughts and tsunamis. Inhabitants of marginal areas may be forced to migrate to urban areas (where infrastructure is already approaching its limits as a result of population pressure) if marginal lands become less productive under new climatic conditions. Climate change could worsen current trends in the depletion of biomass energy resources. Reduced stream flows reduce hydropower production, leading to negative effects on industrial productivity and costly relocation of some industrial plants. The management of pollution, sanitation, waste disposal, water supply and public health, in addition to the provision of adequate infrastructure in urban areas, could become more difficult and costly as a result of disasters or under changed climatic conditions.

These same vulnerable populations are expected to be further at risk primarily from increased incidences of vector-borne diseases and reduced nutritional status. A warmer environment could open up new areas for malaria; altered temperature and rainfall patterns also could increase the incidence of yellow fever, dengue fever, onchocerciasis and trypanosomiasis. Increased morbidity and mortality in sub regions experiencing an increase in vector-borne diseases following climatic changes would have far-reaching economic consequences.

Climate change and disaster responses are major development challenges for many poor countries, and particularly their urban areas. According to

#### WHERE ARE AFFECTS FELT MOST?

Of the 100 countries most vulnerable to climate change, most are African, Caribbean and Pacific (ACP) countries: 60 are small island developing States and 12 are among the least developed nations. According to data gathered by the Geographical Observer Unit of the United Nations Human Settlements Programme (UN-Habitat), the low-elevation coastal zone – the continuous area along coastlines that is less than 10 metres above sea level – represents 2 per cent of the world's land mass but contains 10 per cent of its total population and 13 per cent of its urban population. In Northern Africa, 18 per cent of the urban population lives in that zone, while in sub-Saharan Africa, the figure is 9 per cent of the total urban population. In the island States of Oceania, more than 20 per cent of the urban population inhabits that zone. There are 3,351 cities in such zones worldwide. Of these, 64 per cent are found in developing regions: Latin America and the Caribbean (27 per cent) and Africa (15 per cent).

Urbanisation levels in such zones are higher than in other types of ecosystems. Globally, some 60 per cent of inhabitants of such zones live in cities, compared with 44 per cent in dry land ecosystems and 47 per cent in cultivated areas. In sub-Saharan Africa, over two thirds of the people living in low-elevation coastal zones belong to urban populations; in contrast, only 30 per cent of the population living in cultivated areas is urban, and dry land ecosystems are the least urbanised, with only 7 often the only sites where lower-income groups can find housing they can afford or can build their own homes.

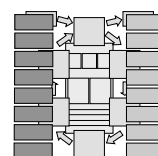
the IPCC, it is mostly these vulnerable cities, which are least adaptable to mitigate the effects of flooding, temperature or sea level rises.

Summarised from the IPCC's Fourth Assessment, **Table 14.7.3** lists the different aspects of climate change, the evidence for current impact, projected future impacts and the zones or groups most affected. It highlights the different kinds of impacts that arise from changes in extremes and changes in means; it also notes the need to consider the impacts of abrupt climate change, while also noting that its significance is less clearly established.

All of this confirms that the most pressing longer term challenge for urban areas in the developing world today is to respond to this threat in a manner that creates viable adaptation strategies for the future without limiting the economic benefits that cities create for the vast majority of its poorer residents today.

**Table 14.7.3: Examples of Current and Projected Impacts of Climate Change**

Climate-Driven Phenomena	Evidence for Current Impacts	Other Processes / Stresses	Projected Future Impacts	Zones, Groups Affected
<b>Changes in Extremes:</b>				
Tropical cyclones, storm surge	Flood and wind casualties & damages; economic losses; transport, tourism, infrastructure (e.g. energy, transport), insurance	Land use / population density in flood-prone areas; flood defences; institutional capacities	Increased vulnerability in storm-prone coastal areas; possible effects on settlements, health, tourism, economic and transportation systems, buildings & infrastructures	Coastal areas, settlements, and activities; regions and populations with limited capacities and resources; fixed infrastructures; insurance sector
Extreme rainfall, riverine floods	Erosion/landslides; land flooding; settlements; transportation systems; infrastructure	Similar to coastal storms plus drainage Infrastructure	Similar to coastal storms plus drainage infrastructure	Similar to coastal storms
Heat- or cold- waves	Effects on human health; social stability; requirements for energy, water and other services (e.g. water or food storage), infrastructures (e.g. energy transport)	Building design and internal temperature control; social contexts; institutional capacities	Increased vulnerabilities in some regions and populations; health effects; changes in energy requirements	Mid-latitude areas; elderly, very young, and/or very poor populations
Drought	Water availability, livelihoods, energy generation, migration, transportation in water bodies	Water systems; competing water uses; energy demand; water- demand constraints	Water-resource challenges in affected areas; shifts in locations of population & economic activities; additional investments in water supply	Semi-arid and arid regions; poor areas and populations; areas with human-induced water scarcity
<b>Changes in Means:</b>				
Temperature	Energy demands and costs; urban air quality; thawing of permafrost soils; tourism and recreation; retail consumption; livelihoods; loss of melt water	Demographic and economic changes; land-use changes; technological innovations; air pollution; institutional capacities	Shifts in energy demand; worsening of air quality; impacts on settlements and livelihoods depending on melt water; threats to Settlements / infrastructure from thawing permafrost soils in some regions	Very diverse, but greater vulnerabilities in places and populations with more limited capacities and resources for adaptation



Climate-Driven Phenomena	Evidence for Current Impacts	Other Processes / Stresses	Projected Future Impacts	Zones, Groups Affected
Precipitation	Agricultural livelihoods, saline intrusion, tourism; water infrastructures, tourism, energy supplies	Competition from other regions/ sectors; water-resource allocation	Depending on the region, vulnerabilities in some areas to effects of precipitation increases (e.g. flooding, but could be positive) and in some areas to decreases (see drought above)	Poor regions and populations
Saline intrusion	Effects on water infrastructures	Trends in groundwater withdrawal	Increased vulnerabilities in coastal areas	Low-lying coastal areas, especially those with limited capacities and resources
Sea-level rise	Coastal land uses: flood risk, water logging; water infrastructures	Trends in coastal development, settlement and land uses	Long-term increases in vulnerabilities of low-lying coastal areas	Same as above

### THE URGENT NEED FOR RESILIENCE AND ADAPTATION

The problem from the vantage point of developing countries is that the more pressing problem for cities is one of resilience and/or adaptation to the inevitable effects of disasters and climate change, rather than mitigation. Urban residents in poorer countries emit very little CO<sub>2</sub>, but increasing occurrences of severe weather related incidents and sea level rises are creating significant human and developmental challenges for them. These often lead to other problems, including public health hazards, infrastructure and service disruptions, and a range of economic, social and environmental consequences. Even more affluent countries have had problems adapting to these changes as the events of hurricane Katrina of the U.S.A. in August 2005 and the earthquake and tsunami of March 2011 in Japan have shown. In contrast, as illustrated by the challenges facing Haiti after its earthquake in January 2010, it is difficult to consider the repair and rehabilitation of a water system to ensure adequate sanitation and hygiene for a traumatised disaster-affected population when it never actually existed in the first place.

Addressing the complex issues of disaster risk reduction can be thought of as a two-step process: mitigating the human sources of GHG emissions and adapting to the climatic consequences that are already affecting some cities. The issue of mitigation is well understood, especially in some OECD countries, where governments have legislated the worst polluters to reduce their emissions. At one point in time, the Kyoto Protocol was a noteworthy proactive step setting in place a longer-term plan to curb emissions, however, new agreements failed to be consensually agreed at the COP15 Climate Change Conference in Copenhagen, Denmark in 2009. The resulting negotiations therefore are not legally binding on countries, and there is no coherent plan in place for the reduction of CO<sub>2</sub> emissions when the Bali Road Map of the Kyoto Protocol for targets expires in 2012.

As it is understood today, adaptation has its limits and cannot reverse some of the irreparable damage caused to the world's ecosystem. There

are also gaps in funding and the technical resources as well as institutional mechanisms, particularly at the city level in most low- and middle-income countries, to effectively deliver comprehensive adaptation plans.

It is therefore necessary to be both practical and realistic about the immediate and medium term actions that developing country cities can take in adapting against climate change and improving their resilience to disasters, especially when faced with so many competing priorities. The global response to urban climate change and disaster risk reduction must become an explicit and highly visible two-step process in which the problems of resilience and/or adaptation are made as important as mitigation.

Without effective, locally driven adaptation plans and the requisite financing to see these through, hundreds of millions of urban dwellers in low- and middle-income nations are at risk from the direct and indirect impacts of climatic variability. This will create dire consequences for the cities in which they live, the countries where they are located and the global economy and way of life in general.

City-level responses to climate change will need to bring together a matrix of solutions, responses and coping mechanisms that comprehensively consider all other urban problems: poverty, inequity, infrastructure, rural in-migration and health, but to name only a few. In this sense, climate change is an all-encompassing event that exacerbates all other vulnerabilities and creates an entirely new set of problems as well. The response to the emerging crisis will call into question a great many assumptions about how infrastructure, planning and city design, budgeting and the provision of urban services and amenities work. Thus, it may create new political and social problems for urban residents that require immediate responses to prevent the situation from worsening, as well as longer-term solutions to mitigate against the damage that has already been done. Much of the onus of this will fall on the increasing urban populations in developing countries that have least contributed to the global predicament.

All of the above makes it all the more urgent that global agreements are reached to achieve the needed cuts in GHG emissions.

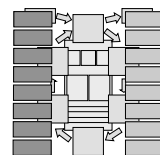
### **PARTNERSHIPS AND HELPING CITIES RESPOND TO THE CHALLENGE OF DRR AND CLIMATE CHANGE**

Taking each of the five components mentioned above in detail, whilst acknowledging the necessity of the two key underpinning components above, the following serves as an elaboration of the Plan of Action:

#### **Enhance Cooperation and Building Urban Partnerships**

##### **Sister cities collaboration:**

- *Seek further partnerships through the sister city model of collaboration, resulting in shared strategies, best practices and technical assistance aimed toward developing a network of shared systems and processes between sister cities to act as a safety net in the event of a disaster. More importantly, local governments will be*



able to strengthen their urban planning efforts, improve the sustainability and resilience within community initiatives and expand international outreach through a commitment to engage with other mayors, volunteers, business leaders and non-profit organisations. Additionally, at least annual gatherings of interested parties should be convened in forums to review progress toward these goals and report on continued next steps.

#### **City-to-city collaboration**

- Promote other models of city collaboration in the context of the “My City Is Getting Ready!” campaign and identify cities’ offers of good practices and mutual cooperation that can be linked to any of the “Ten Essentials for Making Cities Resilient” and share successfully applied tools, methodologies and ordinances with others through the Campaign website, handbook and information products.
- Over a one-year period, identify a minimum of five city cooperation partnerships and publicise their results through the Campaign outreach for future multiplying effects.

#### **Strengthen local capacity and national-local cooperation:**

- In the context of the “My City Is Getting Ready!” campaign:
- Address national governments and parliamentarians to highlight the need to strengthen the human and financial capacities of local governments for disaster risk reduction, planning and disaster management (including budget allocations that can be used for planning and prevention) and review or introduce needed legislation and bills to that extent.
- Ensure community and civic engagement is incorporated into all phases of resilience building and disaster risk management, including public-private partnerships.

#### **Urban resilience and development based on scientific knowledge:**

- Ensure collaboration between universities and research institutions with local governments and city administrations.
- Invite academia to consider research topics to advance state-of-the-art urban risk reduction and applied research on risk modelling and methodologies to reduce risk.
- Cities involved in the “My City Is Getting Ready!” campaign shall reach out and cooperate on monitoring and assessing risks, analysing trends and develop social and engineering solutions to successfully shape a culture of resilience and invest smartly through innovative solutions and safer infrastructure development. This is especially relevant for schools, hospitals and health care systems, monitoring pandemic and other health risks, sanitation and improved urban drainage and water resource management (and other municipal and urban services).

### **Incorporate Disaster Resilience Criteria into Urban Development Planning**

It is essential to mainstream the concept of disaster risk reduction through ensuring risk reduction plans and avoidance strategies are integrated into the overall participatory, strategic local and urban development planning process. This particularly entails:

- Engaging “My City Is Getting Ready!” campaign partners and cities in successful application of disaster resilience criteria in urban development, land use planning and strategic planning to develop

*guidelines (for example, Chengdu Municipal Planning and Designing Research Institute, China; Urban Resilience Centre in South Africa; Makati in the Philippines; and Kobe in Japan to cite but only a few).*

- *Use the “Greening of Cities” initiative as a possible model (San Jose/California, USA) for application in other high carbon areas (Dhaka, Bangladesh, Santiago, Chile and Jakarta, Indonesia, for example).*
- *Publish guidance notes and collect case studies for city administrators and urban planners.*

#### **Organise Public Awareness Events**

- *Encourage community groups, citizens, local governments, youth groups, business associations and others to organise outreach awareness raising events in each city participating in the “My City Is Getting Ready!” campaign, during the UN International Day for Disaster Reduction on 13 October every year (and/or at commemorative dates of major local or national disasters) in activities such as: engaging youth and community groups and citizens in public hearings on risk information, drills and table-top exercises, media debates or other outreach activities; and share the guidelines, public announcements and results through the Campaign network and UNISDR. These activities will promote ownership among the public in self- and mutual help for disaster reduction and relief.*
- *Use these opportunities to strengthen local committees and alliances for disaster resilience in each city as an organisational mechanism to plan and follow up on the “Ten Essentials for Making Cities Resilient”.*

#### **Build on International Mechanisms for Political Commitments**

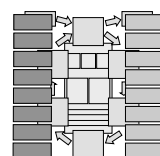
##### **Climate change mitigation and adaptation strategies and vulnerability assessments:**

- *Join efforts at city level to record and reduce greenhouse gas emissions and actively pursue multi-hazard risk assessments to be applied for integration of climate change adaptation and disaster risk reduction planning. Work with African (and other developing regional bodies) institutions to promote local, national or regional-scale relocation solutions for population in high-risk, environment/land degradation or drought-stricken areas.*
- *Showcase cities’ advancement in building resilience at the UN Framework Convention on Climate Change (for example, through the Conference of the Parties in Durban, South Africa, in December 2011 and in the Republic of Korea in December 2012) to ensure proper access (and release of) to resources and fast track funding for climate change adaptation for cities.*

##### **Sustainable development:**

- *Use international meetings to help address urban risk and increase cities’ experience of resilience building, such as the UN Conference on Sustainable Development “Rio+20”, to be held in Rio de Janeiro, Brazil, in 4-6 June 2012 ([www.uncsd2012.org](http://www.uncsd2012.org)).*
- *Work with national governments to include urban sustainable development and resilience as a national priority in the outcome of this conference.*





### Enhance Disaster and Emergency Management of Cities

*Disaster preparedness, including contingency planning and access to early warning systems, helps to save lives and property:*

- *Strengthen disaster and emergency management at city level and, as a principle, coordinate with all stakeholders and citizens groups to empower them to become integral part of emergency management, to make relief operations and recovery more effective, and as part of the planning and sustainable development of the community. In this effort pay special attention to the urban poor and elderly population who are vulnerable to hazards but have limited coping capacity.*
- *Work with schools and health facilities as essential services to the community, to assess their risks and to apply safety and preparedness measures to enhance long-term urban resilience.*

Disaster risk reduction is both a local and a global problem, and requires action at all levels, including the city level, if it is to be addressed effectively. Strong linkages between the local, national, regional and global levels are essential if cities are to receive the support they need, in particular through adequate funding, to be able to carry out the climate change activities assigned to them.

New responses and partnerships for cities to assist them in coordinating responses to climate change are being advocated. Recently, organisations such as the C40 Network of Cities, umbrella and coordinating NGOs such as WWF-the World Wide Fund for Nature, and foundations as well as other Non-State Actors (such as the Clinton and Rockefeller Foundations) have begun to mobilise resources and focus assistance on building adaptation and resilience in cities.

This satisfies the primary mandate of many organisations to respond to the dual aims of alleviating poverty and fostering sustainable development. Many such bodies have come to appreciate that it is necessary to encourage environmental and social sustainability at the urban level in order to contribute to its more global aims. For example, through programmes such as One Planet Living, the WWF in partnership with BioRegional are developing urban strategies to help cities respond to climate change by adopting ten core principles. The result has been sustainable communities (like BedZed, near London, U.K.) or even sustainable new towns (like Masdar City near Abu Dhabi, U.A.E.).

Some of the most significant partnerships are listed in **Table 14.7.4**, overleaf.

**Table 14.7.4: Partnerships & Relationships in Devising Adaptation Responses**

Types of Structures	Cities and Climate Change Strategies
<b>Cities Networks</b>	
<b>UCLG</b>	Organises meeting between practitioners, champions, experts as well as city managers/administrators on Climate Change and the role of local governments, helping them to find necessary technical and other resources to respond to sustainability needs and meet adaptation objectives and improved resilience goals.
<b>C40 Cities</b>	Supports cities to mitigate climate change through best practices and encourages south-south

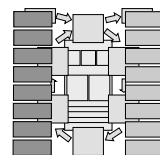


Types of Structures	Cities and Climate Change Strategies
	exchanges between cities.
<b>Sustainable Cities: PLUS Network</b>	Helps cities in planning and integrating environmental dimensions into their economic development and planning strategies for long-term growth.
<b>Local Government Climate Roadmap</b>	The LGCR Roadmap is a strategy to work for a strong and comprehensive post-2012 global climate agreement that recognises the key role cities have in climate protection and effectively implementing global policy. The Main components of the process are to mobilise governments, promote regional instruments, develop a common participatory position, establish a Local Government Delegation, organise Local Government Sessions and interact continuously with the international policy process.
<b>International Council for Local Environmental Initiatives</b>	ICLEI is a global network of more than 1,000 cities, towns, countries and their associations working on sustainable development. It also acts as the International Roadmap's facilitator.
<b>Metropolis</b>	Metropolis is the World Association of Major Metropolises, whose mission is to promote international cooperation and exchanges among local and metropolitan governments.
<b>Campaigns and Initiatives</b>	
<b>City Mayors</b>	Mayors have led in actions to mitigate climate change at a local scale through engaging in policy dialogue and sharing of best practices and experiences in achievement of sustainability objectives.
<b>Cities for Climate Protection Programme</b>	The Cities for Climate Protection (CCP) assists cities to adopt policies and to reduce cities greenhouse gas emissions and institute more environmentally neutral building and construction standards.
<b>Events</b>	
<b>Global City - International Forum for Urban Decision Makers</b>	An annual event (the 2011 event is to be held in France on 29th March), many of the sessions focus on achievement of the City Manifesto 2030, which is a milestone that the organisation hopes that many centres will consider an ideal target on urban sustainability.
<b>World Urban Forum</b>	Hosted by UN-Habitat, this is an annual meeting of urban development practitioners as well as city managers and national governments. During recent sessions, dialogues between delegates and NSA groups on Climate Change have generated the most interest, and been the most attended. National level government is able to negotiate directly with city-based leaders, and learn from the urban experiences worldwide.

The key advantage of the above partnerships and networks is that they help to develop the fundamentals of a coordinate response to disaster *risk reduction and climate change*.

**Building resilience to the many impacts of climate change is necessary in order to ensure:**

- *Comprehensiveness and technical coherence so that the reduction of one type of risk does not adversely increase another type of risk. Moreover, there should be an emphasis on a comprehensive risk reduction approach in such partnerships as evidence shows that there are strong complementarities between reducing risk from climate change, non-climate change-related disasters and most other environmental hazards;*
- *A coordinated response which ensures the poor are just as protected as the non-poor (most of those most at risk from climate change and*



*from other environmental hazards have low incomes, which limits their autonomous adaptive capacity);*

- *Contributing to the technical and scientific knowledge and understanding acquired over the past quarter century on reducing risks from disasters in urban areas;*
- *Encourages and supports actions that reduce risks (and vulnerabilities) now, while recognizing these as a first step of a longer term strategy of response;*
- *Ensuring that competence, capacity and accountability is instilled within city governments to see changes, reforms and plans through to completion. There is a need to recognise that responding to climate change is continuous process and not a discrete task with specific start and end dates;*
- *That elite capture does not occur and that the partnerships are genuine and reflective of the needs of individuals, households and communities and not solely for the benefit of enterprises;*
- *The important role national governments as well as the international community play in adaptation and partnership responses;*
- *Resilience and adaptation capacities in rural areas are simultaneously built; and*
- *Partnerships and adaptation are integrated into a broader programme of mitigation, without which global GHG emissions cannot be reduced.*

#### **ACTION: TOWARDS MEANINGFUL RESPONSES AND KEY ISSUES**


Most of the urban problems described above as related to both disasters and climate change highlight the need for a coordinated and inclusive approach in responding to the challenges for cities. What is clear is that city managers and policy-makers need to focus more on enablement and creating governance structures that respond positively to the realities of cities in the developing world: high rates of immigration, highly diversified formal and informal economic activity and cities playing an increasingly important contributory role to national GDP and wealth. Responsive governance and an enabling mind-set have been common to all cities that have made progress in overcoming the undesirable by-products (overcrowding, high incidences of poverty and poor infrastructure) of these benefits. Locally-driven initiatives by competent and democratic urban governments where decentralisation programmes have given more power and resources to people to plan appropriate adaptation and mitigation strategies have been (so far) more successful in responding to the threats of disasters and climate change. Many others come from innovative local civil-society groups – usually a combination of grassroots organisations and local NGOs – and increasingly from partnerships that these groups form with local governments, which in

#### **KEY ISSUES – A SUMMARY:**

1. Most of the poor living in urban slums and squatter settlements have resorted to engaging in informal sector self employment as a means for survival and livelihood.
2. For any set of employment intensive strategies to be successful and for economic growth to have a positive impact on reducing urban poverty, decent work deficits within the informal sector must be addressed while simultaneously giving critical support to informal small scale enterprises, the self employed and promotion of entrepreneurship.
3. Good infrastructure and access to fully titled land in urban areas promotes the health and wellbeing of its residents and also aids job development, employment and skills creation by engaging the poor in building and maintaining roads and toilets as well as other essential infrastructure.
4. Developing countries ought to improve the provision of access to finance for poor in the informal sector using a balanced approach that simultaneously meets the productive and protective needs of urban slum dwellers.
5. The development of skills and access to vocational training related to income-generating activities for the urban poor serves as successful employment promotion strategies.
6. There is a strong need for urban planners, national governments, private enterprises and service developers to work together in light of the emerging view that promoting non-motorised urban transport can reduce high levels of urban unemployment and poverty.

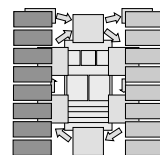
turn contributes to more competent and democratic local governments. Two kinds of innovation need highlighting. The first is a local government programme of action and support for community initiatives within a plan that has been developed involving all groups within the city. The second kind of innovation that needs highlighting is the sustained city programmes to tackle the backlog in investment in infrastructure and services in the poorer and worst-served areas of cities and to support ways in which lower-income households can get better-quality housing. This comes under many names and many forms, including regeneration, upgrading and community development.

Many cities in low- and middle-income nations where the backlog is largest have had major 'upgrading' programmes to improve provision for water, sanitation, drainage and garbage collection in inner-city tenement districts and in squatter settlements – often with programmes to improve schools and health care too. Initially, these were seen as one-off projects in particular targeted neighbourhoods; now there is a recognition that city and municipal governments need the capacity and competence to support continuous upgrading programmes throughout the city, working in partnership with their inhabitants. This recognition can extend up to central government – as confirmed by case studies of CODI in Thailand and of Tunisia. The case study of Orangi Pilot Project-Research and Training Institute in Pakistan also show how what started as a community-driven initiative was developed to the point where it helped changed citywide and national policy.

 *The key issue is how to build resilience to the many impacts of climate change in tens of thousands of urban centres in the poorest countries.*

*Such measures should:*

- 1. Support and work with the reduction of risks from other environmental hazards, including disasters (noting the strong complementarities between reducing risk from climate change, non-climate-change-related disasters and most other environmental hazards);*
- 2. Be strongly pro-poor (most of those most at risk from climate change and from other environmental hazards have low incomes, which limits their autonomous adaptive capacity);*
- 3. Build on the knowledge acquired of reducing risk from disasters in urban areas;*
- 4. Be based on and build a strong local knowledge base of climate variability and of the likely local impacts from climate-change scenarios;*
- 5. Encourage and support actions that reduce risks (and vulnerabilities) now, while recognising the importance of measures taken now to begin the long-term changes needed in urban form and the spatial distribution of urban populations to reduce vulnerability to risks that may become manifest only several decades in the future;*
- 6. Recognise that the core of the above is building the competence, capacity and accountability of city and sub-city levels of government and changing their relationship with those living in informal settlements and working in the informal economy – and the importance within this of supporting civil-society groups, especially representative organizations of the urban poor (this is also to avoid the danger of*

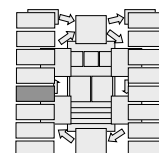


- 'adaptation' providing opportunities for powerful groups to evict low-income residents from land they want to develop);*
7. *Recognizes that government policies must encourage and support the contributions to adaptation of individuals, households, community organisations and enterprises;*
  8. *Recognize the key complementary roles required by higher levels of government and international agencies to support this (and that this requires major changes in policy for most international agencies that have long ignored urban issues and major changes in how adaptation is funded);*
  9. *Also build resilience and adaptive capacity in rural areas – given the dependence of urban centres on rural production and ecological services and the importance for many urban economies and enterprises of rural demand for (producer and consumer) goods and services;*
  10. *Build into the above a mitigation framework too (if successful cities in low- and middle-income nations develop without this, global greenhouse gas emissions cannot be reduced).*
  11. *Helping to finance or source finance for projects relating to vulnerability and adaptation assessment and other issues relating to climate change in Africa, the Caribbean and the Pacific, with particular reference to human settlements issues, especially urban issues and slums;*
  12. *Extending the sustainable use of alternative climate-friendly energy use, consumption patterns and human settlements planning to assist in slum upgrading;*
  13. *Link stakeholders, local institutions, local- and national-level research and strengthen predictive capacities;*
  14. *Develop local information on capacity-building services; technical skills, tools, mechanisms, and also ensure the sustainability of local capacity; and*
  15. *Share substantive, technical and logistic inputs that can help and support implementation partners.*

Finally, it is important to ensure that mainstreaming efforts are embedded in existing donor coordination mechanisms. This includes engaging with relevant donor groups and individual donors to ensure that mainstreaming operations are in line with the agreed harmonisation, alignment and coordination principles for the country. This is in accord with the Accra Agenda for Action (2008), the Paris Declaration on Aid Effectiveness (2005) and the Rome Declaration on Harmonization (2003) (See Part 4 – Appendices). These are not merely principles that development actors are striving for to lever better results and more effective targeting of resources. Increased harmonisation, alignment and coordination of support and efforts by all actors (from households to governments) are the cornerstone to comprehensively responding to disasters and climate change alike.

## GENDER CONSIDERATIONS

Gender plays an important part in how cities function. As residents, women and men often have unequal access to and control over land,



housing and other urban amenities. As consumers, they have dissimilar needs in urban services such as water, electricity, health and education.

As citizens, they have unequal access to and control over decision-making in urban politics. As such, gender is a fundamental crosscutting issue in the development and organisation of cities. Integrating gender considerations into cooperation support for urban development is, therefore, important, in particular:

■ to ensure that equity concerns in urban areas are addressed;

■ to increase the contribution made by cooperation to overall economic success and sustainable urban development.

Urbanisation causes changes to social and gender structures and relationships. Women and men, and girls and boys, experience life in cities in a variety of different ways. Access to resources is not the same for women as that for men, nor is the value of their work perceived in the same way. This has a bearing on social and even spatial considerations for cities. The places where women and men work are often located in particular parts of the city, with implications for transport between home and work. As gender issues are a fundamental part of city life, such considerations must be incorporated in urban management and planning. However, many interventions in cities have been inadvertently gender biased, in favour of men's needs.

### GENDER AND COOPERATION

The EC has placed increasing emphasis on integrating the role of gender in cooperation activities. Governments, NGOs and the international community have also taken on the issue of women and gender. In particular, the Women in Development (WID) approach was followed, where women were focused on as an analytical and operational category in development interventions, such as "women only" and "women's components" in sectoral projects. By the end of the 1980s, the EC concluded that the projects initiated often neglected men's crucial position in the control of assets and in decision-making. The projects in question were also often too small in size, marginal, welfare-oriented and linked to ministries and executing agencies that lacked the financial and technical resources to enable self-sustaining development beyond the project context. The inadvertent result of such projects was largely to perpetuate women's isolation on the periphery of development efforts.

■ *More recently, the Gender and Development (GAD) approach is being followed: GAD is based on considering gender relations when diagnosing development problems and opportunities, and when formulating, implementing, managing and evaluating development initiatives. GAD,*

#### GENDER ISSUES

refer to the relations between and among women and men, girls and boys, in a particular social and economic context. Gender considerations overlap with class, age, ethnicity, race and religious issues so they vary locally.

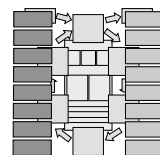
#### MAINSTREAMING

aims at integrating a gender perspective in all development policies, programmes and projects. The mainstreaming strategy has two components:

- Integration of gender into new and ongoing urban strategies and projects is crucial to the regular formulation, implementation and management of interventions dealing with development.
- Development of urban strategies and projects should target women or men specifically.

#### GENDER BIAS

- Eligibility criteria in housing projects that state that applicants should come from nuclear households, exclude households headed by women, who are among the most needy with respect to shelter.
- Transport policies based on data of adult male income earners exclude the needs of women workers.
- Water programmes that expect women to voluntarily maintain standpipes do not recognise the burden of time involved and the multiple tasks that they already perform.
- Health programmes that focus on women as wives and mothers do not take into account the role that men play as household members.



therefore, focuses on integrating gender issues in the process of development cooperation. Incorporating the GAD approach to development, cooperation in urban development contributes to:

- Greater cost-effectiveness of urban development (through better targeting of the specific needs of men and women and making use through participation of their particular access to various resources).
- Greater sustainability (by reducing inequalities of status, legal rights and control over resources between women and men, thereby increasing the potential of women in development).
- Greater acceptance (many national partners regard gender issues as an essential part of their development goals and desire a GAD approach from donor support).

### GAD STRATEGIES

Incorporating gender considerations is important for and beneficial to EC cooperation for urban development. It can assist interventions to enhance economic development, reduce poverty and inequality, and promote environmental improvement and sustainability.

**GAD should be mainstreamed in various aspects of urban development cooperation, particularly:**

- As citizens, women and men, girls and boys, should be able to indicate their priorities and needs in cities. Executive agencies should be accountable in meeting their felt interest/needs.
- As a policy, gender roles should be recognised in the urban context.
- As an organisation, there should be responsibility for gender issues in urban management.
- As a delivery process, urban strategies, projects and urban sectoral projects should be aware of design, implementation and evaluation.

### THE ORGANISATIONAL DIMENSION

The mainstreaming of GAD can occur through two organisational forms in urban management. First, GAD should be taken on within existing urban management organisations as a regular part of their policies, programmes and projects. Second, particular organisations can be established to promote GAD in urban management and planning. The function of such a body is to catalyse and strengthen the understanding and capacity of sectoral and cross-sectoral agencies to take on a gender perspective in their work. The establishment of the Gender Desk within the EC provides an important example.

**In both organisational forms, the issues of developing appropriate policies, procedures (including PCM and monitoring), capacities and responsibilities and research (including socio-economic studies and evaluations) are important aspects in the organisational dimension of GAD and, therefore, in mainstreaming gender.**

### URBAN MANAGEMENT AND THE PLANNING PROCESS

There are four tools for mainstreaming GAD in the urban management and planning process:

Gender analysis/gender diagnosis defines practically the roles, resources, needs and interests of women and men in urban households



and communities.

*This assists in better targeting support and identifies the institutional opportunities and constraints affecting gender mainstreaming.*

Consultation involves women as well as men from recipient government agencies, NGOs and communities.

*It results in better prioritising of support and gender accountability and, therefore, more effective outcomes.*

Organisational development needs to take place both within organisations and between them and their partners and client groups in urban areas.

*Within organisations, this includes dealing with the disparities between women and men in personnel policy, management, staff development (including recruitment, promotion and capacity-building) and staff welfare.*

Monitoring and impact assessment of interventions on women and men and the disparities between them can be assessed.

*This is done by developing indicators to measure to what extent strategies or projects meet the needs as prioritised by women and by men.*

### LINKAGES

Urban projects should be sensitive to gender issues in the cities in which they are located. The linkages between gender and urban projects should be, where appropriate, incorporated in initiatives in urban areas. Potential added value exists through linkages with elements of their strategic approach:

**Social development:** Urban societies establish the social systems for access and participation of women and men in all areas.

*Projects should be sensitive to gender differences in urban societies. Social institutions can also be key agents in urban development projects.*

**Economic development:** Women or men can be prevented from playing an optimal economic role due to gender barriers to economic entry, mobility and function.

*Differential gender access should therefore be considered during the development of economic interventions. Similarly, projects intended to reduce gender discrepancies can contribute to economic benefit.*

**Environment:** Women and men are often exposed to differing environments within cities.

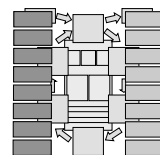
*Urban projects dealing with environmental issues should be sensitive to these variant roles.*

**Governance:** In many urban societies, gender determines access and inclusion in decision-making and resource allocation. Projects need to take this into consideration.

*Projects to improve transparency and inclusion in decision-making processes can therefore benefit gender access.*

**Urban management:** In some cities, there are gender differences in the





function, remuneration and mobility of women and men in local government institutions.

*By taking these issues into cognisance and addressing them appropriately in institutional development projects, considerable improvement to urban management performance can be achieved.*

### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are key considerations regarding gender for the design and implementation of urban projects. Such considerations should be raised during each of the stages of project cycle management:

**Programming:** The differential interests and needs of women and men in urban areas should be considered during programming consultations.

*Input from both women and men should be obtained with regard to priorities in urban development.*

**Identification:** When identifying urban projects, the differential implications that projects will have for women and men should be considered. An assessment should be made as to whether gender issues need to be addressed by specific support projects.

*The involvement and consideration of both women and men in the identification of urban projects should be ensured. Gender issues should also be included in the ToR for a pre-feasibility study and/or a project identification mission.*

**Formulation:** Project formulation should take relevant gender issues into account. This applies to the internal project decision-making and management structures and procedures, as well as to the intended impact of the project.

*Gender issues should be raised in the ToR for a feasibility study.*

**Implementation:** Sensitivity to gender differentiation should be considered in all aspects of implementation.

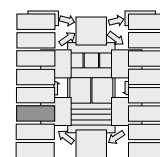
*The plan of operation for the project should be developed to take gender issues sufficiently into account.*

**Evaluation:** Women and men may evaluate the success of the project in different ways. Such gender specific needs and priorities should be reflected in project evaluation criteria.

*Women and men should have a fair opportunity to take part in project evaluations.*

## AWARENESS RAISING

Problems in urban areas normally require the support of a variety of institutions, as well as of individuals and communities. They also require capacity in the institutions involved, often working in new and innovative ways. To achieve these conditions, it is important to integrate awareness raising and capacity-building into programmes and projects. This section highlights issues in these areas and indicates the way in



which awareness and capacity can be built. The issues are reviewed under the separate headings of Awareness Raising and Capacity Building, but the two areas are themselves closely linked.

### AWARENESS RAISING STRATEGIES

The target groups for awareness raising involve all the main stakeholders concerned in a project or programme, including those whose votes or decisions are critical for the allocation of resources. This group includes those who should be involved in developing a project. There are also general groups, for example, those involved in policy at national level.

#### AWARENESS RAISING

in the context of urban development is primarily about understanding the importance of issues and the connection between them and the potential actions that can make a difference. Information and its analysis and communication are a vital input to awareness raising. Communication of information is not only a “top down” process of government having the knowledge and passing it down to the community: it is also about government and other actors being able to listen and understand viewpoints and potential contributions from each other.

*Awareness needs to be built within government as well as in other groups in society. Examples include:*

- Teachers, school children, lecturers, students
- Youth organisations
- Government departments
- Elected representatives
- CBOs

### RELEVANT ISSUES

Certain aspects of awareness are directly relevant to a project situation and some are indirect, but nevertheless, important.

*Directly relevant examples include awareness of:*

- Methods of obtaining project information
- Ways of participating
- Access to legal rights
- Civil responsibilities

*Indirectly relevant examples include:*

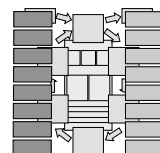
- Awareness of interconnections between health, water and hygiene
- Environmental pollution and health
- Taxes, changes, clean government and quality of services
- Impact of poverty on health and economy
- Location in the city of areas of poverty and service deprivation
- Information to increase understanding between social and ethnic groups

### MEDIA AND DISSEMINATION

Awareness raising can be integrated into the whole project cycle by being conscious of participation and relations with the media as a project is developed. This is particularly important to participatory planning. Project development can also be linked into school activities. At another level, universities can be involved in monitoring and evaluation to ensure that learning is built into the system.

*Awareness-building uses all available means of dissemination, including:*

- Keeping local press and television well informed of issues pertinent to the project or programme
- Using media, such as posters wall notices and leaflets



- *Using drama or other means that are common local methods of spreading information*
- *Working with schools, religious organisations, NGOs and CBOs in promoting relevant messages*
- *Encouraging the use of networks of associations*
- *Exploring the use of new media, including the Internet*

## LINKAGES

Urban projects need to be sensitive to awareness raising in cities. The linkages between awareness raising and projects should be incorporated in urban initiatives, where appropriate.

There is potential added value through making linkages with elements of the strategic approach based on awareness raising. For example, good governance requires a society that is aware of major issues and potential means of action. It also requires a well-informed society to act as a pressure group towards transparent operation of government, NGOs, CBOs and the private sector. There is a need for support to project elements that encourage openness and transparency. Similarly, urban management requires citizen support in order to apply realistic changes for services and local taxes. Awareness of the linkages between charges and service quality can help gain political support for necessary but unpopular actions. Consideration should be given to encouraging transparency of discussions on service provision strategies and involving the press and local organisations to disseminate the associated messages and confirm their transparency.

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are also key considerations regarding awareness raising for the design and implementation of urban projects. Such considerations should be raised during each stage of the project cycle management process.

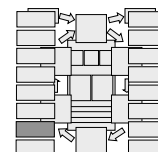
Awareness raising is important from the very beginning of a project or programme and ideally would start even before the process of project development begins. Considerations for awareness raising should include:

- **Programming:** There should be wide involvement in discussions on Regional and National Indicative Programme, making sure that consultation on potential urban priorities does not unnecessarily inflate expectations.
- **Identification:** Initial planning discussions need to have wide participation and be covered by local media. Support should be given to project elements that encourage openness and transparency.
- **Formulation:** The resources of a project should be used to further strengthen project formulation, with particular emphasis to linking into long-term means of awareness raising, especially the education system, as well as media and community-based programmes.
- **Financing:** Resources may need to be allocated specifically to awareness raising activities before, during and after the project.
- **Implementation:** Awareness-raising activities should be included within a strategy or project plan.
- **Evaluation:** Awareness of evaluation activities should be increased ensuring results are widely distributed. Awareness raising of the lessons learned by specific strategies and projects as part of developing EC

*knowledge on urban development cooperation should also be considered.*

## CAPACITY BUILDING

The policies and planning frameworks of major donors are taking a positive direction in terms of capacity building.



### LEARNING STRATEGIES

Capacity-building strategies are needed at the local level to ensure the institutional support that individuals require. However, it is not always clear locally what is needed, especially when new issues, such as sustainable, integrated development or new management approaches, are being introduced.

*There is a need to train local government elected officials (councillors) and local politicians. This type of training appears among the most urgent worldwide, yet is the least catered for in areas of capacity building for local development and municipal management.*

*Effectively, councillors should work both with their central government and with the management, technical and professional staff in local authorities and partner institutions.*

#### CAPACITY BUILDING

in urban development means working towards a situation where cities are planned and managed effectively. It is a concept that goes beyond the training of individuals to include the institutions and frameworks within which they work. This has considerable implications for the approach of capacity-building institutions and of their partners, local governments, NGOs and private sector.

### NEEDS AND DEMANDS

The strategic approach involves supporting local government to articulate its needs and, at the same time, help capacity-building institutions to become responsive to demand. There are two main areas that need to be stimulated. One is the articulation of new needs by both existing actors and new participants. This is a challenge as there is often not an awareness that anything needs to change. In addition, new actors need to develop means of working. The second area is to ensure that the suppliers of capacity-building services, who are also often conservative, become responsive to new demands.

*Action is necessary to facilitate this process. The approach developed during the UN Habitat II Conference (held in Istanbul, Turkey in 1996) is to stimulate the integration of capacity building into local development strategies and to create informed and effective demand. This means local government must know what it wants and be able to make arrangements for payment of costs. In turn, this should encourage capacity-building organisations to become responsive to demands.*

#### CAPACITY BUILDING MEASURES

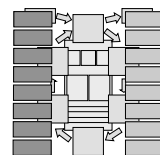
The key recommendations for capacity building are:

- Develop strategies that are integrated with urban development and management plans
- Commit resources necessary
- Introduce measures to widen the supply of services, to become more responsive to demand
- Coordinate activities of institutions charged with capacity building to strengthen linkages between actors in urban development and ensure "complementarity"
- Give high priority to monitoring, evaluation, impact assessment and research, in terms of improving tools and ensuring dissemination

### LINKAGES

The linkages between capacity-building and urban projects should be, where appropriate, incorporated in initiatives within urban areas.

*There are areas where potential added value exists through linkages with*



elements of the strategic approach:

- **Policy:** Decision-makers and their advisors need to be well informed of issues in order to develop and decide on effective policies.
- **Economic development:** A strong capacity in local government is necessary to complement the private sector. It ensures a good infrastructure and trained workforce. Therefore, there is a need for capacity building of both local government and the private sector in more constructive ways of operating in partnership with participation in the planning process and city marketing.
- **Social development:** Good partnership with communities is essential to tackle social issues. Capacity-building programmes for local government, CBO and NGO staff are essential.
- **Environment:** Training is necessary both in the preventative side and on the regulatory side of urban environmental management. This requires capacity-building programmes for all the main actors.
- **Governance:** Capacity is needed within all main partners to work effectively in their own right and in partnership.
- **Urban management:** A critical area in urban management is the weakness of institutions. Capacity building should be integrated into development programmes.

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

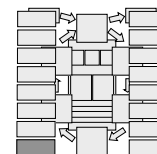
Working from the “bottom up”, consideration is needed in exploring initially what a city needs in the context of its own development priorities. This takes the form of participatory planning exercises, where the capacity-building organisations that could provide support are also involved.

Capacity building integrated with other project components should be built from the identification stage and elaborated during formulation. Ideally, efforts can start in this direction even earlier, as this builds up a good base for development. Creating local capacity-building institutions into the process can facilitate later involvement. Therefore, there are key considerations regarding capacity-building during the various stages of the PCM:

- **Programming:** Capacity-building programmes of elected members and staff should be considered at central and local government levels before R/NIP discussions.
- **Identification:** The private sector and local government should be involved in identification actions with capacity support for future project identification. The urban management capacity should be assessed as part of a urban sector profile study.
- **Formulation:** Capacity-building should be included within the ToRs for an EC country strategy.
- **Implementation:** The implementation phase may best be carried out through a support unit.
- **Evaluation:** The extent of capacity development for urban management should be assessed as part of the cooperation evaluation.

## PARTICIPATORY APPROACHES

The goal of the strategic approach to urban development is that it should positively impact on poverty alleviation and economic integration by creating sustainable conditions with a balance between the interconnected elements of social, economic and environmental development. The approach in the Guidelines emphasises the importance of development interventions being supported locally, being sensitive to local situations (politically and culturally), and being synergistic by creatively linking actions in various sectors. The participation of key stakeholders in the process is very important, even though time is often limited and skills to work in this manner may be lacking.



### PARTICIPATION

in planning and managing projects refers normally to government allowing or encouraging other actors or stakeholders to take part in identifying problems, developing solutions and taking responsibility for inputs and decisions. There are two main approaches:

- Improve technical considerations through participation (the professional approach); and
- Emphasise the right to participate as a principle (significant as a means of improving governance).

### BENEFITS AND LIMITATIONS

The concept of participation is attractive, but there are also drawbacks. It is necessary to have staff, or access to staff with appropriate techniques and the motivation and skills to use them. The backing of these organisations is also required. Many of these organisations are not willing, or not able to work in a participatory manner.

*Official procedures may have to be modified to allow operating in a participatory manner and staff may have to be given stronger delegated powers so as to be able to make agreements with communities. Advantages should include better results and better use of resources and strengthening of governance. Overall, the advantages must outweigh the disadvantages for participative approaches to be successful and sustainable.*

### CONTEXT OF PARTICIPATION

There are two ways of starting a development project in the context of participation:

- *Working with known groups, such as an existing community involved in upgrading. In this situation, the target groups are clear and techniques are geared to a particular community. Here, a community can be fully involved in planning and decision-making concerning future development. Most community participation techniques are oriented towards this method.*
- *Working with unknown groups (e.g., new developments). This situation is more difficult as assumptions have to be made concerning the target groups. Talking to groups living in similar development areas can help in the understanding of their needs. The use of case studies can help to better understand the dynamics and needs of local communities, but there is no substitute for direct engagement and participation*

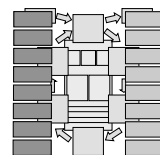
### PARTICIPATORY RAPID URBAN APPRAISAL

is a process whereby key information is collected as quickly as possible with the involvement of the key stakeholders. It is an effort to involve key actors in an early stage of the planning process. It is normally used as a means to involve communities, but the principles also apply to involving officials. Such officials may hold relevant information in various departments or at a range of government levels. Often, this is not easily accessible, nor is it commonly shared.

### PARTICIPATORY RAPID URBAN APPRAISAL

A range of techniques has been developed, originating in Participatory Rural Appraisal (PRA).





There are a number of techniques that can be used, but essentially the appraisal is carried out in the field together with key stakeholders. Participatory appraisal is very closely linked to participatory planning.

A key principle of rapid urban appraisal is “triangulation”, whereby information is collected on a subject by three related means (as a way of cross-checking): observation in the field; discussions with key informants; and checking with existing reports, maps, photographs and other data. This is the basis for observation in the field and discussion with relevant stakeholders.

## PARTICIPATORY PLANNING

Participatory planning aims to bring stakeholders together, to agree on common issues, to identify problems and opportunities, set objectives and to develop actions related to resource mobilisation and institutional roles and responsibilities. It is important that stakeholders have the opportunity to take part and not be inhibited by position, education or gender. The method used should encourage creative thinking and the development of ideas. Each situation is new and requires a fresh approach to be effective.

Participatory planning techniques should ensure that stakeholders can be involved from early stages, that they are well informed and that they can have a real decision making role.

Techniques available for participatory planning:

- **Action planning:** This is a creative participatory process to develop actions relevant to a limited area. It starts with stakeholders, identifies problems, sets objectives, and generates creative solutions.
- **Objective-oriented planning and programming:** This is similar to action planning, with a strongly structured process (as used by GTZ, the German development agency and many other organisations). In many countries, moderators have been trained in this process to facilitate project development.
- **“Planning for Real”:** This is an approach used in the United Kingdom, which is also similar to action planning. “Planning for Real” uses simple models which communities can make and work with to improve communication. In these discussions, professionals have a role in providing support to the community, rather than dominating the discussion. For example, they are only allowed to intervene if asked for information or an opinion. The technique is efficient in use of people’s time and helps to keep a balance between discussions and actions

## PARTICIPATORY PLANNING TECHNIQUES

Participatory methods usually rely on a range of techniques, including working with residents in:

- Problem identification
- Time-lines” to establish the sequence of major events.
- ‘Communal mapping” to produce social maps identifying the infrastructure, land use patterns, tenure issues and housing (with sanitation maps to highlight problem areas).
- “Transect walks” where external professionals walk with residents through each settlement to obtain a detailed knowledge of the micro-environment.
- Preparing diagrams, drawing from the above activities to stimulate discussion at group sessions and establish priorities for action.

## PROJECT CYCLE AND PARTICIPATORY MECHANISMS

Participation and responsibilities vary over the life and stages of a project. It is not necessary that all participate equally and in the same way in all stages. Moreover, participation is not only about communities. It also concerns individuals and the private sector.

Well-managed participation at the early stages of a project is critical:

- **Programming:** The key stakeholders should be involved in workshops to design the programme or project, both at national and local levels. ToR should include requirements to adopt participative processes.
- **Identification:** Tools such as participatory rapid appraisal and participatory planning should be used. ToR should include instructions for use of participatory process.
- **Formulation:** ToR should include reference to appropriate participation
- **Financing:** This stage is primarily an internal EC decision. Participation of decision-makers at an early stage in the process of development is an advantage.
- **Implementation:** Monitoring activities may involve key stakeholders (e.g., communities may be involved in monitoring activities for which they are responsible) and also those carried out by others (e.g., monitoring the activities of contractors).
- **Evaluation:** In addition to the EC evaluation, other insights can be obtained by comments from other stakeholders in the process, based on their roles in earlier stages of project development.



- **Strategic planning:** This approach deals with city wide strategic issues.

## PARTNERSHIPS

In participation, partnership is an important aspect of operations, where relative roles and responsibilities are clearly defined. Partnerships are mainly used by the public and private sectors, and sometimes with community-based organisations and NGOs.

*To be successful, partnerships should be based on clear common interests, normally identified and developed from the initial appraisal and planning stages.*

## PARTICIPATORY MONITORING AND EVALUATION

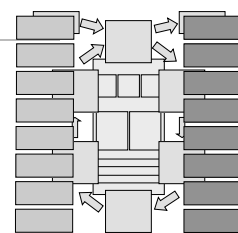
Where communities participate actively in planning, it also makes sense that they play a strong role in monitoring and evaluating what they are doing.

*This allows direct feedback and learning by a community, and thus facilitates the building of their capacity. Community-based monitoring and evaluation should be seen as complementary to activities in the same area by government or other organisations.*

### PARTICIPATION: ADVANTAGES AND DISADVANTAGES

ADVANTAGES / BENEFITS	DISADVANTAGES / COSTS
<b>Local government</b>	
<ul style="list-style-type: none"> <li>• Creates ownership of plans and actions</li> <li>• Increases chance of support for actions</li> <li>• Increases potential resources</li> <li>• Helps to develop suitable programmes and projects</li> <li>• Can provide base for local acceptance of responsibilities</li> <li>• Provides an important base for development of partnerships</li> <li>• In line with officially-supported policies demanding participation</li> </ul>	<ul style="list-style-type: none"> <li>• Requires skill and motivation – staff may not be familiar and may be opposed to the diminution of their own powers and expertise</li> <li>• Takes time and effort</li> <li>• Can create conflict with elected representatives</li> <li>• Can be open to manipulation</li> </ul>
<b>Community</b>	
<ul style="list-style-type: none"> <li>• Ensures community priorities are respected</li> <li>• Creates ownership of plans and actions</li> <li>• Increases chance of support for actions</li> <li>• Increases potential resources</li> <li>• Helps to develop suitable programmes and projects</li> <li>• Acts as a safeguard against autocratic action</li> <li>• Allows stronger input from special groups, e.g. women or ethnic minorities</li> <li>• Can strengthen community cohesion</li> </ul>	<ul style="list-style-type: none"> <li>• Requires skill and motivation</li> <li>• Takes time and effort</li> <li>• May conflict with existing social structures</li> <li>• Can be open to manipulation</li> <li>• Requires maintenance of supportive community organisation</li> <li>• Too little support is normally given to facilitation of community participation</li> </ul>
<b>Individual</b>	
<ul style="list-style-type: none"> <li>• Gives individual chance to influence priorities</li> <li>• Creates ownership of plans and actions</li> <li>• Increases chance of support for actions</li> <li>• Increases potential resources</li> <li>• Potentially can help develop more suitable programmes and projects</li> <li>• Acts as a safeguard against autocratic action</li> <li>• Important base for development of partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Requires skill and motivation</li> <li>• Takes time and effort</li> <li>• Those participating are not necessarily representative</li> <li>• May still be difficult for individuals to influence</li> <li>• Individuals priorities may be over-ruled</li> <li>• Can be open to manipulation</li> </ul>
<b>Private developer</b>	
<ul style="list-style-type: none"> <li>• Increases chance of support for actions</li> <li>• Increases potential resources</li> <li>• Potentially can help develop more suitable programmes and projects</li> <li>• Important base for development of partnerships</li> <li>• Can speed development by minimising objections</li> </ul>	<ul style="list-style-type: none"> <li>• Takes time and effort</li> <li>• Requires skill and motivation</li> <li>• Can lead to conflict of views and objectives</li> </ul>

# SECTORAL ISSUES



This chapter focuses on sectoral issues. It highlights the role played by each sector in urban areas and identifies key issues related to the application of the strategic approach. It also indicates how cooperation in each sector can be designed to increase the contribution that is made to overall urban development. The potential result of this is successful sectoral initiatives that contribute to the general sustainable development of cities.

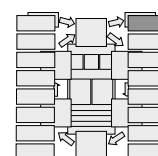
A brief overview of each sector in the context of cities is followed by a short summary of key development strategies currently prevailing. For each sector, key linkages are indicated within the context of urban areas. Key issues that should be considered during each stage of the PCM when developing cooperation support for a particular sector are also discussed. The list below is not exhaustive, but serves as an example of the approach:

- Transport
- Water supply and drainage
- Solid waste management
- Health
- Natural resource management
- Business and employment
- Housing
- Land

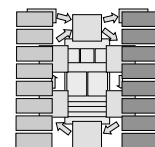
## 15.1

## TRANSPORT

This section is intended to complement the transport sector guidelines introduced by the EC in 1996 and focuses specifically on urban areas. A number of key considerations are reviewed to illustrate the role of transport as a critical agent of urban change and a potential influence on sustainable urban development. Strategic approaches for urban transport policy-making and planning are also indicated.



Cities in the developing world increasingly need to depend on the efficiency of their transport infrastructure and services to deliver goods and people in order to maintain economic global competitiveness. In reality, many such cities have inadequate and poorly managed infrastructure and insufficient funds to support even the current levels of motorisation.



The appropriate legal, financial and logistical frameworks need to be provided by the public sector. The private sector and local communities can then contribute to the provision of transport infrastructure and services, in line with available resources, technologies and prevailing market forces. This is crucial to the provision of a strategic framework to help plan, manage and maintain an urban transport system on a sustained basis. It is therefore important that projects include policy support, decentralisation of transport revenue-earning rights and capacity building.

Stakeholder consultation and participation should also take place for both minor and substantive changes to the urban transport system. Such initiatives provide the basis for lasting change. Therefore, projects should allow for public education and media campaigns, the establishment of joint ventures with the government and communities to monitor air quality and noise emissions, and joint ventures for regulating the public transport system.

### SOCIAL IMPACTS

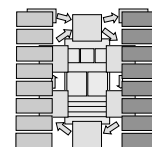
Public policy on motorisation is often accepted without considering fully the social impacts that may result (including poverty, equity and gender).

**Social mobility, access and poverty:** Urban poverty and immobility are clearly correlated. The urban poor rely on non-motorised or public transport services. Many efforts to accommodate the rapid increased in motorisation in such cities have effectively appropriated the streets for the wealthy and further isolated the poor. Policies that favour motor vehicles have pushed non-motorised vehicles aside, not only on major routes, but also in local communities.

*The inequities created by transport infrastructure improvements that benefit those with cars (i.e., the wealthy, and often at the cost of the public purse) rather than the environment and the poor, should be redressed. Project elements can include the concept of trading environmental property rights and public-private joint development initiatives for land adjustment to major transportation investments.*

**Community linkages and disruption:** Expanding urban roads with heavy traffic into multi-lane and one-way streets can increase the amount of walking necessary for pedestrians. As a result, many urban roads are now separating people rather than linking them. These developments are taking place despite the fact that the affordability of the motor vehicle for the vast majority of urban inhabitants is well outside their financial means.

*Urban transport services and infrastructure (especially of public transport systems) can contribute to sustainable development by helping to establish the economic viability of individuals, households and families. Possible project components include making better located land available to low-income communities, treating certain kinds of travel as a basic need and not a commodity, and introducing measures that accommodate, if not incorporate, the operations of the informal sector public transport services within the overall system.*



**Road accidents:** Various research studies assess that the economic loss of accidents in developing countries is as much as one per cent of national GNP. Such losses do not include the pain, suffering and emotional stress experienced by the victims. The poor are particularly vulnerable to traffic accidents.

*Measures to reduce traffic accidents include the introduction of “traffic calming” measures, introduction of citywide traffic speed bands, providing citywide continuous networks for the exclusive use of non-motorised modes and slow-moving vehicles, and introducing pedestrian zones.*

## ECONOMIC IMPACTS

Transport has a major impact on the economic conditions of cities and is a critical factor in urban development.

**Productivity and employment:** A city’s productivity and employment distribution is strongly affected by transport services and the activities they serve (industrial, commercial, household and institutional). Mobility and accessibility also affect productivity in the delivery of public and freight transport operations.

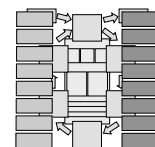
*An efficient pattern of development for the movement of goods and people reduces the need to travel. This should also support the sustained economic growth for the benefit of the city at large and its constituent local communities (especially low-income groups) specifically. Project components on a citywide and also on a local community level (in consultation and partnership with the private sector, NGOs and communities) include developing a multi-modal transport system that is energy efficient, integrated and affordable.*

**Mobility and access:** The fundamental value of urban transport is the mobility and access it offers to users, and the productivity and employment it potentially facilitates. Transport projects can be closely linked to business promotion and employment programmes.

*The smooth flow of motorised traffic is critical to the functioning of cities. Acute motor traffic congestion now extends well beyond peak hour periods in many major cities. Urban transport services and infrastructure provision should become both economically viable and sustainable. Public transport services need not be self-financing on all occasions, as long as outside funding (external to the public transport operator’s purse) explicitly contributes to other known, non-economic priority goals of sustainable urban development (although this can be a drain on the economy). Project components include enhanced access to local vehicular traffic (especially non-motorised vehicles). For example, separate paths and underpasses should be provided for pedestrians and cyclists in central areas and close to the main arterial roads. Revising and introducing tariff systems should also be considered.*

## ENVIRONMENTAL IMPACTS

Motor vehicle production has strongly shaped the world to the extent that it has become an appalling threat to the environment.



**Noise and air pollution and climate change:** The emissions of the motor vehicle extend far beyond its source of generation, with the transport sector being the fastest growing source of greenhouse gases.

*The adoption of international air quality standards of traffic emission control and noise levels should be based on affordable interventions (i.e., enforcement measures) by government agencies. In so doing, a proactive approach of demand management should be adopted, initially targeted on identified sensitive areas. Therefore, there is a special need for the development of an effective enforcement and monitoring capability.*

**Energy consumption:** Globally, 20 per cent of all energy produced is used for transportation, of which 60–70 per cent is consumed by the movement of people, and the balance for freight movement. Approximately half of the world's oil is consumed in the transport sector; much of this is used in urban areas. This consumption is expected to increase.

*As traffic activity increases, improvements in the design and use of urban transport technology should be supported. Simultaneously, high vehicle occupancy levels and low energy intensity levels should be sustained without compromising safety. Possible project components include supporting measures to reduce energy intensity, encouraging the use of non-motorised transport means, and revising land use and town planning measures to reduce reliance on motor vehicles.*

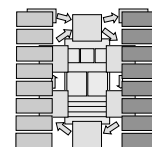
**Heritage and aesthetics:** Increasing motorisation presents a multiple threat to areas and structures of cultural significance. This includes corrosive effects of air pollution, destruction of historic buildings and open spaces for road clearance and vibration disturbance through the ground. Elevated roads and flyovers frequently block the light to areas beneath them and create heavy visual intrusions on a streetscape already cluttered by signs and signals necessary for vehicle traffic.

*Consideration should be given to the protection of communities, their social and cultural life, and physical aesthetic environment using project components, such as diverting traffic from ancient buildings and focusing on the creation of pedestrianized zones in sensitive areas.*

### URBAN TRANSPORT PLANNING

The design of roads and transport systems can either help to unite or divide urban communities. Conventional transport planning and management in cities have been closely associated with the Urban Transport Planning process. This process has tended to focus too strongly on the efficiency of transport operations (especially of the motor vehicle), without adequately incorporating land use, transport growth, environmental and equity matters. It also gives inadequate consideration to non-motorised movement, the informal sector, community development, the poor, urban form and structure, energy use, and environmental assets. In most cases, cities cannot reduce congestion through road construction due to economic, social and environmental limitations.

*Transport should support the economic and social functions of the city and also seek to enhance the quality of life of its inhabitants. The above*



concerns all point to the urgent need for the incorporation of the sustainability concept into urban transport policy-making and planning. Key transport planning and management considerations include:

- *Balancing between the ability of transport to serve economic development and the ability to protect the environment and sustain a quality of life for the future.*
- *Providing for the economic and social needs for access with less need for travel, which implies linking management of land use planning and transport.*
- *Ensuring users pay the full social environmental cost of the transport decisions (although defining this can be difficult).*

## SECTORAL LINKAGES

Projects to support the transport sector within cities can have an important potential role in overall sustainable urban development, as well as the improvement of urban governance and urban management. Transport projects that are sensitive to these key elements of the urban context have the potential to be successful and create a positive development impact.

*The elements of the strategic approach to urban development can relate to projects in this sector through beneficial linkages:*

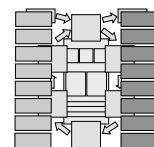
- **Sustainable development:** *The effectiveness of an urban transport system has a direct impact on urban economic development (affecting productivity, trade and investment), social development (affecting social mobility and community access) and environmental development (affecting pollution, energy consumption and land use).*
- **Urban governance:** *The policy framework for transport and the extent of decentralisation of powers and finances affects the ability of local governments to plan and manage transport effectively. Consultation and stakeholder involvement in decisions regarding transport is critical for defining priorities and supporting initiatives. The transport sector also has many opportunities for public-private partnerships.*
- **Urban management:** *Integrated land-use planning can have a great benefit for urban transport, and vice versa. Introducing changes has to be co-ordinated across many departments.*
- **Other sectoral programmes:** *Road projects can be effectively linked to water supply and especially drainage, as the latter usually runs under, or alongside roads. Solid-waste collection is affected by the physical accessibility of houses, commerce and industries. Therefore, development of local access roads can assist in providing effective waste collection.*

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are considerations for the design and implementation of projects, with a significant urban transport sector component.

*Key considerations during each of the six stages of the project cycle management are raised:*

- **Programming:** *Representatives of a range of modes of urban transport should be consulted when establishing areas for support in cities.*
- **Identification:** *ToR for pre-feasibility studies should identify the*

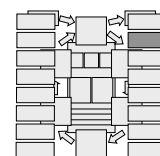


*broader mobility issue within cities.*

- **Formulation:** This part of the project cycle should have regard to the range of departments and agencies that may be involved in transport planning and management.
- **Financing:** Urban transport projects have the potential for partial or even full cost recovery. This should be seen in the context of overall financial flows. Private financing or participation in the operation of urban transport projects should be considered.
- **Implementation:** Project implementation should be responsive to conditions in urban areas and to possible changes that may occur. A level of flexibility should be included in the project plan of operation.
- **Evaluation:** Project evaluation should examine the assessment of project impact on overall mobility within urban areas.

## 15.2

## WATER SUPPLY AND DRAINAGE



Water supply, urban wastewater management and drainage are key components of a city's infrastructure. These services play a vital role in the process of urban expansion by providing the basic infrastructure for settlements. A large portion of EC funding into urban environmental projects in the south go into water supply, wastewater management and drainage.

Realising the need for improved project design in the broad subject area of water resources management, there are EC guidelines focusing on four areas for cooperation:

- Water resources assessment and planning
- Basic water supply and sanitation services
- Municipal water and wastewater services
- Agricultural water use and management

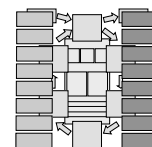
Reference should be made to the water resource management guidelines when formulating urban water supply and wastewater management. It should be noted that aspects apart from municipal water supply and wastewater management dealt with in the water guidelines are also important because they examine such issues as resource needs of cities and their overall impact on surrounding regions. These issues are discussed in greater detail elsewhere in these Guidelines. The focus in this section is mainly on those areas, which directly present challenges to the development and management of cities.

### INTEGRATED WATER MANAGEMENT

Management of water resources in cities is often arbitrarily divided into water supply, wastewater management and drainage. Responsibility for the operation of water, wastewater management and drainage services is often fragmented in cities.

- *Improved services can contribute to better health through increased environmental quality, timesaving and additional productivity (at home, at the market and at workshops). The entire and intricate process of handling water has led to the approach for integrated water management. Plot layouts, services, and their distribution patterns directly affect the cost of*





water, wastewater management and drainage. In general, small and deep plots require less infrastructure length per plot. There is a space efficiency limit in making plots too long in relation to their frontage (normally taken as a maximum of 3:1).

## SECTORAL LINKAGES

Projects to support the water supply, wastewater management and drainage sectors can play an important role in sustainable urban development, improved urban governance and urban management. Projects that are sensitive to these key elements have the potential to be successful.

■ The strategic approach to urban development in this sector relates to relevant beneficial linkages.

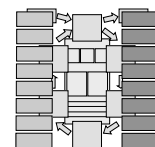
- **Sustainable development:** Provision, operation and maintenance of services is an important source of employment and entrepreneurial activity, particularly through private sector and community involvement, and have a significant impact on health conditions, especially of the urban poor.
- **Governance:** Water supply, management and drainage should be an integral responsibility of local governments. Support can promote more effective decentralisation of powers and resources to the municipal level.
- **Urban management:** Cross linkages should be encouraged in the respective stages of planning and Operation and Maintenance (O&M). These services lend themselves to partial or full recovery.
- **Other sectoral programmes:** Many constructive linkages can be made between this sector and other projects in urban areas. For example, water supply, management and drainage projects can be constructively linked to community health programmes. Similarly, privatisation, partnership or community involvement projects in water supply and wastewater management can be linked with employment generation and micro-finance projects.

## WATER SUPPLY PROJECTS

Wherever cities can afford them, urban water supply systems are provided via pipes. In developing countries, only a minority of consumers are actually served by piped systems, and many of the consumers that are often experience regular service disruptions. Some piped systems only serve standpipes, which are placed strategically around poor neighbourhoods. Many neighbourhoods are also served by tankers, which fill large holding tanks scattered around the urban neighbourhood from which people buy their water. Another common arrangement is for vendors to distribute water, usually at prices well above those paid by those fortunate enough to have piped supplies. Other sources include direct use from rivers and canals, as well as deep wells. Projects might deal with one or several of these components of the system:

■ **Raw water:** The original surface, ground and/or rainwater source that is fed into the supply system.

■ **Processing:** Treatment of the water to the needs of various users through filtering.



■ **Transmission:** Transporting water from the point of generation to the service areas, usually through a pipeline (other forms of transport are also possible, such as tankers).

■ **Distribution:** Pipelines are common but many other forms of distribution are used (from water tankers to animal and human transport).

■ *Projects to support water supply in cities focus on several strategic areas, including:*

- *Improving O&M of systems;*
- *Improving public education;*
- *Recognising the role of communities;*
- *Strengthening institutional capacity;*
- *Improving the financial viability of services; and*
- *Supporting the re-use of wastewater.*

### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

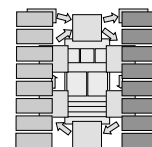
There are considerations for the design and implementation of projects with a significant water supply sector component in urban areas in general.

■ *Key considerations during each of the six stages of the project cycle management are raised (these should also be read in conjunction with the EC guidelines for Water Resources Development Cooperation):*

- **Programming:** *Priorities identified for water supply projects should be complementary to other aspects of urban infrastructure development and management in terms of national and local policies and programmes.*
- **Identification:** *A pre-feasibility study should be carried out to determine whether a proposed water project takes account of the environmental impacts of the water resources management regime. An assessment of public awareness is also necessary to the relationship between public health and clean drinking water, willingness to pay and in-kind contributions to the development and management of community-based elements of the supply, and the level of political commitment to an improved supply, such as budget allocations and competent staff.*
- **Formulation:** *A feasibility study should be undertaken to determine in detail the scope of and resources required for the project, including an environmental impact assessment, human resource capacity and potential private sector involvement.*
- **Financing:** *Appropriate rate structures and tariff settings should be pursued to convince potential financiers to invest according to the needs of the population in order to reduce the burden of cost recovery.*
- **Implementation:** *Regular monitoring is needed to ensure that developments are in line with the commitments made.*
- **Evaluation:** *An assessment should be made of the project goals as achieved to enable early feedback into the project design.*

### WASTEWATER MANAGEMENT

In many cities, wastewater is still carried in storm-water drains and through open canals, normally without any further treatment. In many cases, the cost of sewerage development may be significant due to the



need for deep and horizontal excavations, pump-houses and large diameter pipes. The initial choice for serving low-income residential areas is through individual onsite facilities, which are inexpensive and are normally maintained by the dwellers themselves. In addition, there is the vast and complex problem of industrial wastewater, which may contain chemical products that require specific treatment. Such wastewater should be treated at the industrial location itself, rather than with the domestic wastewater flow. Many developing nations are faced with the need to clean and treat existing wastewater from small-scale industries that are already operating at very small margins. Though there is usually some possibility for resource recovery (such as chromium from tannery wastewater), the ultimate cost of such schemes may be prohibitive (especially when compared to the lack of monitoring for illegal discharges directly into urban rivers and other watercourses). Inadequate management of wastewater in many cities contributes to poor environmental conditions, leading to health hazards. There are various categories of wastewater including household human waste, domestic and industrial wastewater.

*Projects to support improved urban wastewater management focus on several aspects, including:*

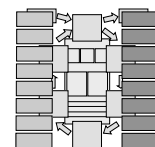
- *Strengthening institutional capacities*
- *Addressing the cost implications of investments in sewerage networks*
- *Supporting the role of communities in wastewater management*
- *Improving the maintenance of wastewater systems.*

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are many alternatives for managing the various forms of wastewater. For human waste, this includes onsite and offsite facilities and ranges from individual solutions through home groups and community arrangements, to fully public facilities. Onsite systems (pit latrines and septic tanks) allow incremental development into a fully-fledged waterborne network system, in step with the development over time of a series of plots. There are considerations for the design and implementation of projects with a significant wastewater management sector component in cities.

*Key considerations during each of the six stages of the project cycle management are raised:*

- **Programming:** *An assessment is necessary as to whether urban wastewater management features within national priorities and through interaction with cities.*
- **Identification:** *Sewer systems carry large volumes of water (especially combined systems). The disposal of this wastewater (preferably after treatment) should be seen as part of the overall water management. There is a need to understand the local situation and market with regard to water supply, wastewater management, drainage and solid waste. "Willingness to pay" should match the proposed development.*
- **Formulation:** *A preliminary investigation should be carried out of needs to improve wastewater management and the options, followed by a planning workshop to involve local stakeholders. A feasibility study should include responsibility for longer term operations and*



*maintenance (O&M). In addition, sewerage and sanitation systems require appropriate regulations within the municipal by-laws, specifying the conditions for house connections.*

- **Financing:** *Appropriate rate structures and tariff settings should be considered to convince potential investors. General financial management support should also be provided.*
- **Implementation:** *Regular monitoring is needed to ensure that developments are in line with the commitments made.*
- **Evaluation:** *The project goals achieved should be assessed to enable early feedback into the project design. Economic, environmental and social development criteria should be included within the general evaluation process.*

## DRAINAGE

Inadequate drainage in cities can lead to waterlogged conditions and flooding. Planning and managing for better drainage needs to be undertaken as part of a comprehensive approach towards local water management. There should be due regard for proper recharging of underground aquifers and also through preserving key ecological zones. Greenery and waterscapes in cities assist in maintaining a better climate. This also helps restore ground water reserves. Effective management of drainage, therefore, needs to take account of factors, both within and outside a city.

*Projects to support better drainage management in cities focus on a number of issues including the following:*

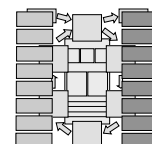
- *Risk analysis to assess the likelihood of flooding and to plan accordingly*
- *The development of natural disaster scenarios*
- *Information on drainage conditions to support better planning and management*
- *The role of communities*
- *Linkages between services and infrastructure (such as roads)*
- *Cost implications for investments*
- *Public education (for example, to prevent the dumping of garbage in drainage canals)*
- *Institutional capacity issues to handle drainage and flood protection.*

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

Drainage problems can develop over time for many reasons, including occurrences outside the city, such as changes in a river's catchment area, leading to more pronounced peaks and lows in its discharge. As a consequence, many cities are now facing major flooding problems during their wet season compounded by water shortages, as well as pollution during dry periods. Coastal cities are facing added flooding problems due to tidal movements and wind-blown surges.

*Key considerations for projects with a significant drainage component during each of the six stages of the project cycle management are raised:*

- **Programming:** *The project should be prioritised as a complementary action between sub-sectors of sanitary infrastructure development (water supply, sanitation, drainage and solid waste) and urban management in terms of national and local policies and programmes.*



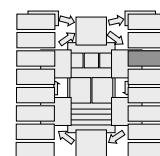
- **Identification:** The role of drainage should be assessed within the overall urban management framework and identify support projects in this regard. There should be an assessment of the institutions related to flood control and drainage management in the urban sub-region in order to identify cooperation to overcome problems. The medium term political willingness to drainage and flood protection, investments and O&M should also be assessed.
- **Formulation:** Consideration should be given to the compatibility and contradictions between the land use plan and the drainage plan. Assessments should also be made of the institutional and staff capacity, stakeholder organisations (e.g., unions) and the financial base for drainage and flood protection, as well as the technical capabilities under actual operating conditions of the appropriate agencies.
- **Financing:** Cost benefit analysis can be used to appraise the gains obtained from the prevention of related problems, such as recurrent floods. A rate structure and tariff should be set to encourage potential investors.
- **Implementation:** Regular monitoring is needed to ensure that developments are in line with the commitments made.
- **Evaluation:** Economic, environmental and social development criteria should be included within the general evaluation process.

15.3

## SOLID WASTE MANAGEMENT

Solid-waste management is a major responsibility of local authorities. It may absorb up to half of municipal budgets and poses major environmental, socio-economic and political problems. What makes solid-waste management expensive is the dispersed generation of waste (also its volume, weight and composition) by household, commercial, institutional and industrial activities. It needs to be collected from many locations, often through a narrow road network and dense city traffic, to a few locations for processing, transfer and then disposal. Furthermore, inadequate solid-waste management imposes serious environmental impacts at the household level and within the city and the wider region. However, considerable benefits can be obtained from managing wastes as a resource, reducing waste generation, developing re-use and recycling opportunities and promoting employment.

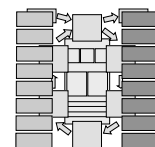
Solid waste is composed of a variety of organic and inorganic waste materials that vary in shape, weight and chemical composition. This makes the handling of waste labour intensive and requires versatile equipment adapted to local skills and cultural circumstances. Solid waste is also hazardous to public health. Health risks increase for urban residents when waste is not collected regularly or disposed of safely.



### SOLID-WASTE MANAGEMENT

has the following components:

- **The origins of generating waste:** The various producers of waste, their cultural characteristics, attitudes, behaviour and abilities to change and contribute to the reduction of waste.
- **Characteristics of waste:** The waste is characterised by its volume, weight, moisture and chemical composition, and is delivered either in a stored, or scattered mode.
- **Informal and formal sectors:** They consist of the itinerant collectors, street pickers, municipal workers and dump pickers who take care of selection and transportation of waste components to small dealers, wholesalers and production units. The waste is converted into new consumer goods, completing the cycle.



The management of solid waste is usually separated into a number of stages:

- Generation
- Disposal
- Collection
- Transfer
- Processing and final disposal

There are several additional factors in the stages of solid-waste management. In many cities informal waste-workers and small enterprises are involved in selecting and dealing in reusable components from the waste stream to generate income. Farmers also collect vegetable-market waste at disposal, transfer, or final dumpsites to be used as fertiliser, reducing the quantity of waste to be managed. Construction waste material is often dumped or collected by contractors to be used as landfill material, either from the generation point or somewhere along the route to final disposal. Some hazardous waste needs to be separated at its source because of the high health risks and environmental vulnerabilities involved. This type of waste can be generated by hospitals, health clinics, chemical industries, vehicle workshops, photochemical laboratories, shops and increasingly ordinary households. All of these factors need to be considered when designing a solid-waste management system.

### THE IMPORTANCE OF INFORMAL ACTORS

Waste workers and dealers in the field of informal resource recovery are becoming organised into formal co-operatives as small businesses. This has put pressure on local authorities to recognise their input as a component of the waste-management system.

■ *These actors make an important contribution to the reduction of waste volume at various stages of waste management. They contribute to the recycling of resources that would otherwise have to be imported into the city. In larger cities, these activities can provide income and employment opportunities for thousands of citizens (in the case of Mexico City alone, over 100,000). Men and women of various ages contribute to improving environmental conditions in this way.*

### THE ROLE OF COMMUNITIES

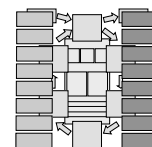
Project formulation teams often miss out on organised community initiatives in designing a general approach for all neighbourhoods. As a result, such community initiatives can be undermined. There are cases where this has led to their disappearance with the arrival of such a standardised project.

■ *Organised communities can take the initiative to set up and run local waste collection, storage and disposal operations on a modest scale (very often due to the lack or the inefficiency of government services). Sometimes, these have been assisted by local authorities or by NGOs.*

### SOLID WASTE INFORMATION

Solid-waste management projects can have a high risk of failure or minimal positive impact in developing countries if the solid waste cycle





in cities is not sufficiently understood. Many cooperation projects have been hampered by insufficient or unreliable data about urban solid waste.

*Data is needed on the involvement of all actors in the waste production system, including waste composition in a variety of neighbourhoods, rich and poor.*

### WASTE GENERATION AT SOURCE

Many solid-waste management projects have dedicated substantial time and resources to improve management of collection, transportation, processing, storage and disposal. Less attention is given to waste minimisation (particularly on middle-class lifestyles that generate such large quantities of waste). In particular, industries, manufacturers and commercial activities have a potential to reduce their waste.

*This may be achieved by conducting an environmental audit educational campaign, with a focus on waste generation and management. Selected industries and households may be included in such projects for the implementation of an integrated waste-management plan.*

### DISPOSAL SITES

Many local authorities consider sanitary disposal of waste to be of a lower priority than its collection and transportation. This is in terms of soil and ground water contamination (in particular, the problem of leaching) and also on the production of methane, which is an ozone-depleting greenhouse gas that accelerates climate change.

*Solid-waste management projects should also pay attention to the environmentally safe disposal of city wastes.*

### PUBLIC AWARENESS

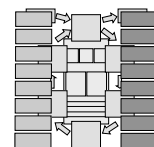
The problems local authorities have in providing adequate public awareness leads to weak cooperation with other municipal services, such as education and health. This is a key issue in how the whole waste problem is approached.

*Households, commerce, industries, institutions and hospitals (and waste management agencies) should be made aware of the health hazards and environmental consequences of the waste. The need for proper storage or separation of materials should be understood. In addition, the importance of disposing waste in a proper manner (bins, containers and bags), to allow the local authority or community initiative to collect it effectively should be made clear. Waste minimisation initiatives should also be clearly targeted at the public.*

### FINANCIAL VIABILITY

Solid-waste management services often do not attain full cost recovery in that the service fees charged (or collected) are generally insufficient to pay for the operation. General taxes have to be used to finance this service. The allocation of common revenues is part of a continuous administrative and political struggle, particularly amongst local government departments dealing with housing, engineering and social welfare.





*In addition to revenue enhancement and budget allocation for the service, attention should be given to identifying cost savings. To improve service, a combination of a sound financial base and effective utilisation of existing funds is needed, leading to transparency.*

### SECTORAL LINKAGES

Projects to support the solid-waste management sector within cities have an important potential role in overall sustainable urban development, the improvement of urban governance and urban management.

*The elements of the strategic approach relate to projects in this sector and suggest beneficial linkages that exist:*

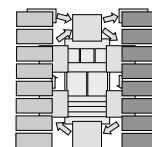
- **Sustainable development:** Solid-waste management directly relates to the quality of urban environments. It can also provide opportunities for employment creation, social and environmental improvements.
- **Governance:** National and local policy can affect the management of solid waste and is especially relevant for industrial and hazardous waste. Reform at the policy level may be required to provide an enabling framework for local action. There is usually considerable potential for community and private sector involvement and partnership in solid-waste management. Support for partnership formation and capacity building around new regulatory roles for local governments is closely linked to actual solid-waste management services.
- **Urban management:** Improvement of the co-ordination of planning, management and resource allocation of the various departments in local government is linked to solid-waste management. Increasing the involvement of the private sector and communities in the provision of solid-waste management services increases the need for regulation by local government. Moreover, improved financial management within local governments can lead to benefits in solid-waste management performance.
- **Other sectoral programmes:** Local transport routes and access roads affect the nature of solid-waste management equipment that can be used and the cost of the collection process. Solid-waste management and water supply and drainage programmes should be mutually supporting. Partnerships in solid-waste management offer many opportunities for employment and small business creation.

### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

Design and implementation of projects with a significant solid-waste management component should be taken into account within urban areas.

*Key considerations during each of the six stages of the project cycle are raised:*

- **Programming:** Support for solid-waste management in urban areas can be programmed in conjunction with support for improving governance and urban management in cities.
- **Identification:** Reliable data is needed on the composition and characteristics of solid waste for the various groups of waste producers. Useful community initiatives in waste management that could be supported by the project should also be identified. An



assessment is also necessary of the rationale behind current operations, in order to assess the risks and opportunities for change and improvement. Ways of reducing waste at source should be identified, as well as the medium-term political commitment to (and institutional awareness of) solid-waste management operations, including allocation of budgets and staff. The role of informal workers in solid waste should also be identified, together with opportunities for supporting their ongoing sector operation.

- **Formulation:** Staff capacity and technical capability at all levels in the local government department responsible for solid-waste management should be assessed. Any past experience with private sector companies should also be considered (for possible public-private partnerships). Similarly, the financial base for solid-waste management operation should be examined. An EIA may also be required.
- **Financing:** An appropriate rate structure and tariff setting should be pursued to encourage potential investors. Comparative analysis may also be needed of the costs and benefits of formal and informal systems (or a combination of the two).
- **Implementation:** An adequate project management organisation is necessary, together with appropriate physical manpower deployment and financial target monitoring.
- **Evaluation:** An assessment is required measuring the achievement of goals of the project, together with performance targets, partnerships, organisational reform and changes. Economic, environmental and social development criteria should also be included within the general evaluation process. The contribution made to improved governance and urban management within the urban areas concerned should also be assessed.

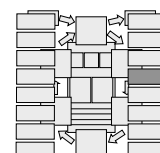
15.4

## HEALTH

Public policy should also aim to ensure that all environmental and development interventions contribute to improving health, directly or indirectly. Good public health contributes a great deal to poverty reduction, since it not only improves health, but also increases real income. Improved health also reduces the income lost through sickness and injury, and reduces the need for expenditure on care and medicines.

### THE SCOPE OF PUBLIC HEALTH

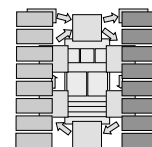
Most governments in Africa, Asia, Latin America and the Caribbean have failed to develop appropriate public health policies covering both urban and rural areas. This can be seen in the scale of the health burdens that their populations face and the extent to which preventable or easily cured illnesses can be easily addressed by a well-functioning public health care system.



### THE DISEASE BURDEN

Some comparisons can be made of the total disease burden per person between some of the world's regions. The worst conditions are to be found in the lowest income regions. Compared to the world's wealthiest countries, the overall disease burden in sub-Saharan Africa (1990) was nearly five times higher; for 0-4 year olds, the disease burden was more than 40 times higher per child in sub-Saharan Africa, compared to the world's wealthiest nations; in India it was more than 20 times higher; the disease burden per person from diarrhoeal diseases was about 200 times higher per person (in much of Asia and the Middle East it was 80-120 times higher, respectively).

A well-functioning public health policy allows such differentials to be greatly reduced. It can also allow relatively low-income countries to have life expectancies that are close to, or even equal to those in wealthy nations.



Public health comprises services to:

- Prevent disease and injury (including ensuring basic infrastructure and service provision for water, sanitation, drainage and solid-waste collection, and setting limits on particular groups of environmental hazards).
- Promote public awareness of disease and injury prevention. Behaviour modification can greatly reduce risk levels, as in the promotion of safe sex and other good practices as a key means to reduce the transmission of HIV/AIDS.
- Provide appropriate health care, including rapid responses to acute illness or injury (through emergency services) and support for rehabilitation.
- Reduce malnutrition.

### PUBLIC HEALTH POLICY

Public policy in urban areas should seek to integrate curative and preventive services, although these come from various routes and most action on prevention is outside the healthcare sector. This also requires much greater involvement by non-healthcare professionals. It is still common for the design and construction of infrastructure projects, including water, sanitation and drainage to be undertaken without involvement of health-care professionals, with too

little attention given to what level and quality of service brings the most benefits.

*Health specialists should work with architects, planners and engineers and with low-income groups directly, to ensure that disease and injury prevention is incorporated into the construction of homes and provision of infrastructure and services.*

### PUBLIC HEALTH IN URBAN AREAS

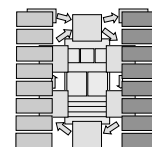
Health is particularly important for urban areas because the concentration of people, enterprises and their wastes bring serious problems in the absence of public action. This same concentration also brings economies of scale in measures to reduce most of the environmental hazards or reduce their health impact.

*High densities and large population concentrations usually mean lower costs per household and per enterprise for the provision of water supplies, the collection of household and human wastes, and most forms of healthcare and education. They also reduce the cost of providing emergency services (ambulances and other aspects of medical services and fire fighting). They also lower the per capita cost of measures to reduce risks and to respond rapidly and effectively when a disaster occurs. The concentration of industries reduces the unit costs for regulatory agencies, making checks on plant and equipment safety, as well as on occupational health and safety, pollution control and the handling and disposal of hazardous wastes. A greater capacity among city dwellers exists to help pay for basic services and disaster provision. They should also be made aware of the risks and efforts to keep down costs.*

#### VULNERABILITY TO HEALTH RISKS

The people most vulnerable to health problems are those least able to cope with illness and injury:

- Children are particularly at risk compared to most other age groups.
- Women are more vulnerable than men to many environmental hazards (partly the result of biological differences and partly because of gender).
- The elderly, those with physical disabilities and those population groups that face discrimination in obtaining access to environmental services.



## HEALTH QUALITY CARE

In general, low-income groups are more vulnerable than other groups because they are the least able to afford the homes that protect against environmental hazards, treatment when sick or injured and the possibility of taking time off work to recover.

*Working at various levels, the main health risks faced by low-income groups can be addressed. Through combined actions, the following are highlighted:*

- *The importance of action at all levels, from individual and household to community, to city and regional levels.*
- *The importance of national authorities setting the framework that encourages and supports action at city, neighbourhood and local levels.*
- *The extent to which improved public health depends on better quality housing, with adequate basic services for low-income groups. There are also programmes that inevitably fall outside the public health domain (e.g., to ensure that low-income households can obtain land, credit and other forms of support, on which to build a home).*

## INFORMATION TO SUPPORT ACTION

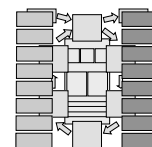
One difficulty facing donor agencies is the lack of accurate, detailed information on health problems in urban areas. Even basic data on the most serious illnesses and injuries is often lacking or is not available in a form that is useful for public health (for example, by neighbourhood, age group and sex). In most urban areas there is information on causes of deaths, for example, but these are often incomplete, lacking in detail or inaccurate. Moreover, existing health data is scattered amongst various agencies, making it difficult for non-medical staff (including those working in environmental services) to have access.

*Building up a picture of the main public health problems in any city starts with existing information. A relatively detailed picture of key health problems can be built up using existing data. Gathering health data by participatory discussions may be time consuming. However, such discussions have the capacity to improve accuracy and provide the basis for involving individuals and communities in developing solutions. A great deal can also be learned through interviews with carefully selected informants, such as local healthcare workers, those working in local hospitals or day-care centres, and schoolteachers. Where there is very little official data about health issues, conventional data gathering methods can also be used, although, as with participatory methods, these also need to be accountable to and report back to community members.*

## PUBLIC HEALTH FUNDS

An international agency can provide funds for projects that are determined by community organisations formed by low-income groups. Although most development assistance agencies acknowledge the need to support community driven, “bottom up” projects, most fail to set up the frameworks to allow this to take place.

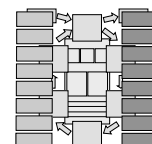
*An environmental fund can be used to support community-based intervention. Such a fund can support community-determined solutions, which include improved water, sanitation, drainage and other aspects of*



*healthy neighbourhoods. It allows low-income communities to develop their own projects and to manage their implementation. It also encourages inter-community exchanges and, generally, a capacity for low-income communities to negotiate and work with external agencies. A national government agency can thus support an action-oriented decentralised plan, building new partnerships in urban community development.*

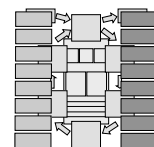
#### GOVERNMENT-COMMUNITY PARTNERSHIPS IN ADDRESSING HEALTH RISKS IN URBAN AREAS

HEALTH RISKS	ACTION AT INDIVIDUAL AND HOUSEHOLD LEVEL	PUBLIC ACTION AT NEIGHBOURHOOD OR COMMUNITY LEVEL	PUBLIC ACTION AT DISTRICT OR CITY LEVEL	ACTION AT NATIONAL LEVEL
<b>Water, sanitation, drainage and garbage collection</b>				
<b>Contaminated water</b> – typhoid, hepatitis, dysenteries, diarrhoea, cholera, etc.	Protected water supply to house; promote knowledge of hygienic water storage	Provision of water supply infrastructure; knowledge and motivation in the community	Plans and resources to undertake or support action at lower levels – including where appropriate funding to support community-directed provision for water, sanitation and drainage. Trained personnel and finances to services and maintain them.	Ensure that local and city governments have the power, funding base and trained personnel to implement actions at the household, neighbourhood, district and city levels. Review and, where appropriate, change legislative framework and norms and codes to allow and encourage actions at lower levels, and ensure that infrastructure standards are appropriate to the needs and the resources available. Support for training courses and seminars for architects, planners, engineers etc. on the health aspects of their work.
<b>Inadequate disposal of human wastes</b> – pathogens from excreta contaminating food, water or fingers leading to faecal-oral diseases or intestinal worms (e.g., hookworm, roundworm, tapeworm, schistosomiasis).	Support for construction of easily maintained WCs or latrines that matches physical conditions, social preferences and economic resources. Washing facilities to promote hand-washing.	Mix of technical advice, equipment installation and its servicing and maintenance (the mix is dependent on the technology used).		
<b>Waste water and garbage</b> – waterlogged soil ideal to transmit diseases like hookworm; pools of contaminated standing water, conveying enteric diseases. Waste water can provide breeding ground for mosquitoes spreading filariasis, malaria and other diseases. Garbage attracting disease vectors.	Provision of storm and surface water drains on house plot and spaces for storing garbage that are rat, cat, dog and child proof.	Design and provision of storm and surface water drains. Advice to households on materials and construction techniques to make houses less damp. Consider feasibility of community-level garbage collection that includes recycling.	Regular removal or provision for safe disposal of household wastes (including support for community schemes) and plan framework and resources for improving drainage.	
<b>Insufficient water for domestic hygiene</b> diarrhoeal diseases, eye infections (including trachoma), skin diseases, scabies, lice, fleas.	Adequate water supply for washing and bathing. Provision for doing laundry at household or community level.	Health and personal hygiene education for children and adults. Facilities for laundry and bathing at this level, if not within each house.	Support for health education and public facilities for laundry.	Technical and financial support for educational campaigns. Co-ordination of housing, health and education ministries.
<b>House structure</b>				
<b>Disease vectors or parasites in house structure</b> with access to occupants, food or water (e.g., rats, cockroaches, mosquitoes or other insects, including Chaga's disease vector in Latin America).	Support for improved house structure (e.g., tiled floors, protected food storage areas, roofs, walls and floors protected from disease vectors).	Technical advice and information – part of adult and child education programme. Where appropriate, support for community-level savings and credit schemes.	Loans for households for upgrading shelters (including small ones with flexible repayment term) or support for community-level credit schemes. Guarantee supply of cheap and easily available building materials, fixtures and	Ensure building codes and official procedures to approve house construction or improvement are not inhibiting individual, household and local government actions. Support for nationwide availability of building loans,



HEALTH RISKS	ACTION AT INDIVIDUAL AND HOUSEHOLD LEVEL	PUBLIC ACTION AT NEIGHBOURHOOD OR COMMUNITY LEVEL	PUBLIC ACTION AT DISTRICT OR CITY LEVEL	ACTION AT NATIONAL LEVEL
<b>Inadequate size house &amp; poor ventilation</b> – helps transmission of diseases such as TB, influenza and meningitis (aerosol drops), especially when many households share premises. Risks of household accidents increased with overcrowding; impossible to safeguard children from poisons, open fires and stoves	Technical and financial support for house improvement or extension and provision of cheap sites with basic services in different parts of city to offer poorer groups alternatives to their current shelters.	Technical advice on improving ventilation and lessening indoor fumes and smoke. Education on overcrowding related diseases and accidents.	fittings; support for building advice centres in each neighbourhood.	cheap materials (where possible based on local resources) and building advice centres. Produce technical and educational material to support this.
<b>Air pollution</b>				
<b>Indoor air pollution</b> because of open fires or poorly designed stoves and smoky fuels. These cause or exacerbate respiratory illnesses, especially in women and children.	Posters/booklets on improved stove design and improving ventilation.	Ensure availability of designs and materials to build improved designs.	Consider extent to which promotion of alternative fuels would lessen problem.	
<b>Outdoor air pollution</b>		Identify major sources of ambient air pollution within each neighbourhood and seek to limit their emissions.	Act to control main sources of ambient air pollution.	Ensure legislative framework allows urban authorities to effectively control ambient air pollution.
<b>Nutrition</b>				
<b>Nutritional deficiencies and low income.</b> Nutritional deficiencies can be addressed by higher incomes, better access to food and reducing diseases, which rob the body of nutrients. Inadequate intake of certain micro-nutrients a particular problem in many locations.	Reduce intestinal worm burden and worm transmission. Appropriate treatment for diarrhoea and worms. Support for income generating work within the house.	Food supplements and/or meals or community kitchens where appropriate. Action to address nutritional deficiencies where needed. If land is available, support food production (urban agriculture can be very effective in increasing incomes and/or increasing food intake).	Support for local enterprises and appropriate nutrition programmes; support urban agriculture where possible and relevant.	Structural reforms, funds for nutrition programmes and other measures to improve poorer groups' real incomes.
<b>House sites</b>				
<b>Children's exposure to environmental hazards</b> – playing in and around house site constantly exposed to hazards from traffic, unsafe sites (e.g., slopes, open drains) or sites contaminated with pollutants or faeces.	Day care services to allow care and supervision for children in households where all adults work; these can also contribute much to learning and health.	Provision within each neighbourhood of a well-drained site, separated from traffic, kept clean and free from garbage and easily supervised for children's play. Ensure first aid services are nearby.	Support given to neighbourhood level play, sport and recreation facilities.	Support for city/local governments with information and advice on recreation and play; provision for child development.

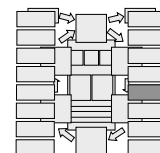




HEALTH RISKS	ACTION AT INDIVIDUAL AND HOUSEHOLD LEVEL	PUBLIC ACTION AT NEIGHBOURHOOD OR COMMUNITY LEVEL	PUBLIC ACTION AT DISTRICT OR CITY LEVEL	ACTION AT NATIONAL LEVEL
<b>House sites subject to landslides or floods</b> as a result of no other land being affordable to lower income groups.	Regularize each household's tenure if danger can be lessened; relocation through offer of alternative sites as last resort.	Action to reduce risks of floods/landslides or to reduce potential impact; community based contingency plan for emergency. Encourage upgrading or offer alternative sites.	Ensure availability of safe housing sites that lower income groups can afford in locations accessible to work	National legislation and financial and technical support for interventions by local and city governments in land markets to support action at lower level. Training institutions to provide needed personnel at each level.
<b>Illegal occupation of house site or illegal subdivision</b> with disincentive to upgrade, lack of services and mental stress from fear of eviction.	Provide secure tenure and ensure adequate provision for piped water, sanitation, and storm and surface drains.	Local government working with community to provide basic infrastructure and services, and incorporation into "official city".	Support for incorporating illegal subdivisions and for providing tenure to squatter households.	
Health services				
<b>Non-existent or inadequate access to curative and/or preventive health-care and advice.</b>	Widespread availability of simple primer on first aid and health in the home plus home visits to promote its use.	Primary health care centre; emphasis on child health, sexual and reproductive health, preventive health, and support for community action and for community volunteers.	Small hospital (first referral level) and resources and training to support lower level services and volunteers.	Technical and financial support for nationwide system of hospitals and health centres. Preventive health campaigns (e.g., immunization) and nationwide availability of drugs and equipment. Set up training system for paramedics and community health workers. Provide guidelines for setting up emergency services and planning and risk minimization in risk prone areas to minimise injuries and damage if disaster occurs.
<b>No provision for emergency life-saving services</b> in event of injury or serious illness.	As above, backed by educational programmes on minimising risks.	Basic equipment (e.g., stretchers, first aid) available at all times. Community volunteers with basic training on call and arrangements for rapid transfer of sick/injured person to hospital. Equipment to rescue/treat those saved from burning houses.	Support for neighbourhood equipment plus organisation of training programmes for community volunteers. Fire-fighting equipment. Ambulances. Contingency plans for emergencies.	
Discussions with individuals and community organisations about some minimum changes to site layouts to improve emergency vehicle access and create fire breaks.				
Source: Developed from Jorge E. Hardoy and David Satterthwaite, "Housing and health," Cities Vol. 4, No 3, 1987.				

## NATURAL RESOURCE MANAGEMENT

The overuse and abuse of natural resources is a major problem in achieving sustainable development. It can be expected, therefore, that in the future, increasing attention will be paid to this subject.

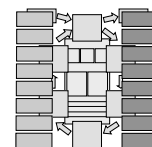


### MANAGEMENT CONSIDERATIONS

Local authorities in most countries have some responsibility for managing certain aspects of natural resources. However, specific departments for natural-resource management seldom exist and there have been few attempts to assess and so improve natural resource flows through a city:

*The following steps outline the possible content of an urban project aimed at comprehensive monitoring and management of natural resources:*





- *Identify an appropriate unit in a municipality to manage such a project.*
- *Establish a framework for collecting data.*
- *Launch an awareness-raising programme regarding the project.*
- *Establish good connections with municipal departments, other organisations, such as regional authorities with resource-management tasks, and private enterprises, to secure their active participation.*
- *Collect information on all resources being used in the town or city with data on where they come from (renewability, security of supply, etc.).*
- *Focus attention on priority resources.*
- *Investigate how efficiently resources are used.*
- *Devise programmes to improve use efficiency and, in cases of non-renewable resources, to seek possible substitutes.*
- *Identify and implement on-going projects to improve natural resource management.*

#### NATURAL RESOURCES

Every physical object used and activity undertaken requires inputs of natural resources. From a management point of view, there is a distinction between 'renewable' and 'non-renewable' resources:

- **Renewable resources** are those that can be reproduced, in principle, into the distant future, such as forest resources, fisheries and agricultural production (essentially biological resources). A danger is that many renewable resources are being exploited in a non-renewable way (such as forests being cut without replanting). Part of the problem also comes from the destruction of resources through pollution.
- **Non-renewable resources** are those that are inherently limited in supply. This means that once they are used up, some other resource must be found. Mineral resources and fossil fuels (natural gas, oil and coal) are non-renewable.

### URBAN ENERGY

Since the energy crisis of the early 1970s, many European cities have introduced systems for urban energy management. Citizens in many cities may be assisted to reduce their reliance on energy. Relatively few such measures have yet been adopted by cities in developing countries. Many urban citizens in developing cities rely on biomass energy sources. However, the EC has pioneered the transfer of urban energy planning and management methodologies through development cooperation agreements to projects in Asia, Latin America and the Mediterranean.

*The main purpose of energy-management projects is to install a system whereby it is possible to monitor urban energy use so as to:*

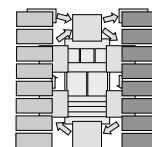
- *Reduce amount through efficiency methods and by eliminating unnecessary uses.*
- *Encourage changes in fuel use away from non-renewable to renewable sources.*
- *Reduce respiratory and other health problems through reduced indoor and outdoor air pollution.*

### ENERGY BALANCE

As information on energy consumption, costs, needs and sources is collected, a management system should be put in place. This would involve training municipal staff, but should also alert supplies and key users to the aims of improved energy management. Such a system should be installed as a regular component of municipal management.

*Important aspects of projects to support improved energy management in cities include:*

- *Where municipalities do not have staff with adequate expertise for basic energy studies, combinations of local and outside expertise should be used.*
- *Surveys of households, energy utilities and sales outlets should be*



*systematised to ensure that future information can be obtained more easily.*

- *Energy balance tables can be made more detailed to distinguish users and fuels, where more attention needs to be paid to their control.*
- *Energy information can also be displayed on an “energy atlas” that makes use of geographic information systems (GIS).*

### MANAGING RESOURCES IN CITIES

Although cities import a wide range of natural resources, they rarely generate them. Urban areas import water and energy in various forms, building materials, food (although some is produced within cities) and other raw materials for the production of consumer durables. Generally, urban management has tended not to include that of resources. However, some tools such as “economic base analysis” and “input-output analysis” can be used to analyse the flow of natural resources as a whole.

*The way various components of cities are run (such as waste and water) has implications for natural-resource management. The following issues are particularly important with respect to natural-resource management:*

- **Water-resource management:** *A priority in all water management projects should be to control the amount of water being used (“demand management”). The reuse of water should also be a consideration for irrigation, especially in cities in arid areas.*
- **Waste management:** *From a resource management perspective, the ultimate goal of waste management is to reduce the amount of waste and to reuse and recycle that which is generated (“zero waste strategy”).*
- **Urban food supply:** *An urban food supply project should involve the marketing system and should also raise awareness in households of using local produce, rather than imported goods from distant regions or from foreign sources.*
- **Building materials:** *Projects to manage the use of sub-regional resources need to focus attention on the requirements for building materials and to assist in improving the efficiency of production and supply whilst protecting the local environment and resource base.*

### ENVIRONMENTAL SUSTAINABILITY

Cities draw on the material resources and ecological productivity of vast and scattered hinterlands. The expansion of the “ecological footprint” has implications for the well-functioning of the urban economy, both in terms of increasing prices to import resources from other regions and in terms of missing production opportunities (for example, when food is imported from distant regions, rather than from the city’s hinterland).

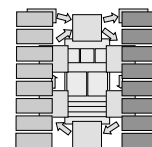
*Reducing the ecological footprint and meeting urban demands without irreparable damage to the natural resource base of the sub-regions are essential strategies to achieve environmental sustainability.*

#### THE ECOLOGICAL FOOTPRINT

is a measure of the amount of land necessary to generate the natural resources and environmental services used in cities.

### SECTORAL LINKAGES

Projects to support the natural-resource management sector within cities have an important potential role in overall sustainable urban



development, the improvement of urban governance and urban management. Natural-resource management projects that are sensitive to these key elements of the urban context have the potential to be successful and have a wide positive development impact.

*Elements of the strategic approach to urban development relate to projects in this sector and suggest beneficial linkages:*

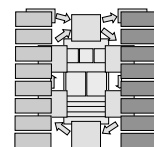
- **Sustainable development:** *The preservation and sustainable use of natural resources is essential to the well being of all members of urban society. This demands particular attention to sustainable livelihoods strategies. A livelihood is sustainable when it can cope with and recover from urban stresses and shocks, and maintain or enhance its capabilities and assets without undermining the natural resource base.*
- **Governance:** *Guaranteeing fair access and control over natural resources, while not undermining the natural resource base, demands special attention to the principles of subsidiarity and participation.*
- **Urban management:** *The management of natural resources is subject to many competing interests. It is essential to consider and assess the compatibility of policies, programmes and projects across the various sectors related to natural-resource management.*

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are considerations for the design and implementation for projects with a significant natural resource management sector component, either within specific cities or for urban areas in general.

*Key considerations during each of the six stages of the project cycle management include:*

- **Programming:** *Resource management should be included as a separate topic in the urban policy and programme sections of the indicative programme.*
- **Identification:** *A pre-feasibility study should emphasise the need for a rapid appraisal of the urban sub-region carrying capacity and the relative severity of various resource-management problems. It should also investigate the structure of institutions and organisations currently responsible for management of resources, such as water and energy.*
- **Formulation:** *Negotiations with authorities should take place at local and, where necessary, national level and with other key stakeholders to define the resource-management project in detail. A technical and financial feasibility study should be prepared, taking account of the alternative institutional arrangements for introducing resource management into the activities of the municipality and other relevant organisations (including time and cost requirements) and the need for relevant expertise.*
- **Financing:** *Commitment should be incorporated into a financial proposal for a long enough project period to allow for an institution to be developed, where resource management is presently not seen as a priority.*
- **Implementation:** *There should be continuity at headquarters and in the EC Delegation offices in knowledge of urban resource management issues. Adequate ongoing monitoring should be ensured, using progress indicators appropriate to resource-management projects.*

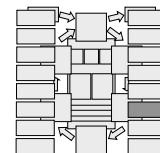


- **Evaluation:** Regular evaluation should take place where appropriate to guide the project and to assist in the design of new projects in the field of urban resource management.

## 15.6

## BUSINESS AND EMPLOYMENT

Cities provide a base for businesses (and small enterprises) to operate and for employment to be generated in both formal and informal services. Employment, in turn, affects household incomes within urban areas, which influences the ability to improve social and environmental conditions. Revenues generated through businesses and households are an important source for municipal budgets, which determine the extent and quality of infrastructure and levels of affordable service delivery. Incomes from businesses and employment also determine the extent to which companies and individuals are able to pay for services. This has a marked influence on the financial sustainability of urban areas.



### MICRO ENTERPRISES

Financial services for the informal sector consist mainly of the provision of credit for micro enterprises and the self-employed, in some cases combined with savings programmes.

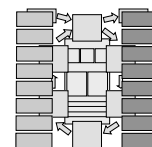
A number of factors affect how businesses can operate in cities and the labour market, which are related to the tasks of urban management and planning. These include the extent and quality of the infrastructure and service base of the urban area, the quality of human resource capacities (affected by the provision of social services), their regulatory environment, the presence and sophistication of the local financial sector, and the size of domestic demand (partly determined by income). Improving general urban management and urban governance can therefore be a major component in assisting the business and employment performance of the urban area.

Urban projects aimed at employment creation can generate jobs in several ways. Many direct their activities at the informal sector enterprises and try to enhance employment creation through informal, micro- and small-enterprise development. In this section, the following projects for business and employment in urban areas are reviewed:

- Micro-finance projects
- Micro- and small-enterprise development projects (non-financial services).

### MICRO-FINANCE PROJECTS

The EC and other large donors channel credit funds normally through non-banking institutions, mainly NGOs. There is a danger that micro-finance schemes develop in isolation from their institutional surroundings in urban areas by depending too strongly on outside donations, by duplicating similar projects, or by not providing the kind of financial support in the forms required by their clients. However, micro-finance can be linked to the formal commercial systems. For example, commercial banks normally face some obstacles to their involvement in micro-finance in urban areas, including higher administration costs, lack of acceptable collateral from applicants and unfamiliarity with and risk aversion to informal entrepreneurs. Recently,



microfinance institutions have come under heavy criticism for lending at interest rates that are far higher than those of commercial banks, but less than “loan sharks” or informal moneylenders. The other criticism levelled against MFIs is that they advocate lending with little or no emphasis on savings.

*Strategies to address these obstacles in urban projects can include the following:*

- *Establish a trust fund at a commercial bank through NGOs, thereby reducing administration costs to the bank.*
- *Use project funds to establish a guarantee fund to provide stable collateral for micro loans.*
- *Establish full micro-finance institutions, where involvement of the commercial financial sector proves impossible, to provide both lending and savings services.*

### MICRO- AND SMALL-ENTERPRISE DEVELOPMENT

Most of the informal sector producers and traders operate on a small scale for local markets. However, especially in large cities, the business environment presents a range of opportunities, particularly for those in the informal sector with an entrepreneurial vocation. Many links between larger formal enterprises and micro informal enterprises do already exist, mainly in retail relations, but also through sub-contracting.

*Urban projects can offer non-financial assistance for micro-enterprise development in two ways:*

- **A traditional way:** *Improving business skills for the local market.*
- **An innovative approach:** *Searching for the articulation of linkages with a wider urban business community, local and national government, and with the national market.*

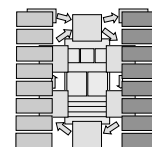
### FINANCIAL AND NON-FINANCIAL SERVICES

Projects for informal sector development can specialise in financial or non-financial services or can offer combinations of both. All considered options present advantages and disadvantages. The disadvantage of the combination approach is that projects tend to favour financial services over non-financial services. Because money is involved, the target group is in favour, and the project is tangible and relatively easy to administer. It has a clear product and it finances itself. The notion that financial services are just one of the services micro- and small-enterprises need, and that in fact non-financial services are strategically more essential, tends to be lost. This can lead to a non-financial component that services the financial component, rather than the other way round.

*Financial services can be self-sustainable. This is easier to reach if the project concentrates on only financial services. Non-financial services are normally not self-sustainable. In most parts of the world, they depend on government subsidy or on technical cooperation funds. In the combination of the two aspects in one project, the financial services can partly finance the non-finance services.*

### SECTORAL LINKAGES

Projects to support the natural resource management sector within cities can have an important potential role in sustainable urban development,



the improvement of urban governance and urban management. Business and employment projects that are sensitive to key elements of the urban context have the potential to be successful projects and have a wide positive development impact.

*The elements of the strategic approach to urban development relate to projects in this sector in various ways. Beneficial linkages are suggested:*

- **Sustainable development:** Business, and especially micro- and small businesses, are important routes for small entrepreneurs and the urban poor to improve incomes, with related social and environmental benefits. Moreover, social and environmental conditions affect the quality and productivity of labour, which has an impact on investment, business development and employment creation.
- **Urban governance:** Policy reform and possible decentralisation of certain responsibilities at the local level should be linked closely with specific business and employment projects. In addition, reform of approaches by local governments to the role and involvement of the private sector and communities in services contributes to business and employment development.
- **Urban management:** Businesses rely on urban infrastructure services and usually interact with local governments for licences, permits and other requirements. The institutional organisation and performance of local governments, therefore, closely affect the business environment. Support for institutional reform is linked to improving the business and employment environment.
- **Other programmes:** The transport system affects business access to raw materials and markets. Thus, business and employment projects can be closely linked to transport development. Similarly, the quality of waste management affects the visible environment of commercial areas. Projects to promote business improvements in city centres are closely linked to solid-waste management. In addition, a health programme can be linked to income improvement, particularly for the urban poor. Moreover, training programmes to raise labour skill levels and support entrepreneurs can be closely linked to housing construction, repair and maintenance programmes.

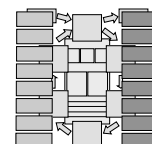
### PROJECT CYCLE MANAGEMENT CONSIDERATIONS

The following section identifies considerations for the design and implementation of urban projects within a significant business and employment component within cities.

*There are key considerations during each of the six stages of the project cycle management:*

- **Programming:** The components of the urban economy should be investigated with regard to the business community and institutional environment. Projects, institutions, NGOs and banks involved in micro-finance should be identified.
- **Identification:** Private investment opportunities and the needs of actors should be identified in the micro-finance sector, together with possible monetary mechanisms and partnerships. Similarly, the financial needs of the various informal entrepreneur groups should be analysed.
- **Formulation:** The target group for micro-finance and/or non-financial



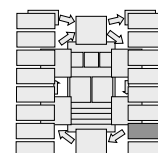


services support should be formulated clearly. Adequate financial administrative capacity within the project should be considered. A forum of institutions willing to co-operate with the project (municipalities, ministries, vocational training centres) should be organised and incorporated in the formulation of the project. Staff should be selected with good communication skills, a good overview of the situation and an understanding of business opportunities.

- **Financing:** A sound lending system should be provided with realistic interest rates. The banking costs of the project should be incorporated in the interest rate. Good results should, in the early years, be available so that the local community can continue after the project ends.
- **Implementation:** If borrowers do not pay on time, the loan conditions should be reviewed to see if these conflict with the investment calendar of the borrower. In this case, loans should be rescheduled.

15.7

## HOUSING



The universal Declaration of Human Rights recognised half a century ago that access to adequate housing is a component of the right to an adequate standard of living. At the Habitat II World Conference, the EC reaffirmed its commitment to the “right to housing” (a healthy, secure and affordable dwelling) for all individuals and for households of various types and composition. Discrimination relating to housing and security of tenure is condemned. The access to resources including equal rights to inheritance and the right to land and home ownership for both men and women should be guaranteed. Furthermore, the EC stresses the commitment to eradicate poverty and fight social exclusion. This specifically includes facilitating access to land, to infrastructure and to credit particularly for vulnerable and disadvantaged groups in society.

### THE MAIN ACTORS IN HOUSING

The main actors in housing can be public, private or communal. The emphasis in recent years has been to promote the role of private actors. However, creative participatory processes between public, private and communal actors should be stimulated. In general, public authorities have a responsibility for guaranteeing access to resources and minimum standards for healthy, secure and affordable land and housing. They also have a regulatory responsibility, particularly when other actors fail to respect the rights to housing and access to land. Most often, private actors will be involved in land improvements, developing an appropriate construction sector, providing finance opportunities and major maintenance and repairs in housing.

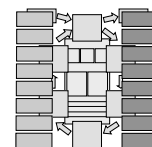
Several innovative projects show that communal and individual actors are also capable of improving land and infrastructure, contributing to material

#### LAND AND HOUSING PROGRAMMES

Various lessons have been learned from programmes, such as “sites and services”, incremental housing and basic infrastructure provision projects:

- Secure tenure is a pre-requisite for stimulating household investment in house construction and improvement (either as land ownership or fair lease, or rental security).
- Evicting people from land to create new development is counter-productive (it displaces a problem and creates unnecessary social tension).
- Public authorities usually have a major responsibility for providing urban infrastructure.
- In cities with a high degree of household mobility and temporary residence, rental housing makes up a substantial share of all housing stock.
- Housing problems associated with rapid population growth can only be tackled with incremental urban development.





*production and to construction activities, generating finance and guaranteeing proper maintenance of housing. In fact, the financial and maintenance contribution of households is usually by far the most important factor in adequate housing provision.*

### THE EXISTING HOUSING STOCK

An important city asset is its existing housing stock: the total number of housing units of any type and size in a given location. Apart from having an efficient identification system (for example, by cadastral and/or GIS systems), it is important to properly and regularly maintain and upgrade the housing stock to adapt to evolving standards of hygiene and comfort.

*Upgrading is particularly important for an older housing stock and contributes to the revitalisation of neighbourhoods, but can also guarantee that a historical and cultural physical patrimony is protected and properly re-utilised. Furthermore, upgrading can contribute to incrementally improving newer (formal or informal) neighbourhoods in which collective infrastructure or individual house quality investment could not initially cover all desired facilities. A housing stock, therefore, includes in principle all housing types, whether classified as temporary or permanent, legal or illegal, regulated or unregulated.*

### NEW HOUSING DEVELOPMENTS

In cities with a rapid population growth, it is essential to plan for the increase of housing stock (for a growing number of households). Even in cities with a slow growth rate, household composition may change over time (for example, reducing the size of households) so that a new housing demand is created.

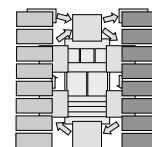
*Planning for new land development and appropriate access and adequate infrastructure provision for new neighbourhoods is of vital importance.*

### SECTORAL LINKAGES

Projects to support housing within cities can have a role in overall sustainable urban development, the improvement of urban governance and urban management.

*The elements of the strategic approach to urban development relate to projects in this sector, suggesting beneficial linkages:*

- **Urban planning:** Urban planning directly affects availability and cost of land and the type of housing. Upgrading revitalises city centres. Proximity to places of employment and to public infrastructure and services make housing attractive. A reasonable mix of housing types and social groups can lead to better housing environments.
- **Governance:** Participatory actions and community development initiatives play a vital role in maintaining quality of housing. Even in the most liberal markets, local and national authorities need to play an active role in setting rules, regulating markets, and evaluating programmes and projects to ensure that minority groups, disadvantaged and vulnerable groups in society are respected and their needs met. Transparency of decision-making, particularly related to urban planning, land and housing allocation, is a pre-requisite to stimulate participatory actions.
- **Urban management:** A housing and land registry is an important tool



for urban management, but is best integrated with similar infrastructure and other facilities registry. Regular maintenance stimulates efforts by residents to maintain dwellings and private land. Taxation of unoccupied housing and vacant land prevents speculation and waste of valuable resources. Instead of competing departments and administrations, public authorities have to stimulate cooperation so as to improve housing and land development and the adequate provision of infrastructure.

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

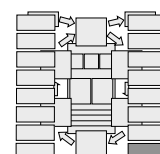
Consideration should be given to the design and implementation of projects with a significant housing sector component in cities.

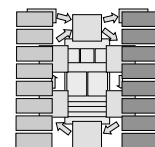
There are key considerations during each of the six stages of the project cycle management process:

- **Programming:** Housing and land are a very important part of overall urban development and should be integrated with long-term visions and actions (including budgeting and timing).
- **Identification:** A clear identification of housing and land markets is an essential base for any policy and programme intervention. Identifying obstacles and bottlenecks, particularly for low-income and disadvantaged groups, that impede access to the housing and land market can indicate potential priorities.
- **Formulation:** Response to housing demands needs to be spread over time (several years) and with spatially well-planned projects. Land development, infrastructure provision and maintenance should be included in project formulation, with institutional and manpower capacities as essential components.
- **Financing:** Direct or indirect subsidies and other financial incentives can often stimulate the housing market more than direct physical interventions. It should be remembered that public housing is usually only a small part of the total housing provision in the city. Therefore, national or regional budgets (and sometimes local allocations) may be tapped to support housing efforts. Households themselves, with the assistance of mortgage loans (backed by banks and co-operatives), mostly finance private housing. Regulatory mechanisms for banking and loan schemes need to be in place.
- **Implementation:** Direct land and housing provision projects are usually implemented by the private sector, which needs to be monitored for performance. Public authorities should aim to remove bureaucratic obstacles.
- **Evaluation:** Housing and land programmes have, by their very nature, long-term effects on urban development. Intermediate assessments should be undertaken in terms of location, cost, maintenance and dwellers' satisfaction. Policy reorientation and institutional reform should be based on evaluation efforts.

## LAND

Access to land is a pre-requisite to all development and, as such, occupies a central role in any development strategy. As cities continue to expand, competition for access on appropriate and affordable terms becomes





increasingly difficult, especially for those on low incomes. Yet, unlike many other resources, land is unique in that it cannot be created, destroyed or moved, and each parcel is different from any other. It also attracts an emotional attachment not applicable to other key resources. The effective management of urban land therefore presents special challenges for policy makers and administrators.

### URBAN LAND MARKETS

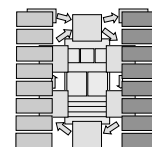
With increasing urban growth, pressure to acquire and develop new areas is intense and likely to remain so for the foreseeable future. In many countries, land is therefore seen as the most secure form of financial investment, partly due of the lack of easily identified and more productive alternatives but also because it provides an easy route for funds generated in the informal sector to enter the formal economy. This combination of factors ensures that land prices increase even faster than the price of other commodities. Therefore, the ability of low-income households to obtain access to land is severely constrained in many countries. A large and increasing proportion of urban populations are thus forced to live in unauthorised settlements, which lack adequate services and facilities.

*Any urban-based project or investment, such as services provisions or transportation has a profound effect on land markets and their relationship between interest groups. It is important to try to ensure that municipal finance can benefit from the increased values.*

### LAND MANAGEMENT

Until recently, attempts to manage urban areas have centred upon traditional techniques inherited or imported from Europe and other industrialised countries. Master plans, which indicated the area of land to be acquired for urban development and its officially sanctioned uses, have proved to be inappropriate under the conditions of rapid growth and social change. They were rarely based upon the resources required to implement them and frequently failed to allow for the rate of population increase. The number of qualified planners available to prepare them was also inadequate. Therefore, plans would be prepared for provincial centres by staff in the capital city that lacked basic information on the needs and resources of cities they were planning.

*A common feature of innovative approaches to land-market management is a shift from attempts to control markets towards ways of regulating them. Decisions by local authorities to allocate land uses, establish development standards and approve or reject planning applications, all exert a major impact on land values. Consequently, government agencies are increasingly realising that they can manage land markets through judicious use of their existing powers to obtain a public benefit from commercial developers. Among the options being applied are the applications of "structure plans" that indicate the main features of proposed land-development strategies. They also provide a framework for investment decisions by private and community sectors. Similarly, local "action plans" can be adapted according to needs and resources at any given time and place. The concept of "planning gain" is also being increasingly used to extract a public benefit from private-sector development proposals in return*



for approving proposals, which in itself increases land values.

## DEVELOPMENT OF NEW URBAN LAND

Direct development of new urban land by government agencies is sometimes designed to meet the needs of the poor and provide planned environments to official standards. Because of the high cost of obtaining land for such projects on the open market, these are invariably located on sites well away from the existing built-up area or on land already under public ownership. Projects located on the urban periphery require households to spend a relatively large amount on obtaining basic services and transportation to main employment areas, whilst those on public land may attract speculative pressure from high-income groups.

*These factors, combined with conservative approaches to the issue of land development standards, mean that the poor can only afford such projects if substantial subsidies are made available. These limit the number and size of such projects, which normally end up benefiting higher-income groups than that intended.*

## CONVENTIONAL LAND MANAGEMENT

Conventional approaches to land management, whether at the strategic level through master plans or the local level through government projects, have failed to ensure that urban areas have been able to grow efficiently or in ways that meet the needs of the majority of their populations. Governments are increasingly aware of the need to manage urban land markets through a range of mechanisms (e.g., strategic innovations, pilot projects and public-private partnerships).

*These require a market-sensitive approach on behalf of public sector agencies and their staff, together with greater social and environmental responsibility on the part of private-sector developers and investors. Local governments should enjoy more control in determining the ways in which land markets within their areas of authority should be managed.*

## MANAGING EXISTING LAND

In addition to improving the ways in which new land development takes place in expanding urban areas, attention is needed on ways to manage existing settlements and integrate unauthorised settlements into urban land markets.

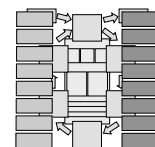
*Innovations have major implications for the relationship between public and private sectors, and require administrative transparency and accountability to prevent abuse. They also pre-suppose a new culture within the public sector that seeks to achieve the objectives of public policy through indirect means rather than conventional control measures. These changes will take time to transform the ways in which land markets are managed, but technical assistance programmes can play a vital role in facilitating the process.*

### TENURE

is defined as the mode by which land is held or owned, or the set of relationships concerning its use. Property rights can similarly be defined as a recognised interest in land or property vested in an individual or group.

## LAND TENURE AND PROPERTY RIGHTS

Rights to land reflect the values to which a society adheres or aspires. Therefore, they vary enormously from one time and place to another. In some societies, especially those where land is held under traditional customary practices, land may be regarded as a



sacred trust by which each generation seeks to protect the interests of future generations. At the other end of the spectrum, land may be regarded as a commodity to be enjoyed or exploited, like any other.

*Tribal, feudal, religious, socialist and capitalist societies have all evolved distinctive systems of land tenure and property rights. Countries that have achieved independence after years of colonial rule may operate a variety of tenure systems, each of which may be recognised in law.*

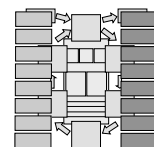
### EXTRA-LEGAL LAND DEVELOPMENTS

In addition to those statutory and customary systems, the largest single urban land tenure category in many developing countries is that of “extra-legal land development.” This includes a wide range of land development practices from squatting to unauthorised sub-divisions and the construction on registered land of houses that have not been officially sanctioned. Such variations may exist within the same city or even settlement and serve different sub-markets. Intervention in any one tenure category will therefore impact upon the others. In particular, land tenure practices frequently discriminate against the rights of women. In some societies, women are not legally permitted to inherit or own land, and in others, they are denied such rights in practice, even when they are permitted in law. Such discrimination renders women second-class citizens and denies them their proper role in contributing to social and economic development.

*It is important to acknowledge that policies on urban land tenure and property rights need to reflect cultural and historical traditions and existing realities. This is particularly necessary at a time when many national and international agencies are advocating the adoption of individual land titles as the most appropriate option within market-based systems of economic development. For example, programmes to regularise unauthorised settlements and integrate them into formal urban land markets frequently take the form of granting residents title deeds to their plots so that they can enjoy maximum security of tenure, obtain access to formal credit and contribute to municipal resources from property taxes.*

### INDIVIDUAL LAND TITLES

Such approaches may dramatically increase land values and create windfall profits for the fortunate residents. However, this often raises rents to levels that may force poor tenants out of their housing and attracts higher income groups. One reason for the emphasis on individual titles is its association with market-based development policies, which regard all resources as commodities to be put to the most efficient use as defined by market forces. Whilst the need to use land efficiently cannot be disputed, the emotional attachment and cultural significance of land requires policies to reflect a broader range of considerations. Another reason is that land is widely considered to be the most acceptable form of collateral by finance institutions lending for house purchase and improvement. However, the primary concern of such institutions when considering loan applications is the ability of the borrower to service the loan. This will normally be determined by household incomes or credit worthiness and would exclude low-income households before the issue of collateral arises.



*Land tenure categories exist within a continuum in which intervention can affect the rights and interests of residents. Recent experience suggests that policies that improve security of tenure, without necessarily providing full titles, may be an appropriate approach. "Occupancy permits" and "certificates of use" are just two approaches that have proved effective in many countries as mechanisms to increase security of tenure for the most vulnerable sections of society without distorting urban land markets. These all emphasise the rights of the occupants of land, rather than ensure these in a formal tenure category.*

## LAND RECORDS

Registers are invariably out of date, with records kept on paper files with hand written entries that have become illegible, making it impossible to identify rights to a particular site. Whatever the system of land tenure in operation, the administrative ability to register rights and interests is central to the effective and efficient management of urban land.

*The computerisation of land records and use of land information systems have yet to make a significant impact, largely because of under-resourcing of land registration agencies. These constraints and the rapid expansion of urban land markets, inevitably limit the prospects for implementing any urban land tenure policy.*

## LAND ADMINISTRATION

Local authority procedures for processing land development proposals significantly influence the nature of development proposals and their impact on development costs. The longer it takes to process development proposals, the higher unit costs rise. This is particularly problematic under conditions of high inflation, where interest rates combine with risk to inflate project costs.

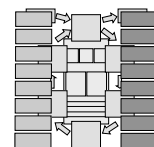
*Since these are eventually passed on to those purchasing developed plots, any measures that can accelerate administrative procedures, can assist in reducing costs to affordable levels.*

## LAND-USE PLANNING

Many rapidly urbanising countries have long traditions of urban development. Current urban legislation and practices are often inherited or imported and not based on local traditions or present needs. This is particularly applicable in countries that have emerged from periods of colonial administration. On independence, it was felt that practices considered good enough for the colonial elite should now be available to the local majority. This view overlooks the fact that urban populations under colonial rule were small and easily controlled, and the resources available to administer development were relatively high. With cities expanding rapidly and populated by a majority of poor households, such aspirations can no longer be sustained. Yet governments are naturally reluctant to adopt what may be considered inferior practices or standards, even when they are manifestly inappropriate to local conditions.

*The most effective way to ensure that land-use planning regulations and standards reflect the needs and resources of the people for whom they are designed is to involve them and their representatives. Such participatory*





*approaches contain built-in safeguards, which can enable revisions to be made continuously as situations change.*

### ZONING REGULATIONS

The concept of land-use zoning is a relatively recent approach intended to segregate incompatible activities, such as residential development and polluting industries, with leisure and living carried out in separate locations. This adds to the cost of transport networks and reduces the opportunities for interaction and cross-fertilisation between activities, which make city life so socially and economically dynamic.

*Whilst polluting and other incompatible activities clearly need to be segregated from routine urban activities, there is a strong benefit in permitting a range of complementary land uses to co-exist in the same area. This approach is found in traditional urban settlements or contemporary informal settlements in which the residents have influenced the form of development.*

### PLANNING STANDARDS

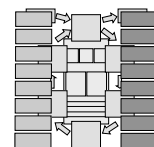
Some countries, such as India, have adopted modest standards for residential development based on what people are able to afford. However, most countries base official standards on those inherited from colonial administrations or the levels to which governments aspire. Standards are closely related to costs. Therefore, the higher the level of standards required to obtain planning approval, the higher the cost of such development would be. Attempts to bridge the gap between the proposed standards and levels of affordability are often based on the provision of subsidies. However, this only serves to raise expectations and political pressure, so that it is difficult to remove subsidies, even though the resources available to provide them are limited. The result is that the areas developed according to official standards are limited and access to legal land and shelter is often unaffordable to the poor.

*A common strategy adopted by the poor is to develop an initially modest dwelling to establish a secure base and then to finance improvements and extensions out of future increases in income. This can dramatically reduce the entry costs to legal land developments and shelter, and facilitate a process of consolidation to higher standards in the future.*

### DENSITY REGULATIONS

Densities are strongly influenced by plot sizes, levels of multi-occupancy and the area occupied by roads and public open spaces. Where plot sizes are large, as they tend to be in African cities, densities are lower than in regions such as Asia, where plots tend to be smaller and multi-occupancy is common. Variations in acceptable levels of density are largely culturally determined and it may be that people would prefer to spend more on transportation and longer journeys than to live at higher densities. Nevertheless, regulations that effectively deny people the opportunity to reduce expenditure and travelling times by living on smaller plots or sub-dividing them, are indirectly excluding those households that cannot afford to conform. Low urban densities increase the area of land that expanding cities absorb, often at the expense of agricultural land.





The value of density regulations should be questioned. The dynamic nature of urban land markets makes it almost impossible, in practice, to enforce such regulations. Designing layouts so that the length of roads is reduced and the width of each road is the minimum required can substantially reduce both capital and maintenance costs for new land development. This is particularly relevant in areas developed primarily for lower-income groups, where levels of car ownership are low and unlikely to increase substantially.

## PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are considerations for the design and implementation of projects with a significant land sector component in cities.

Key considerations during each of the six stages of the project cycle management are:

- **Programming:** Urban-based development projects have a significant impact on land markets and on strategic policy objectives, such as poverty reduction and the distribution of economic opportunities. The responsibilities of relevant agencies should be identified and the likely impact of proposed projects on urban land markets and land prices estimated. A review of current urban land market and land tenure policies should be conducted or commissioned, and particular attention should be given to gender issues in assessing priority areas for support.
- **Identification:** Support for urban land policies or projects should integrate other key sectoral interventions, such as residential, commercial, industrial, transportation, and recreational and institutional development, within a broad urban land policy framework. The social, economic and environmental policy objectives of proposed urban land policy or project interventions should be identified. ToR for pre-feasibility studies should identify the impact of projects on poverty-reduction objectives.
- **Formulation:** Agreement should be reached with all key stakeholders on project objectives. Appraisals should be conducted to assess the potential financial viability and social acceptability of project proposals. The potential impact of urban land based projects on related sectors, such as housing, transport, commerce, industry and public facilities, should be estimated.
- **Financing:** Urban land policies have the potential to generate substantial revenues for social and economic development objectives. Similarly, land projects have the potential for partial or full cost recovery. Opportunities for harnessing private-sector investment through PPPs and joint ventures should be considered.
- **Implementation:** Projects need to be sufficiently flexible to respond to changes in land market behaviour during implementation. Emphasis should therefore be placed on building the capacity of local agencies to manage land markets.
- **Evaluation:** The extent to which poverty has been reduced and access to land on appropriate and affordable terms for low-income groups (particularly women) should be measured. The impact of any changes in the regulatory framework of planning regulations, standards and administrative procedures should be assessed.



part

4

**AIDS TO APPLICATION**

# APPENDICES

*The appendices provide model frameworks and tools to assist in the process of developing urban projects. These cover a wide range of mechanisms*

## APPENDIX 1

### PARIS DECLARATION ON AID EFFECTIVENESS AND THE ACCRA AGENDA FOR ACTION

## APPENDIX 2

### STANDARD TERMS OF REFERENCE FOR AN URBAN SECTOR PROFILE STUDY

## APPENDIX 3

### STANDARD TERMS OF REFERENCE FOR A PRE-FEASIBILITY STUDY FOR AN URBAN PROJECT

## APPENDIX 4

### STANDARD TERMS OF REFERENCE FOR A FEASIBILITY STUDY FOR AN URBAN PROJECT

## APPENDIX 5

### STANDARD TERMS OF REFERENCE FOR AN EVALUATION

## APPENDIX 6

### TOOLS FOR LINKAGE ANALYSIS

## APPENDIX 7

### TOOLS FOR ENVIRONMENTAL PLANNING AND MANAGEMENT AND LOCAL AGENDA 21

## APPENDIX 8

### TOOLS FOR EIA, SEA AND SIA

# Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

The need to harmonise and align aid delivery has been reaffirmed by the High Level Forum on Harmonisation. The results of these negotiations have resulted in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. While many donors and partner countries are, and have been, making aid effectiveness a high priority, the need for it to be accelerated as far as progress in implementation has been stressed, especially in the following areas:

- *Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).*
- *Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.*
- *Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.*
- *Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.*
- *Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.*
- *Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.*

## A1.1

## PARIS DECLARATION ON AID EFFECTIVENESS

In the 2005 Paris Declaration on Aid Effectiveness, Ministers of developed and developing countries confirmed their resolve to reform the ways in which aid is delivered and managed in an effort to increase the impact that aid has in strengthening governance and improving development performance.

The commitments made in this forum are outlined here.

### **Challenges to Aid Effectiveness**

Further commitment was also made to address the remaining challenges including:

- Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.
- Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

### **Modalities**

The Paris Declaration acknowledged that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, they will be guided by development strategies and priorities established by partner countries. Individually and collectively, they must choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

### **Adapting**

The Declaration also addressed challenging and complex situations such as the tsunami disaster that struck countries of the Indian Ocean rim in December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as state-building and delivery of basic services is to be supported, the principles of harmonisation, alignment and managing for results need to be adapted to environments of weak governance and capacity.

### **Timetables and Targets**

It was noted that the reforms suggested in this Declaration will require high-level political support, peer pressure and coordinated actions at the global, regional and country levels. The commitment to accelerate the pace of change by implementing what was discussed and also be accountable was reaffirmed.

Targets were set and designed to track and encourage progress at the global level among the countries and agencies that agreed to this Declaration.

**Monitoring and Evaluating Implementation**

Under the leadership of the partner country, the Declaration committed to periodically assess, qualitatively as well as quantitatively, the mutual progress at the country level in implementing agreed commitments on aid effectiveness. At the international level, the partnership of donors and partner countries was called upon to broaden partner country participation and to propose arrangements for the medium-term monitoring of the commitments in the Declaration.

**Ownership**

In an effort to take ownership of the exercising of effective leadership, the partner countries involved in the Paris Declaration committed to the following:

- Exercise leadership in developing and implementing their national development strategies through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector

Similarly, donors commit to respect partner country leadership and help strengthen their capacity to exercise it.

**Alignment**

In an effort to align with partners' strategies, donors committed to:

- Base their overall support—country strategies, policy dialogues and development cooperation programmes—on partners' national development strategies and periodic reviews of progress in implementing these strategies
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. Not all donors will have identical conditions, but rather, each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

**Strengthened Country Systems**

Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.



Diagnostic reviews are an important and growing source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, which build on the information set out in diagnostic reviews and related analytical work.

With this in mind, under the Paris Declaration, partner countries and donors jointly committed to work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems. As well, they agreed to integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

Specifically, partner countries committed to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

Similarly, donors committed to:

- Use country systems and procedures.
- Avoid creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

### **Development Capacity**

According to the Declaration, the capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives, from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role, based on sound technical analysis and responsive to the broader social, political and economic environment, including the need to strengthen human resources.

The partner countries are dedicated to integrating specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed. The donors have committed to align their analytic and financial support with partners' objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly.

**Public Financial Management**

Under the Paris Declaration, partner countries agreed to intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments. It stressed the importance of publishing timely, transparent and reliable reporting on budget execution, and taking leadership of the public financial management reform process.

Similarly, donors agreed to provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely fashion according to agreed schedules. Also, they need to rely on transparent partner government budget and accounting mechanisms. Together, partner countries and donors committed to implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

**National Procurement Systems**

Partner countries and donors jointly committed to do the following:

- Use mutually agreed standards and processes to carry out diagnostics, develop sustainable reforms, and monitor implementation.
- Commit sufficient resources to support and sustain medium- and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

Partner countries committed to take leadership and implement the procurement reform process.

At the same time, donors committed to progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes, and adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

**Harmonisation and Division of Labour**

The Paris Declaration addresses donors' implementation of common arrangements and simplification of procedures. Donors committed to do the following to ensure that their actions are more harmonized, transparent and collectively effective:

- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
- Implement, where feasible, common arrangements at country level for planning, funding (e.g., joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows.

Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

Partner countries were dedicated to provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country- or sector-level. Donors committed to make full use of their respective comparative advantage by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks, and to work together to harmonise separate procedures.

#### ***Incentives for Collaborative Behaviour***

The Declaration outlined how donors and partner countries were to jointly reform procedures and strengthen incentives – including for recruitment, appraisal and training – for management and staff to work towards harmonisation, alignment and results.

#### ***Delivering in Fragile States***

It was established that the long-term vision for international engagement in fragile states is to build legitimate, effective and resilient institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

For this, partner countries were committed to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

Similarly, donors were committed to:

- Harmonise their activities. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align behind central government-led strategies or, make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

#### ***Promoting a Harmonised Approach to Environmental Assessments***

It was established that while donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level, this progress needed to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity. In order to achieve this, the donors and partner

countries agreed to strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for “strategic environmental assessment” at the sector and national levels. Furthermore, they committed to continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation. Similar harmonisation efforts are also necessary on other crosscutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

### ***Managing for Results***

The Declaration outlined how managing for results referred to managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making. To make this happen, there was an onus on the partner countries to strengthen the linkages between national development strategies and annual and multi-annual budget processes, as well as to endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available.

The role of the donors were to link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners’ national development strategies. Also necessary was working with partner countries to rely on results-oriented reporting and monitoring frameworks, as well as harmonising their monitoring and reporting requirements. And, until they can rely more extensively on partner countries’ statistical, monitoring and evaluation systems, harmonising with them on joint formats for periodic reporting. Both partner countries and donors need to work together in a participatory approach to strengthen country capacities and demand for results-based management.

### ***Mutual Accountability***

A major priority for partner countries and donors was to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance. The partner countries committed to strengthening the parliamentary role in national development strategies and/or budgets, and reinforcing participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies. Donors committed to provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens. Together, they committed to jointly assess progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments.

## ACCRA AGENDA FOR ACTION

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In September 2008, as a follow up to the 2005 Paris Declaration on Aid Effectiveness, Ministers of developing and donor countries responsible for promoting development endorsed the Accra Agenda for Action.

The agenda begins, “This is a moment of opportunity.” What follows is a list of 32 points that outline how progress is to be accelerated, and lists the commitments that the parties involved dedicated themselves to achieve. The commitment remains the same: to eradicate poverty and promote peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals.

And while the parties involved are encouraged by progress, they are also quick to stress the need for further efforts. Over one billion people, mostly women and girls, still live in extreme poverty, and access to safe drinking water and health care remains a major issue in many parts of the world. In addition, new global challenges such as rising food and fuel prices and climate change threaten the advances against poverty many countries have made.

It stresses that aid is only one part of the development picture, as democracy, economic growth, social progress, and care for the environment are the prime engines of development in all countries. Obviously, addressing inequalities of income and opportunity within countries and between states is essential to global progress, while gender equality, respect for human rights, and environmental sustainability are vital.

### ***On-going Effort***

The Accra Agenda builds on the past successes and failures in development cooperation and building on the 2003 Rome Declaration on Harmonisation and the Paris Declaration on Aid Effectiveness. In the Paris Declaration, they agreed to develop a genuine partnership with developing countries and to hold each other accountable for achieving concrete development results. Accra reviews the progress and addresses the continuing challenges.

While evidence shows that progress has been made and that the Paris Declaration created powerful momentum to change the way developing countries and donors work together, the Agenda stressed that it wasn’t enough as further reform and faster action were required.

### ***Accelerating Progress***

Three major challenges to accelerate progress on aid effectiveness were identified:

1. **Country ownership:** Developing country governments will take stronger leadership of their own development policies, and engaging with their parliaments and citizens in shaping those policies. Donors

will support them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows.

2. **Building more effective and inclusive partnerships:** In recent years, more development actors – middle-income countries, global funds, the private sector, civil society organisations – have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination challenges.
3. **Achieving development results (and openly accounting for them):** More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. Accountability between the parties and to their respective parliaments and governing bodies is critical for these outcomes.

The commitments made in the Paris Declaration were reaffirmed and in the Accra Agenda, they further agreed on “concrete and monitorable” actions to accelerate progress to meet those commitments. This includes evaluation efforts assessing whether the commitments agreed in the Paris Declaration and the Accra Agenda for Action have been achieved, and to what extent aid effectiveness is improving and generating greater development impact.

### ***Strengthening Country Ownership over Development***

In the Paris Declaration, it was noted that the first priority would be for developing countries to determine and implement their development policies to achieve their own economic, social and environmental goals. In the Accra Agenda, additional steps were taken to turn this resolution into a reality.

The process will involve engaging in and broadening country-level policy dialogue on development. Parliaments play a critical role and in ensuring country ownership of development processes. To further this objective, the members committed to take the following actions:

- a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also engage with civil society organisations (CSOs).
- b) Donors will support efforts to increase the capacity of all development actors – parliaments, central and local governments, CSOs, research institutes, media and the private sector – to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.
- c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.

### ***Capacity to Lead and Manage Development***

Without robust capacity – strong institutions, systems, and local expertise – developing countries cannot fully own and manage their development

processes. The Paris Declaration stated that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical cooperation is one means among others to develop capacity. To further that, developing countries and donors agreed to take the following actions to strengthen capacity development:

- a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels – national, sub-national, sectoral and thematic – and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.
- b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will
  - (i) Jointly select and manage technical cooperation, and
  - (ii) Promote the provision of technical cooperation by local and regional resources, including through South-South cooperation.
- c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries committed to strengthen their systems and donors committed to use those systems. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, the following actions were established:

- a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will work on and share transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.



- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme-based approaches.

### ***Effective and Inclusive Partnerships***

Aid is about building partnerships for development and such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector.

### ***Reducing Costly Fragmentation***

The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector levels. The Agenda committed to reduce the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. To this end, the following goals were declared:

- a) Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid.
- b) Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum co-ordination of development cooperation, and evaluate the progress in its implementation.
- c) Donors and developing countries will discuss international division of labour across countries
- d) Donors and developing countries will work to address the issue of countries that receive insufficient aid.

### ***Increasing Aid's Value for Money***

Since the Paris Declaration was agreed in 2005, OECD-DAC donors have made progress in untying their aid. They agreed to pursue and accelerate these efforts by taking the following actions:

- a) OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC HIPC countries and will improve their reporting on the 2001 DAC Recommendation.
- b) Donors will elaborate individual plans to further untie their aid
- c) Donors will promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete, and will build on examples of good practice to help improve local firms' capacity to compete successfully for aid-funded procurement.
- d) Donors will respect the international agreements on corporate social responsibility.

### ***Working with all Development Actors***

The contributions of all development actors are more effective when developing countries are in a position to manage and co-ordinate them. New contributors are also welcomed with the Accra Agenda, and all parties are dedicated to improving the way all development actors work together by taking the following actions:

- a) Encouraging all development actors, including those engaged in South-South cooperation, to use the Paris Declaration principles as a point of reference in providing development cooperation.
- b) Acknowledging the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid; recognising the importance and particularities of South-South cooperation and acknowledging that things can be learned from the experience of developing countries; and encouraging further development of triangular cooperation.
- c) Calling upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results. Global funds and programmes make an important contribution to development. The programmes they fund are most effective in conjunction with complementary efforts to improve the policy environment and to strengthen the institutions in the sectors in which they operate. As new global challenges emerge, donors must ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level.
- d) Encouraging developing countries to mobilise, manage and evaluate their international cooperation initiatives for the benefit of other developing countries.

### ***Deepening Engagement with Civil Society Organisations***

Deepening the engagement with CSOs as independent development actors whose efforts complement those of governments and the private sector is vital. Both share an interest in ensuring that CSO contributions to development reach their full potential. To this end:

- a) CSOs are encouraged to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective.
- b) Donors welcomed the CSOs' proposal to engage with them in a CSO-led multi-stakeholder process to promote CSO development effectiveness. As part of that process, they sought to (i) improve co-ordination of CSO efforts with government programmes; (ii) enhance CSO accountability for results; and (iii) improve information on CSO activities.
- c) CSOs will work together to provide an enabling environment that maximises their contributions to development.

### ***Adapting Aid Policies for Countries in Fragile Situations***

In the Paris Declaration, it was agreed that aid effectiveness principles apply equally to development cooperation in situations of fragility, including countries emerging from conflict, but that these principles need

to be adapted to environments of weak ownership or capacity. To further improve aid effectiveness in these environments, the following actions were promoted:

- a) Donors will conduct joint assessments of governance and capacity and examine the causes of conflict, fragility and insecurity, engaging developing country authorities and other relevant stakeholders.
- b) At country level, donors and developing countries will work and agree on a set of realistic peace- and state-building objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women. This process will be informed by international dialogue between partners and donors on these objectives as prerequisites for development.
- c) Donors will provide demand-driven, tailored and co-ordinated capacity-development support for core state functions and for early and sustained recovery. They will work with developing countries to design interim measures that are appropriately sequenced and that lead to sustainable local institutions.
- d) Donors will work on flexible, rapid and long-term funding modalities, on a pooled basis where appropriate, to bridge humanitarian, recovery and longer-term development phases, and support stabilisation, inclusive peace building, and the building of capable, accountable and responsive states. In collaboration with developing countries, donors will foster partnerships with the UN System, international financial institutions and other donors.
- e) At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration.

### ***Delivering Results***

Developing countries and donors committed to improve management for results by taking the following actions:

- a) Strengthening the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.
- b) Working together to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. This includes better co-ordinating and linking of the various sources of information, including national statistical systems, budgeting, planning, monitoring and country-led evaluations of policy performance.
- c) Aligning donors' monitoring with country information system and supporting, and investing in strengthening developing countries' national statistical capacity and information systems, including those for managing aid.
- d) Strengthening incentives to improve aid effectiveness through systematically reviewing and addressing legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient

authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

### ***More Accountable and Transparent***

Transparency and accountability are essential elements for development results. They lie at the heart of the Paris Declaration, in which it was agreed that countries and donors would become more accountable to each other and to their citizens. The Agenda pledges that these efforts will be further pursued by taking the following actions:

- a) Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.
- b) Developing countries will step up our efforts to ensure that – as agreed in the Paris Declaration – mutual assessment reviews are in place in all countries that have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them, countries will be held accountable for mutually agreed results in keeping with country development and aid policies.
- c) To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries.
- d) Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.

### ***Continuing to Change the Nature of Conditionality to Support Ownership***

To strengthen country ownership and improve the predictability of aid flows, donors agreed in the Paris Declaration that, whenever possible, they would draw their conditions from developing countries' own development policies. This commitment is reaffirmed in Accra; it will continue to change the nature of conditionality by taking the following actions:

- a) Donors will work with developing countries to agree on a limited set of mutually agreed conditions based on national development

strategies. Together, donor and developing country performance in meeting commitments will be assessed.

- b) Donors and developing countries will regularly make public all conditions linked to disbursements.
- c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality with a view to reinforcing country ownership and other Paris Declaration principles by increasing emphasis on harmonised, results-based conditionality. They will be receptive to contributions from civil society.

### ***Increasing the Medium-Term Predictability of Aid***

The Paris Declaration stated that greater predictability in the provision of aid flows was needed to enable developing countries to effectively plan and manage their development programmes over the short and medium term. To further that priority, the following actions to improve the predictability of aid were reached in Accra:

- a) Developing countries will strengthen budget-planning processes for managing domestic and external resources and will improve the linkages between expenditures and results over the medium term.
- b) Donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.
- c) Donors will provide developing countries with regular and timely information on their rolling three-to-five-year forward expenditure and/or implementation plans, with at least indicative resource allocations that developing countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.
- d) Developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it.

### ***Looking Forward***

The Accra Agenda concludes that reforms agreed on will require continued high-level political support, peer pressure, and co-ordinated action at global, regional, and country levels. In order to achieve these reforms, all parties involved renewed their commitments to the principles and targets established in the Paris Declaration, and thus agree to continue to assess progress in implementing them. Since the commitments need to be adapted to different country circumstances – including in middle-income countries, small states and countries in situations of fragility, developing countries are encouraged to design country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action.

### ***Ensuring Aid Effectiveness in Urban Areas***

Some urban actors, especially those that met at a side session of the Fourth High Level Forum on Aid Effectiveness in Busan, Korea (from 29<sup>th</sup> November through 1<sup>st</sup> December 2011) agreed that some progress has

been made in delivery of Paris and Accra at the urban level. However, they also agreed that progress has been slow and inadequate in relation to commitments. These statements are further supported by the latest independent evaluation reports and the monitoring survey, to which around 90 countries contributed.

The challenge facing urban areas as far as improving aid effectiveness is multi-faceted: Firstly, the challenge of how to relate the aid effectiveness agendas to growing and rapidly changing urban contexts, and secondly, the issue of how to these agendas can respond to the broader development cooperation issues which can no longer be deferred or ignored; Thirdly, that the agendas promote capacity building and bilateral ties at national levels with little regard for cooperation between donors and city-level authorities.

Despite these issues in need of response, some good progress has been made on improving aid effectiveness at the urban level. These include the following:

- Overseas Development Assistance (ODA) in general, despite the global financial crisis, continues to rise, as countries increase allocations towards their 0.7% commitments of GDP;
- The number of actors providing financial and technical (and other in-kind) aid increases;
- South-South cooperation, a useful and cost effective practice, has increased;
- More progress is being made in building global partnerships, especially between cities;
- There is a tangible improvement in governance structures and practices; and
- Consensus is growing among the G20 that a greater priority should be given to sustainable development and enhancing development assistance effectiveness.

The experience of city managers and policy-makers at the recent Busan Conference show that there are some good practical examples of improved coordination in the application of the Paris and Accra tenets:

- Ownership is a key element in achieving aid effectiveness, however, strong country ownership requires capacity, not just at the planning stage, but also throughout implementation. And country ownership can be generated through additional structures, such as community-based working groups or leadership from individual line departments at city or regional level authorities.
- Multi-disciplinary urban development, urban infrastructure and urban management projects coupled with municipal finance initiatives demand significantly more partner country capacity in several key areas, specifically: procurement; public financial management; social/environmental safeguards; and others, than are generally required in other sectors. Moreover, the levels of safeguards and reporting requirements across sectors sometimes represent significant bureaucratic barriers to planning, delivery and implementation. These increased requirements sometimes make

realisation of the Paris and Accra tenets challenging to align at the city level.

- Whether in developing or in developed countries, urban development projects tend to be managed through a project-based approach and are housed in either the planning or engineering departments of city or regional authorities, but committed to at either the provincial/state or national levels. Thus commitments are made at the national level yet delivery pressures exist at the local, city or regional levels. This creates significant power and decision-making disparities, which are counter to the ethic of improving aid effectiveness.
- Where there has been direct city level assistance by bilateral and multilaterals, this has often been funded through a variety of financing mechanisms, including general and targeted budget support, pooled financing, project support, and other coordination mechanisms such as the Six Banks in Vietnam that can support harmonisation and alignment. These are good models and should be replicated to ensure aid coordination benefits are realised and delivered at the city level.
- Managing for results and mutual accountability continue to need increased attention from donors and partners compared to the other three tenets. Improving managing for results may be particularly important for urban development projects, given the impact these are likely to have on operations and maintenance. However, managing for results appears to be a challenging principle to implement regardless of the specific sector.





# URBAN SECTOR PROFILE STUDY

This Appendix sets out a generic scope and coverage of an Urban Sector Profile Study. It may be commissioned to identify sector issues and form a sector framework for possible EC-supported interventions. Such interventions may be identified in the course of the study for discussion and review with concerned (sector) Government agencies. In principle, the Urban Sector Profile is intended to fill a gap between the National Indicative Programme (NIP), which is macro and multi-sectoral in nature, and individual project interventions, which presuppose an adequate knowledge of sectoral policy and programme issues.

An Urban Sector Profile Study may be appropriate in two distinct cases:

- The EC has little or no experience with support in the urban sector in the country concerned. It wishes to validate a country request for support in this sector, expressed during the Country Programming exercise by better understanding issues prior to making a more definite commitment at project level.
- The EC has had a considerable history of project support in the sector or in sub-sectors, such as urban water supply, and it wishes to review its involvement through an enhanced understanding of issues.

In both cases, the sector profile study serves as an instrument for policy dialogue, and in doing so, enhances the policy relevance and cost-effectiveness of any subsequent programme and/or project level interventions. The requirements indicated below are a standard model for such a study; from which to derive a specific ToR to fit the circumstances of a specific country setting.

## A2.1

### SECTOR STUDY SCOPE

The study will review trends, institutional framework, government programmes, current support activities undertaken by the international community, and will identify support gaps and a possible role for the EC. It could comprise the following parts.

#### URBANISATION TRENDS AND THE URBAN ECONOMY

The study will review time-series of population growth and urbanisation. It will also consider the spatial pattern of urbanisation (hierarchy of

cities), time series of economic sector shares (at least primary/secondary/tertiary sectors) in terms of GDP and employment. It will also endeavour to link this to the phenomenon of urbanisation. In doing so, national census and national accounts data will be used as much as possible, augmented by meso- and micro-data as available. This part of the study will exclusively rely on existing data; no primary data collection is envisaged.

### **THE URBAN SECTOR**

This part of the study will review the adequacy of the institutional system of the sector and its regulatory framework. The study will identify the extent to which basic urban services needs have been fulfilled and urban social and economic infrastructure needs have been met. It will review current programmes endeavouring to fulfil these needs and meet their financing, including international assistance.

### **KEY SECTOR ISSUES**

This part of the study analyses key issues. This section will likely set the scene for subsequent strategy recommendations and thus identify the terrain for urban policy dialogue between the EC and the recipient country government. The key issues will obviously vary from country to country, but unresolved issues often revolve around several of the following:

- poverty and environmental issues
- approaches to urban planning and the planning process
- urban land management
- institutional roles and responsibilities
- privatisation and public-private partnerships
- decentralisation
- ways of mobilising resources
- methods of regulating projects.

### **INTER-SECTORAL ISSUES**

This part of the study will identify important linkages between sectors in the economy. For example, it may cover social and physical infrastructure linkages (health, education and transport are often important links). It may review rural-urban linkages and may identify ways and means in which improvements in urban management may impact on economic development and equity.

### **STRATEGY DIRECTIONS**

Based on the foregoing, the study will make strategy recommendations to the government. These are likely to include suggested strategic directions in municipal infrastructure investment planning and programming, in resource mobilisation and in institutional reform.

### **SECTORAL PROGRAMMES AND THEIR FINANCING**

Based on existing frameworks and the above strategy recommendations, the study will analyse how urban sector programmes can be developed and/or consolidated and become more cost-effective. It will further

identify their most logical financing pattern.

#### **DIRECTIONS FOR EXTERNAL ASSISTANCE**

This part of the study will review the effectiveness of international assistance, identify support gaps and will define a possible role for the EC.

## **A2.2**

### **GUIDANCE, TIMING, REPORTING AND INPUTS**

The study will be undertaken by a small team of consultants, supervised in its day-to-day operations by the EC Delegate's office. A small Steering Committee may be set up between the government and the EC Delegate's office to provide strategic guidance at critical junctures during the course of the study. For example, the Committee may review a concise inception report (not normally much more than a validated table of contents of the study report and a time path for its development).

The profile study will be based exclusively on secondary data and discussions with sector actors. Therefore it will not normally take more than three months elapsed time to draft its findings. These will be reviewed between the government, the study team and the EC Delegate's office, or in the Steering Committee. The study's final report will be submitted not later than one month after receiving comments on the draft.

#### **INPUT REQUIREMENTS**

The study will likely require multi-disciplinary input as follows:

- Urban and environmental planning
- Urban finance and economics
- Urban sociology
- Municipal engineering
- Public management.

Considering the financial and logistical limitations usually prevailing, these inputs will have to be combined and prepared by a small team of seasoned international professionals. A specialist team of two to three senior international experts (with the balance of disciplinary background depending on the relative emphasis of each of the above elements of the study) should be able to conduct the study at an (intermittent) input of two months each, thus requiring an aggregate of four to six m/m.



## STANDARD TERMS OF REFERENCE

# PRE-FEASIBILITY STUDY FOR AN URBAN PROJECT

The Identification stage of the project cycle can be undertaken either by commissioning a pre-feasibility study or by conducting an identification mission. The pre-feasibility study is intended to identify possible interventions and recommend preferred options for interventions during the Identification stage of the project cycle.

## A STUDY BACKGROUND

The National Indicative Programme signed by the Government of [\_\_\_\_] and the European Commission in \_\_\_\_\_ 20\_\_ reflects the European Commission's willingness to support the urban sector in developing its economic and social potential.

Within the framework of this Indicative Programme, the European Commission has received a request from the National Authorising Officer to identify opportunities and problems, alternative solutions and to recommend a preferred solution/s with regard to *[describe the general urban sector intervention]*.

**A** This section should be expanded and completed with a concise description of the proposed intervention. Reference should be made to any relevant documents, such as studies and evaluation reports. Where and how copies of these documents and any other relevant information can be obtained should be indicated whenever possible.

## B STUDY OBJECTIVES

The study will provide the decision-makers in the Government and the EC with sufficient information to accept, modify or reject the proposed intervention for further feasibility development.

**B** The objective of a pre-feasibility study is set out here in general terms and must be stated in this way in the ToR.

## C STUDY OUTCOMES

The study is expected to result in the following outcomes:

- An analysis of the role of the proposed *[urban sector intervention]* in *[country]*
- An analysis of the relevance of the proposed *[urban sector intervention]*
- An analysis of alternative options, taking account of such aspects as technical, economic and financial, institutional and management, environmental and socio-cultural, regulatory and operational
- Recommendation of the preferred project option (*the Project*), detailing the expected benefits to the users and beneficiaries within the project's lifetime, and the contribution of the project to the social, economic and/or environmental urban development of *[country]*

- An assessment of the feasibility of the preferred project option
- An assessment of the social, economic and environmental urban sustainability of the preferred project
- Recommendations for further actions with regard to the preferred project.

## D STUDY ISSUES TO BE REVIEWED

The main issues to be reviewed are outlined below. Details are presented in the Format for the Study Report (p. 161).

**D** In this section of the ToR, the issues to be studied and/or gaps in information to be filled should be set out clearly. Any specific problems related to the proposed intervention should be included here.

### (i) Relevance to macro and urban sector issues and

#### confirmation of selected option

The consultants will assess the extent to which the proposed intervention is consistent with the country's macro-economic environment and how urban sector issues will be addressed adequately. They will assess intervention options and make recommendations, including:

**D (i)** This information is to be presented in Chapter 2 (background) in the format of the Study Report (see p. 161). Here, the depth and breadth of the pre-feasibility study should be indicated to establish the relevance of the proposed intervention. Supplementary information, specific to the proposed intervention should be provided.

- The extent to which possible Project options respond to economic and social needs as expressed by [*key sector/user organisations*]
- The consistency of the options within the overall framework of national development objectives and the economic and social development policies of the relevant ministries
- The extent to which the options address urban sector issues, and their consistency with the national urban policy framework
- The nature and number of beneficiaries that the options could potentially affect
- The degree to which organisations and agencies are affected by or involved in the options and the intended economic and social improvements
- The major problems experienced by the beneficiaries and other parties involved, the causal interrelationships of these problems, and the inter-sectoral linkages
- Other interventions or priorities of ministries, agencies and donors that may affect or be affected by the possible options
- Information from previous studies and evaluations relevant to the possible options.

### (ii) Feasibility

The consultants will prepare a recommendation of the preferred Project to be structured as follows:

- **Overall objectives:** Why is the Project important to the users and beneficiaries, the region and the government? How does it promote desired economic, social and environmental development?
- **Project purpose:** Why do the users and beneficiaries need the Project?

**D (ii)** In this section, you should detail the problems that the proposed intervention must address. You will need to specify methodologies and/or tools, which the consultants are required to use in analysing the alternative solutions. Specific methodologies and tools should be stated for any technical, economic, financial, environmental and social analyses required during the pre-feasibility study. The analysis is to be presented in technical appendix V (see Conclusions and Proposals, p. 166).



- **Project results:** What services will the Project deliver to the users and beneficiaries? What services external to the Project (classified as assumptions) have to be carried out to achieve the project purpose?
- **Project activities:** What has to be done to achieve the Project results? What activities external to the Project (classified as assumptions) have to be carried out to ensure the Project results?

The Project purpose and results should propose possible verifiable indicators, and the possible Project activities.

This information is to be presented in Chapter 3 (*The Project*) and Chapter 6 (*Assumptions*) as in the Format of the Study Report (see pp. 161–7).

### (iii) Preconditions and Project implementation

The consultants will describe any preconditions for Project implementation. They will also describe initial cost estimates, the organisation format for phasing and possible Project implementation.

#### D (iii)

The type of information and the amount of detail that the consultants should collect will need to be defined. Possible preconditions that have to be met before the proposed intervention could be implemented should be considered. This information is to be presented in Chapter 4 (*Project Implementation*) as described in the Format for the Study Report (pp. 161–7).

### (iv) Sustainable urban development and risk analysis

The consultants will appraise the sustainability of the Project using key principles listed in Part 1 of these Guidelines (see pp. 16–18). These issues should be inserted under the key factors listed below. The project is ideally, but does not necessarily need to be positive in all three areas of social, economic and environmental sustainability. It should at least be positive in one and neutral in the others. However, this listing of issues is not exhaustive. The consultants are required to use their professional judgement and experience to review all relevant factors and to bring these to the attention of the government and EC.

**D (iv)** This information is to be presented in Chapter 5 (Factors Ensuring Sustainability) as shown in the Format of the Study Report (see pp. 161–7). Issues should also be described that may influence the sustainability of:

- the proposed intervention; the urban sector
- the demand of sector(s) to which the proposed project responds.

The consultants will perform sensitivity analysis for reasonable alternative assumptions with regard to the above sustainability factors. The consultants will furthermore identify any significant risks that may endanger the implementation of the Project, and indicate any risk mitigation measures that may reasonably be taken to reduce such risks.

## E WORK PLAN

The work plan will contain a task analysis/bar chart, an assignment organisation chart and a manning schedule. On the basis of the proposed time schedule outlined in this ToR, the consultants will prepare a work plan and include this in their offer. The work plan should set out the consultants' approach to the following activities:

- Fact finding/data collection/surveys
- Identification of possible options for the proposed

**E** The approach to the study that the consultants are required to follow should be set out in detail. A list of key resource persons and organisations that should be consulted should be included. In some cases, it may be appropriate to state that the consultants may propose alternative approaches to collecting information and to carrying out the study

intervention

- Analysis of options
- Consultation meetings with decision makers to identify the preferred option (the proposed Project)
- Identify sector policy issues for resolution prior to or in the course of Project implementation
- Identify technical assistance components of the Project
- Propose the Project implementation arrangements.

## F EXPERTISE REQUIRED

The consultants must specify the qualification of the firm/consortium intending to carry out the assignment, as well as the qualifications and experience of each specialist to be assigned to the study. For its institutional qualifications, the consortium members should specify these through brief (no more than one page) samples of prior relevant work in the sector and the region. For each specialist proposed, curriculum vitae of no more than four pages should be provided setting out her/his relevant experience.

**F** The type of expertise required to carry out the pre-feasibility study should be specified. A pre-feasibility study requires multidisciplinary, sectoral and inter-sectoral analyses. The consultants should endeavour to provide the range of expertise needed to address the issues.

## G REPORTING

The consultants will present an inception report (10-15 pages) within [ ] weeks. This report will set out the consultants detailed work plan for the study based on their initial period in the field.

The consultants will prepare an interim report after [ ] weeks. In this report the various options reviewed by the consultants will be described in sufficient detail to enable an informed decision to be made on the further development of the preferred option (the Project), which will be recommended by the consultants at this stage.

**G** The reporting requirements for the pre-feasibility study should be set out. The types of reports required and the language in which the reports should be written should be specified. The dates of submission, number of copies and recipients should also be noted.

The study conclusions must be presented in a pre-feasibility study report in the format given in the Format of the Study Report (see Chapter 8, p. 170). The underlying analysis is to be presented in appendices to this report.

A draft pre-feasibility study report in [ ] copies is to be presented to [ ] for comment by [date]. Within [ ] weeks, comments on the draft pre-feasibility study report will be received from: *[list the authorities]*. The consultants will take account of these comments in preparing the final pre-feasibility study report (30–40 pages excluding appendices). The final report in [language] in [ ] copies is to be submitted by [date].

## H TIME SCHEDULE

A time schedule for all of the study components listed under Section E and the reporting requirements in Section G should be prepared. This time schedule should be presented in this section (H) with sufficient explanation to enable the consultants to respond to the schedule in their offer.

## I ASSISTANCE TO THE CONSULTANTS BY THE CONTRACTING AUTHORITY

The Contracting Authority will make available the following information and facilities to the consultants' staff:

- All relevant reports, documents, maps and data
- Where available, office space and furniture, and access to computer and communication facilities
- Where available, the use of vehicles and drivers
- Counterpart staff.
- The Contracting Authority will facilitate:
  - The issue of entry and exit visas for the consultants' expatriate staff
  - Issue of any permits required for the consultants' staff to carry out their duties within the country
  - The import and export of personal belongings of the consultants' expatriate staff during the execution of the contract, and of equipment for the study in accordance with the provisions of the Lomé Convention or similar agreements.

I The list provided is a guide and must be adjusted to the requirements of the specific pre-feasibility study

## A3.1

## FORMAT FOR THE STUDY REPORT

The format for a Pre-feasibility Study Report is described here. The maximum length of the Report (excluding appendices) should be 30–40 pages. The report must be organised using the same headings set out here (chapters, sections and subsections). Under each of these headings, a list of key words and explanatory notes is given to indicate the topics to be handled. You will need to tailor each of these lists to the specific requirements of the pre-feasibility study and proposed intervention.

These key words and explanatory notes refer to the main issues considered in Part 2 of the Guidelines

The following text appears on the inside front cover of the report:

This report is financed by the [*European Development Fund*] and is presented by the [*name of consultant*] for the Government of [\_\_\_\_\_] and the European Commission. It does not necessarily reflect the opinion of the Government or the European Commission.

### 1 SUMMARY

### 2 BACKGROUND

#### 2.1 Urbanisation trends and the urban economy

Time-series of population growth and urbanisation, the spatial pattern of urbanisation (hierarchy of cities), time series of economic sector shares (at least primary/secondary/tertiary sectors) in terms of shares in GDP and employment; linking this to the phenomenon of urbanisation. National census and national accounts data to be used as much as possible augmented by meso- and micro-data as available. This part of the study

will exclusively rely on existing data; no primary data collection is envisaged.

## **2.2 The urban sector**

This part of the study will review the adequacy of the institutional set up of the sector along with its regulatory framework. The study will identify the extent to which basic urban services needs have been fulfilled and urban social and economic infrastructure needs have been met. It will review current programmes endeavouring to achieve that and their financing, including international assistance.

## **2.3 Key sector issues**

This part of the study analyses key issues in the sector, including:

- Approaches to urban planning and the planning process
- Urban land management
- Poverty and environmental issues
- Institutional roles and responsibilities
- Privatisation and public-private partnerships
- Decentralisation
- Sector resource mobilization
- Regulatory framework.

This section of the study will identify the terrain for urban policy dialogue between the EC and the recipient country government in the Project context, possibly including: suggested strategic directions in municipal infrastructure investment planning and programming, in resource mobilization, in institutional reform and, occasionally, in strategic areas of sub-sectoral infrastructure operations.

## **2.4 Inter-sectoral issues**

This part of the study will identify important linkages between the urban sector and other sectors in the economy. It may cover social and physical infrastructure linkages (health, education and transport are often important links). It will review rural-urban linkages and may identify ways and means in which improvements in urban management may have an impact on economic development and equity.

## **2.5 Beneficiaries and parties involved**

Those benefiting from the Project should be consulted. They may be groups benefiting from the proposed intervention and/or users, responsible ministries, parastatals, private sector organisations, user representation on government boards, user organisations and groups.

## **2.6 Problems to be addressed**

Problems of users and beneficiaries of the proposed intervention should be considered. There should be a review of problems described in the ToR, Section D (pp. 158–9): Issues to be studied include:

- Policy and coordination issues described in Section 2.3 above
- Demand for investment in the urban sector including any regional aspects
- Alternative solutions

- The sustainability of the sector in economic and financial (structural adjustment impact, sector financing, sector operating and maintenance budget and revenues)
- Institutional and management (institutional structure and responsibility, maintenance responsibility, staff policies, user involvement, commercial involvement, private sector participation)
- Environmental and socio-cultural (potential impacts, gender and employment issues, land use)
- Regulatory and operational (alternative technologies, standards, management information systems).

### **2.7 Other interventions**

Other relevant interventions by the Government, the EC, and other donors in the urban sector.

### **2.8 Documentation available**

Key documents for the study such as studies and evaluation reports.

## **3 THE PROJECT**

In this section of the report, the consultants are required to describe the selected option (The Project), making reference to their analysis in Technical Appendices IV and V (p. 167).

### **3.1 Overall Project objectives**

Why is the Project important to the users, beneficiaries and government?

### **3.2 Project purpose**

Why do the users and beneficiaries need the Project?

### **3.3 Project description**

What will the Project comprise in terms of investment and/or technical support?

### **3.4 Project results**

What services will the Project deliver to the users and beneficiaries?

## **4 INITIAL ESTIMATES OF PROJECT QUANTITIES, COSTS AND IMPLEMENTATION**

In this section, the consultants are required to provide quantitative estimates and to describe organisational and implementation procedures with appropriate schedules. They are also required to prepare cost estimates and a financial plan, together with any special conditions and measures required to be undertaken by the government.

### **4.1 Quantities**

Initial estimates of inputs with regard to, where appropriate, physical works and equipment, manpower estimates of supervision, technical assistance, policy or technical studies, monitoring and evaluation.

### **4.2 Organisation and implementation procedures**

Possible implementation agency, general assignment of responsibilities

and definition of procedures.

#### **4.3 Implementation schedule**

Possible Project duration and phasing.

#### **4.4 Cost estimates and financing plan**

Initial cost estimates and financing source.

#### **4.5 Special conditions and measures to be undertaken by the government**

Possible parallel actions for government and parties involved including the private sector.

### **5 FACTORS ENSURING SUSTAINABLE URBAN DEVELOPMENT**

The consultants will consider the factors that ensure sustainable urban development (see also Part 1).

#### **5.1 Sustainability**

##### **Social**

The extent to which:

- The project will impact on urban poverty reduction
- The project is consistent with present socio-cultural norms and practice and include the results of any social surveys
- The government responds to the needs of the local community, increased labour opportunities, and dealing with migrant labour. (Refer to the EC manuals on Women in Development and on Employment.)

A project does not necessarily need to be positive in all three areas of social, economic and environmental sustainability. It should at least be positive in one and neutral in the others.

##### **Economic**

The extent to which:

- The project contributes to economic development or improving conditions for economic development.

##### **Environmental**

The extent to which:

- The environmental mitigation measures of the proposed Project are consistent with environmental standards and practices and include the results of any environmental surveys
- Government is implementing and monitoring environmental measures financed from its own resources and external funds.

Refer to the European Commission manual on Environmental Impact Assessment.

#### **5.2 Strategic focus**

##### **a. Good governance**

##### **Policy support and co-ordination**

The extent to which Project implementation requires:

- Modification of existing policy and/or additional policy measures at national and/or regional level, such as maintenance of infrastructure and equipment;
- Co-ordination between agencies and donors.

**Accountability, transparency and rule of law**

The extent to which implementation of the project will take place in an accountable and transparent fashion or will contribute to improving accountability and transparency in decision-making.

**Participation and partnerships**

The extent to which:

- Relevant stakeholders have effectively been consulted in the identification of the Project
- Implementation of the Project will utilise partnerships between various stakeholders in urban development or will promote such partnerships.

**b. Good urban management**

**Institutional**

The extent to which institutions fulfil their responsibilities, manage networks efficiently, by adopting business practices and involving the private sector. Any on-going or planned restructuring measures should be included.

**Financial**

The reliability of:

- The assumptions used for demand estimate
- The results of sensitivity tests, and the way these have been applied in decision-making criteria
- The forecast increased financial benefits.

The consideration given to factors, such as:

- Cost recovery measures
- Allocation and disbursement of revenue to maintenance and operation, and future commitments
- Financial and technical audits.

For discrete investment projects in housing and urban infrastructure, appraisal criteria are well established (refer to the European Commission manual on Financial and Economic Analysis). Depending on the nature of the Project, this section, however, may be based on an appraisal analysis of sample sub-projects (if the Project is of programmatic nature, comprising a geographically or thematically defined set of sub-projects), or be more procedurally oriented (if the Project entails urban sector budget support, or support to an urban/municipal development fund).

**Physical**

The extent to which:

- The Project contributes to urban development from a spatial perspective;
- The Project is consistent with other initiatives and developments within urban areas from a physical perspective.



### **5.3 Supported approach**

The extent to which:

- The Project is consistent with local and/or national priorities as determined by relevant stakeholders
- Relevant stakeholders have effectively been involved in the identification of the Project.

### **5.4 Sensitive approach**

The extent to which:

- The Project is sensitive to specific social, cultural and gender dimensions of the country, region or urban area in which it will be located
- The Project will be responsive to changing conditions over time.

### **5.5 Synergistic approach**

The extent to which:

- The Project where appropriate establishes or utilises positive linkages with other initiatives and/or aspects of urban development
- The Project utilises and/or encourages linkages between organisations/institutions/stakeholders towards urban development.

### **5.6 Significant approach**

The extent to which:

- The scale of impact of the Project will be sufficient to warrant the investment.
- The Project will result in both direct and indirect impacts for urban development. An example of the latter would be influence on national policy.

### **5.7 Sensible approach**

The extent to which:

- The Project is appropriate for implementation with regard to domestic and local capacity to implement, sustain and manage the intervention
- Appropriate technology used in the Project can be adopted as standard practice, using local materials and skills, labour-based methods, physical and financial resources of the private sector.

## **6 ASSUMPTIONS**

### **6.1 Assumptions at different levels**

Assumptions should be made of the actions required by other agencies to support achievement of the Project activities, results and purpose.

### **6.2 Risks and flexibility**

Risks and flexibility should be based on the assumptions on which the project is based: the capacity of the project to overcome problems arising from assumptions not being met.

## 7 MONITORING AND EVALUATION

### 7.1 Monitoring indicators

Key indicators should be identified for monitoring Project progress, results, activities and assumptions.

### 7.2 Reviews/evaluations

Schedules should be prepared for Project reviews and evaluation.

## 8 CONCLUSIONS AND PROPOSALS

### Technical appendices

- I. Logical framework matrix of proposed project design - intervention logic, indicators, assumptions and preconditions.
- II Map of the project area.
- III Analysis of the relevance of the preferred option (the Project), which is the basis for the conclusions presented in Chapter 2.
- IV Analysis of the options for project/programme design, with the proposed Project as presented in Chapters 3, 4 and 6.
- V Appraisal of Sustainability and Risk Analysis.
- VI Other technical information and data, as required.
- VII ToR.

### Administrative appendices

- I Study methodology/work plan (2–4 pages).
- II Consultants' itinerary (1–2 pages).
- III List of persons/organisations consulted (1–2 pages).
- IV List of documentation consulted (1–2 pages).
- V Curricula vitae of the consultants (1 page per person).



## STANDARD TERMS OF REFERENCE

# FEASIBILITY STUDY FOR AN URBAN PROJECT

The Feasibility Study Report is similar in format to the Pre-feasibility Study Report described in Appendix Three.

## A STUDY BACKGROUND

The National Indicative Programme signed by the Government of [\_\_\_\_] and the European Commission in \_\_\_\_\_ 20\_\_ reflects the European Commission's willingness to support the urban sector in [\_\_\_\_ region of the] country in developing its economic and social potential.

**A** This section needs to be expanded and completed with a concise description of the proposed intervention. Reference should be made to any relevant documents, such as studies and evaluation reports. Wherever possible, where and how copies of these documents and any other relevant information can be obtained should be clearly indicated.

Within the framework of this Indicative Programme, the European Commission has received a request from the National Authorising Officer to [describe the proposed urban sector intervention].

## B STUDY OBJECTIVE

The study will provide the decision-makers in the government and the European Commission with sufficient information to appraise the proposed urban sector intervention for approval, funding, detailed technical design (where applicable) and implementation.

**B** The objective of a feasibility study is set out here in general terms and must be stated in this way in all the ToR.

## C ENVISAGED STUDY OUTCOME

The study is expected to contain the following outcomes:

- A concise review of sector issues and its institutional framework
- An analysis of the relevance of the proposed urban sector intervention
- A review of the possible options proposed in the pre-feasibility study or identification mission and confirmation, rejection or amendment of the preferred option
- A description of Project activities, timing/phasing, estimated costs (based on preliminary designs), financing plan, and a logical framework for implementation
- Proposed implementation arrangements for the Project
- An appraisal of social, economic, financial, institutional and environmental sustainability of the Project outcomes
- A draft financing proposal and detailed project design (if applicable).

**C** The list of study outcomes in this section is the essential minimum for a feasibility study. The items listed should be considered carefully. Where necessary, more specific requirements should be added to ensure that the consultants provide sufficient information for decision-makers to be able to justify acceptance, modification or rejection of the proposed intervention.

## D STUDY ISSUES TO BE REVIEWED

The main issues to be reviewed are outlined below. Details are presented in the Format for the Feasibility Study Report (p. 172).

**(i) Relevance to macro and urban sector issues and confirmation of selected option**

- The consultants will assess the extent to which the proposed intervention is consistent with the country's macro-economic environment and how urban sector issues will be addressed adequately. Therefore the consultants will review and confirm or amend the intervention options and recommended option of the identification mission or pre-feasibility study, including:
- The extent to which possible project/programme options respond to economic and social needs as expressed by key sector/user organisations
- The consistency of the options within the overall framework of national development objectives, and the economic and social development policies of the relevant ministries
- The extent to which the options address urban sector issues, and their consistency with the national urban policy framework (where this exists)
- The nature and number of beneficiaries that the options could potentially affect
- The organisations and agencies affected by or involved in the options and the intended economic and social improvements
- The major problems experienced by the beneficiaries and other parties involved, the causal interrelationships of these problems, and the inter-sectoral linkages
- Other interventions or priorities of ministries, agencies and donors that may affect or be affected by the possible options
- Information from previous studies and evaluations relevant to the possible options.

**D** In this section of the ToR, the issues to be studied and/or gaps in information to be filled should be set out clearly. Any specific problems related to the proposed intervention should be included here.

**D (i)** Here, the depth and breadth of the feasibility study should be indicated to establish the relevance of the proposed intervention. Supplementary information specific to the proposed intervention should also be provided.

Based on the above the consultants will confirm or amend the recommended option for further feasibility work (the Project). This information is to be presented in Chapter 2 (*background*) of the feasibility study report (p. 177).

**(ii) Feasibility**

On the basis of preliminary engineering designs, the consultants will define the Project, taking into account economic and financial, institutional and management, environmental and socio-cultural standards, regulatory and operational and practices. The analysis is to be presented in Technical Appendix V of the Feasibility Study Report (p. 178).

The consultants will prepare the Project to be structured as follows:

- **Overall objectives:** Why is the Project important to the users and beneficiaries, the region and the government? How does it further the expected economic and social development, especially the impact on poverty reduction?
- **Project purpose:** Why do the users and beneficiaries need the

**D (ii)** In this section, the problems that the proposed intervention must address should be detailed. Methodologies and/or tools that the consultants are required to use in analysing the alternative solutions should also be specified. Specific methodologies and tools should be stated for any technical, economic, financial, environmental and social analyses required during the feasibility study.

Project?

- **Project results:** What services will the Project deliver to the users and beneficiaries? What services external to the Project (classified as assumptions) have to be carried out to achieve the project purpose?
- **Project activities:** What has to be done to achieve the Project results? What activities external to the Project (classified as assumptions) have to be carried out to ensure the Project results?

The Project purpose and results should have verifiable indicators, and the Project activities should be quantified wherever possible. This information is to be presented in Chapter 3 (The Project) and Chapter 6 (Assumptions) of the Feasibility Study Report (p. 174 and p. 177 respectively).

### (iii) Preconditions and Project implementation

The consultants will describe any preconditions for Project implementation. They will also describe details of Project input quantities, phasing, cost estimates and Project implementation organisation.

### (iv) Sustainable urban development and risk analysis

The consultant will appraise the sustainability of the Project using key principles listed in Part 1 of these Guidelines. However, the listing of issues is not exhaustive. The consultants are required to use their professional judgement and experience to review all relevant factors and to bring these to the attention of the government and EC.

The consultants will perform sensitivity analysis for reasonable alternative assumptions with regard to the above sustainability factors. The consultants will, furthermore, identify any significant risks that may endanger the implementation of the Project, and indicate any risk mitigation measures that may reasonably be taken to reduce such risks.

**D (iii)** The type of information and the amount of detail that the consultants should collect will need to be defined. Possible preconditions that have to be met before the proposed intervention could be implemented should be considered. This information is to be presented in Chapter 4 (*Project Implementation*) of the feasibility study report (pp. 179–80).

**D (IV)** In this section, you must describe any issues that may influence the sustainability of the proposed intervention;

- the urban sector;
- the demand of sector(s) to which the proposed project responds.

This information is to be presented in Chapter 5 (*Factors ensuring sustainability*) of the feasibility study report (pp. 180–2).

## E WORK PLAN

The work plan will contain a task analysis/bar chart, an assignment organisation chart and a manning schedule. On the basis of the proposed time schedule outlined in this ToR, the consultants will prepare a work plan and include this in their offer. The work plan should set out the consultants' approach to the following activities:

- Fact finding/data collection/surveys
- Review of possible options for the proposed intervention
- Confirmation, rejection or amendment of recommended option
- Review sector policy issues for resolution prior to or in the course of Project implementation

**E** The approach to the study that the consultants are required to follow should be set out in detail. A list of key resource persons and organisations that should be consulted should be included. In some cases, it may be appropriate to state that the consultants may propose alternative approaches to collecting information and to carrying out the study

- Identify and develop the scope of technical assistance components of the Project
- Estimate phasing and costing of the Project
- Propose the Project implementation arrangements
- Conduct appraisal of the Project's feasibility in line with the principles outlined in Part 1 of these Guidelines.

## F EXPERTISE REQUIRED

The consultants must specify the qualification of the firm/consortium intending to carry out the assignment, as well as the qualifications and experience of each specialist to be assigned to the study. For its institutional qualifications, the consortium members should specify these through brief (no more than one page) samples of prior relevant work in the sector and the region. For each specialist proposed, curriculum vitae of no more than four pages should be provided setting out her/his relevant experience.

**F** The type of expertise required to carry out the feasibility study should be specified. A feasibility study requires multidisciplinary, sectoral and inter-sectoral analyses. The consultants should aim to provide the range of expertise needed to address the issues.

## G REPORTING

The consultants will present an inception report (10-15 pages) within [ ] weeks. This report will set out the consultants detailed work plan for the study based on their initial period in the field. In this section, you also need to set out the reporting requirements for the feasibility study.

**G** You should specify the types of reports required and state the language in which the reports should be written, the dates of submission, number of copies and recipients.

The study conclusions must be presented in a feasibility study report in the format given on page 147. The underlying analysis is to be presented in appendices to this report.

A draft feasibility study report in [ ] copies is to be presented to [ ] for comment by [date]. Within [ ] weeks, comments on the draft feasibility study report will be received from: [list the authorities].

The consultants will take account of these comments in preparing the final feasibility study report (30–40 pages excluding appendices). The final report in English in [ ] copies is to be submitted by [date].

## H TIME SCHEDULE

A time schedule should be prepared for all of the study components listed under Section E and the reporting requirements in Section G. This time schedule should be presented in this section (H) with sufficient explanation to enable the consultants to respond to the schedule in their offer.

## I ASSISTANCE TO THE CONSULTANTS BY THE CONTRACTING AUTHORITY

The Contracting Authority will make available the following information and facilities to the consultants' staff:

**I** The list provided is a guide and must be adjusted to the requirements of the specific feasibility study



- All relevant reports, documents, maps and data
- Where available, office space and furniture, and access to computer and communication facilities
- Where available, the use of vehicles and drivers
- Counterpart staff.

The Contracting Authority will facilitate:

- The issue of entry and exit visas for the consultants' expatriate staff
- Issue of any permits required for the consultants' staff to carry out their duties within the country
- The import and export of personal belongings of the consultants' expatriate staff during the execution of the contract, and of equipment for the study in accordance with the provisions of the Lomé Convention or similar agreements.

## A4.1

## FORMAT FOR THE FEASIBILITY STUDY REPORT

The format for feasibility study report is described in detail. The maximum length should be 30–40 pages excluding appendices. The report must be organised using the same headings set out here (chapters, sections and subsections). Under each of these headings, a list of key words and explanatory notes is given to indicate the topics to be handled. You will need to tailor each of these lists to the specific requirements of the feasibility study and proposed intervention.

These key words and explanatory notes refer to the main issues considered in Part II of the Guidelines

The following text appears on the inside front cover of the report:

This report is financed by the [*European Development Fund*] and is presented by the [*name of consultant*] for the Government of [\_\_\_\_\_] and the European Commission. It does not necessarily reflect the opinion of the Government or the European Commission.

### 1 SUMMARY

### 2 BACKGROUND

#### 2.1 Urbanisation trends and the urban economy

Time-series of population growth and urbanisation, the spatial pattern of urbanisation (hierarchy of cities), time series of economic sector shares (at least primary/secondary/tertiary sectors) in terms of shares in GDP and employment; linking this to the phenomenon of urbanisation. National census and national accounts data to be used as much as possible augmented by meso- and micro-data as available. This part of the study will exclusively rely on existing data; no primary data collection is envisaged.

#### 2.2 The urban sector

This part of the study will review the adequacy of the institutional set up of the sector along with its regulatory framework. The study will identify the extent to which basic urban services needs have been fulfilled and urban

social and economic infrastructure needs have been met. It will review current programmes endeavouring to achieve that and their financing, including international assistance.

### **2.3 Key sector issues**

This part of the study analyses key issues in the sector, including:

- Approaches to urban planning and the planning process
- Urban land management
- Poverty and environmental issues
- Institutional roles and responsibilities
- Privatisation and public-private partnerships
- Decentralisation
- Sector resource mobilisation
- Regulatory framework.

This section of the study will identify the terrain for urban policy dialogue between the EC and the recipient country government in the Project context, possibly including: suggested strategic directions in municipal infrastructure investment planning and programming, in resource mobilisation, in institutional reform and, occasionally, in strategic areas of sub-sectoral infrastructure operations.

### **2.4 Inter-sectoral issues**

This part of the study will identify important linkages between the urban sector and other sectors in the economy. It may cover social and physical infrastructure linkages (e.g. health, education and transport are often important links). It will review rural-urban linkages and may identify ways and means in which improvements in urban management may have an impact on economic development and equity.

### **2.5 Beneficiaries and parties involved**

Those benefiting from the Project should be consulted. They may be groups benefiting from the proposed intervention and/or users, responsible ministries, parastatals, private sector organisations, user representation on government boards, user organisations and groups.

### **2.6 Problems to be addressed**

Problems of users and beneficiaries of the proposed intervention should be considered. There should be a review of problems described in the ToR. Section D (p. 168–170): Issues to be studied:

- Policy and coordination issues described in Section 2.3 above
- Demand for investment in the urban sector including any regional aspects;
- Alternative solutions
- The sustainability of the sector in economic and financial (structural adjustment impact, sector financing, sector operating and maintenance budget and revenues)
- Institutional and management (institutional structure and responsibility, maintenance responsibility, staff policies, user involvement, commercial involvement, private sector participation)
- Environmental and socio-cultural (potential impacts, gender and

employment issues, land use)

- Regulatory and operational (alternative technologies, standards, management information systems).

### **2.7 Other interventions**

Other relevant interventions by the Government, the EC and other donors in the urban sector.

### **2.8 Documentation available**

Key documents for the study such as studies and evaluation reports.

## **3 THE PROJECT**

In this section of the report, the consultants are required to describe the selected option (The Project), making reference to their analysis in Technical Appendices IV and V (p. 178).

### **3.1 Overall Project objectives**

Why is the Project important to the users, beneficiaries and the government?

### **3.2 Project purpose**

Why do the users and beneficiaries need the Project?

### **3.3 Project description**

What will the Project comprise in terms of investment and/or technical support?

### **3.4 Project results**

What services will the Project deliver to the users and beneficiaries?

## **4 PROJECT QUANTITIES, COSTS AND IMPLEMENTATION**

In this section, the consultants are required to provide quantitative estimates and describe organisational and implementation procedures with appropriate schedules. They are also required to prepare cost estimates and a financial plan together with any special conditions required to be undertaken by the government.

### **4.1 Quantities**

Project input quantities based on preliminary engineering designs with regard to the physical works and equipment. Manpower estimates of supervision, technical assistance, policy or technical studies, monitoring and evaluation.

### **4.2 Organisation and implementation procedures**

Implementation agency, assignment of responsibilities and definition of procedures.

### **4.3 Implementation schedule**

Anticipated Project duration and phasing.

#### **4.4 Cost estimates and financing plan**

Costs by component and input, in foreign exchange and local currency. Provision for price and physical contingencies. Financing source for all components.

#### **4.5 Special conditions and accompanying measures taken by the Government**

Parallel actions for government and parties involved including the private sector.

### **5 FACTORS ENSURING SUSTAINABLE URBAN DEVELOPMENT**

The consultants will consider the factors that ensure sustainable urban development (see also Part 1 of these Guidelines).

#### **5.1 Sustainability**

##### **Social**

The extent to which:

- The project will impact on urban poverty reduction.
- The project is consistent with present socio-cultural norms and practice and include the results of any social surveys
- The government responds to the needs of the local community, increased labour opportunities, and dealing with migrant labour. (Refer to the EC manuals on Women in Development and on Employment.)

A project does not necessarily need to be positive in all three areas of social, economic and environmental sustainability. It should at least be positive in one and neutral in the others.

##### **Economic**

The extent to which the project contributes to economic development or improving conditions for economic development.

##### **Environmental**

The extent to which:

- The environmental mitigation measures of the proposed Project are consistent with environmental standards and practices and include the results of any environmental surveys
- Government is implementing and monitoring environmental measures financed from its own resources and external funds. Refer to the European Commission manual on Environmental Impact Assessment.

#### **5.2 Strategic focus**

##### **a. Good governance**

##### **Policy support and co-ordination**

The extent to which Project implementation requires:

- Modification of existing policy and/or additional policy measures at national and/or regional level, such as maintenance of infrastructure and equipment
- Co-ordination between agencies and donors.

##### **Accountability, transparency and rule of law**

The extent to which implementation of the project will take place in an accountable and transparent fashion or will contribute to improving

accountability and transparency in decision-making.

**Participation and partnerships**

The extent to which:

- Relevant stakeholders have effectively been consulted in the identification of the Project
- Implementation of the Project will utilise partnerships between various stakeholders in urban development or will promote such partnerships.

**b. Good urban management****Institutional**

The extent to which institutions fulfil their responsibilities, manage networks efficiently by adopting business practices and involving the private sector. Any on-going or planned restructuring measures should be included.

**Financial**

The reliability of:

- The assumptions used for demand estimates
- The results of sensitivity tests, and the way these have been applied in decision-making criteria
- The forecast increased financial benefits.

The consideration given to factors, such as:

- Cost recovery measures
- Allocation and disbursement of revenue to maintenance and operation, and future commitments
- Financial and technical audits.

For discrete investment projects in housing and urban infrastructure, appraisal criteria are well established (refer to the European Commission manual on Financial and Economic Analysis). Depending on the nature of the Project, this section, however, may be based on an appraisal analysis of sample sub-projects (if the Project is of programmatic nature, comprising a geographically or thematically defined set of sub-projects), or be more procedurally oriented (if the Project entails urban sector budget support, or support to an urban/municipal development fund).

**Physical**

The extent to which:

- The Project contributes to urban development from a spatial perspective
- The Project is consistent with other initiatives and developments within urban areas from a physical perspective.

**5.3 Supported approach**

The extent to which:

- The Project is consistent with local and/or national priorities as determined by relevant stakeholders
- Relevant stakeholders have effectively been involved in the

identification of the Project.

#### **5.4 Sensitive approach**

The extent to which:

- The Project is sensitive to specific social, cultural and gender dimensions of the country, region or urban area in which it will be located
- The Project will be responsive to changing conditions over time.

#### **5.5 Synergistic approach**

The extent to which:

- The Project, where appropriate, establishes or utilises positive linkages with other initiatives and/or aspects of urban development
- The Project utilises and/or encourages linkages between organisations / institutions/stakeholders toward urban development.

#### **5.6 Significant approach**

The extent to which:

- The scale of impact of the Project will be sufficient to warrant the investment
- The Project will result in both direct and indirect impacts for urban development.

#### **5.7 Sensible approach**

The extent to which:

- The Project is appropriate for implementation with regard to domestic and local capacity to implement, sustain and manage the intervention
- Appropriate technology used in the Project can be adopted as standard practice, using local materials and skills, labour-based methods, physical and financial resources of the private sector.

## **6 ASSUMPTIONS**

### **6.1 Assumptions at different levels**

Assumptions should be made of the actions by other agencies required to support achievement of the Project activities, results and purpose.

### **6.2 Risks and flexibility**

Risks and flexibility should be based on the assumptions on which the project is based and the capacity of the project to overcome problems.

## **7 MONITORING AND EVALUATION**

### **7.1 Monitoring Indicators**

Key indicators should be identified for monitoring Project progress, results, activities and assumptions.

### **7.2 Reviews/evaluations**

Schedules should be prepared for Project reviews and evaluation.

## **8 CONCLUSIONS AND PROPOSALS**

### **Technical appendices**

- I Draft Action Fiche with logical framework matrix of proposed

project/programme design – intervention logic, indicators, assumptions and preconditions.

- II Map of the project area.
- III Analysis of the relevance of the preferred option (the Project), which is the basis for the conclusions presented in Chapter 2.
- IV Appraisal of the options for project/programme design, with the proposed Project as presented in Chapters 3, 4 and 6.
- V. Preliminary design of the Project components (physical and non-physical).
- VI Appraisal of Sustainability and Risk Analysis
- VII Other technical information and data, as required.
- VIII ToR.

**Administrative appendices**

- I Study methodology/work plan (2–4 pages).
- II Consultants' itinerary (1–2 pages).
- III List of persons / organisations consulted (1–2 pages).
- IV List of documentation consulted (1–2 pages).
- V Curricula vitae of the consultants (1 page per person).





# EVALUATION

Evaluation examines the performance of projects to derive lessons for dissemination. The ToR for Evaluation should be short and to the point, with background information confined to annexes. The guidance below is based closely on the recommendations of the Evaluation Unit (EuropeAid Development and Cooperation). It is assumed that users are familiar with the Logical Framework System.

The process approach, for which evaluation may be required, has been made flexible to accommodate the many types of projects, programmes, or strategies (henceforth, the word 'project' is used for convenience). An important aspect is also working with the stakeholders involved in a development project.

## A INTRODUCTION

Together with the title of the project to be evaluated, a description should be provided in one to one and a half pages, including the following:

- I Its main features, such as:
  - Context (country and sector)
  - Level (project, programme, or strategy)
  - Type (investment, or institutional reform)
- II Whether the study is being undertaken during:
  - Implementation (mid-term evaluation)
  - At completion (final evaluation)
  - At some time after completion (ex post evaluation)
- III Its timetable and estimated budget.

## B OBJECTIVES OF THE EVALUATION

An indication should be made as to:

- I Why the evaluation is being done (e.g. legal requirement in accordance with the financial agreement) and its main purpose (accountability, lesson-learning for application to future projects, progress check on current project or a need for re-orientation, sometimes with a subsequent phase in view)
- II For whom the evaluation is primarily intended (the target audience)
- III The planned outputs (e.g. report, presentations and feedback seminars).

## C BACKGROUND

The objectives of the project should be stated in one to one and a half pages, outlining its:

- I Context and evolution
- II Key elements and characteristics
- III Cost and duration

- IV Significant changes to the original objectives or plans
- V The current state of implementation, indicating any notable successes or problems (if an evaluating activity).

#### **D ISSUES TO BE STUDIED**

The following should be set out in detail:

- I The main issues which the evaluation should address and the key questions for which answers are sought
- II The level of analysis required in each case, indicating, if possible, the relevance of one or two of the five evaluation criteria (see E below).

#### **E METHODOLOGICAL ASPECTS**

The following aspects should be considered:

- I The main reference documents should be listed (e.g. regulations, project financing agreements and earlier evaluations)
- II The five evaluation criteria should be stated (relevance, efficiency, effectiveness, impact and sustainability), in each case, briefly mentioning the specific issues arising under each one.
- III Evaluation techniques and research methods should be indicated where possible (e.g. data collection methods, including questionnaires, sampling, Participatory Rapid Appraisals and other forms of beneficiary contact and involvement)
- IV The Logical Framework of the project should be drawn up or revised, both at its outset and at the time of the evaluation, as a basis for the analysis
- V Special instructions should be included on how to approach the key issues to be studied.

#### **F REPORTING AND FEEDBACK**

The reports, presentations and feedback should be specified (e.g. inception report, end-of-mission aide-memoire, debriefing presentations, draft report and final report), with details of language, date of delivery and number of copies required. The report format/layout should also be specified. The main text of an evaluation report should not exceed 50 pages, in addition to annexes and an executive summary of up to five pages (with fully cross-referenced findings and recommendations). In addition, a short, separate summary of one page is required to facilitate inclusion of the report in the Commission's evaluation databases.

#### **G EXPERTISE REQUIRED**

The number of experts required should be indicated, together with their key qualifications and experience, particularly in the case of the team leader. It is also important to ensure that adequate gender expertise is present among the various crosscutting issues. National experts should be included wherever possible. It is vital that at least one team member has experience in conducting evaluations (ideally the team leader).

#### **H WORK PLAN AND TIME SCHEDULE**

The duration and timing of the study should be indicated here, including presentations and report submissions (allowing three to four weeks minimum

for comments on draft reports from Government, the Commission and other directly interested parties, including local organisations). Time should also be allowed for briefings for Delegations and local and central Government institutions at the start and end of field missions. Meetings on the draft report should also be anticipated. Meetings, workshops, or seminars should also be considered at the end of the evaluation forming part of the feedback process.



## TOOLS

# Linkage Analysis

Linkage analysis is a simple, systematic approach to identify the important connections between potential actions in urban projects. This enables the development of better-integrated and more effective projects. It is used at an early stage of the project cycle to scan for important relationships and identify those that an effort should go into developing. It asks the following questions:

- Are potential activities, such as road construction housing or economic activities, linked in location and/or function?
- Are there likely to be significant benefits or problems related to the linkage?
- What would be the simplest way to attain the benefits or avoid the problems?
- How does the proposed project respond to these challenges?

## WHO SHOULD DO IT?

Linkage analysis is best done as part of the process of participation in project formulation. Participation of key stakeholders helps ensure that relevant information comes into the process and increases understanding of the key issues.

## HOW TO DO IT

The process is relatively simple, but important to do. The two main tools are a map or maps and a simple matrix. The main steps are as follows:

### 1 Location map

Get a map (or maps), which covers the proposed project areas and the surrounding areas.

### 2 Plot activities

On the map, plot the potential location of the project/s and the approximate location of major proposals, projects, activities or problems in the area or adjacent areas. Examples might include the location of areas of low-income population, health black spots, environmentally poor or sensitive areas, location of a new road project or water project.

2 Mapping key activities is important in order to see where there are likely to be major opportunities or problems

### 3 Fill in matrix

List the main activities in the matrix.

### 4 Assess linkages

At each connecting point between activities identify how strong positive (beneficial) relations are, or how negative. This is done at a broad,

common sense level. This also helps identify where detailed studies of impact may later be necessary.

### 5 Assess implications for action

For the connections that are strong, consider:

- For positive linkages – what would be the most simple way to try to take advantage of the link
- For negative linkages – what would be the most simple way of avoiding the problems

The emphasis on simplicity is to try to prevent actions becoming too complex and thus unrealistic to implement

FIGURE 1: EXAMPLE OF SIMPLE MAP SHOWING RELATED AREAS

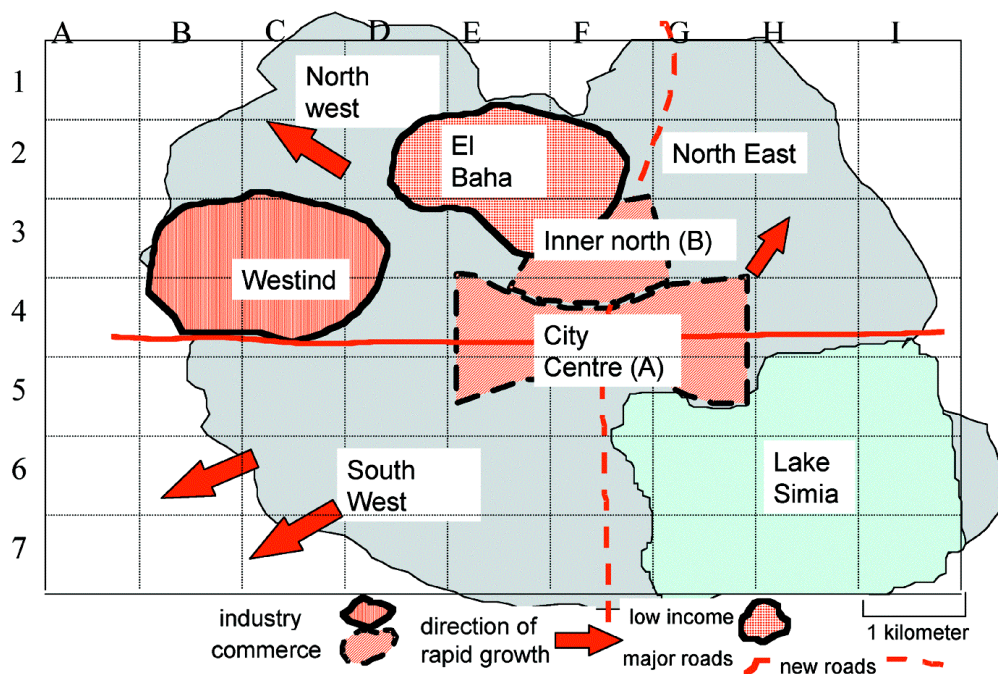




TABLE 1: RELATION BETWEEN PROJECTS AND ACTIVITIES

Project/ Activity											
1	1										
2		2									
3			3								
4				4							
5					5						
6						6					
7							7				
8								8			
9									9		
10										10	
11											11
12											

In each box mark the relationship as follows:

**Positive relationship:** where one project helps another (is compatible with) or supports the other:

**strong:** ++, **slightly:** + **Neutral relationship:** 0

**Negative relationship:** where one project interferes (is not compatible) with the other :

**strong:** --, **low:** -.

### IMPLICATIONS

Where strong positive or negative relations were indicated, note them in a simple table like that below with a brief note of their implications for developing the project. This will provide an input to developing and appraising the project.

RELATIONSHIP	WHAT BENEFIT OR PROBLEM, AND FOR WHOM?	IMPLICATION FOR STRATEGY – HOW TO MAXIMISE BENEFIT OR MINIMISE RISK

## SIGNIFICANT LINKAGES

An example of linked relationships is given below related to road construction.

## EXAMPLE: ENTRY POINT – ROAD CONSTRUCTION

Road construction is a good example of an area with strong potential linkages to very important areas of urban development		
Issue area and key elements Road construction	Potential areas of strong added value of linkages	How benefits could be realised
<b>Social Development</b>	Roads often require relocation of people, very often the poor. This should be avoided where possible and minimised if unavoidable to limit dislocation and to ensure that people do not suffer from the process.  Where it is necessary, it can be linked to other development initiatives to increase chances of success	If relocation is needed, it should be planned and tested related to the main project. It should be done in a way to ensure communities are resettled in a manner that does not have negative social and economic impacts. It should also be carried out in a manner that can improve the general institutional capacities and approach to housing the poor.  Reference should be made to DAC and other guidelines for relocation and resettlement
<b>Economic Development</b>	Is linkage to economic activity exploited? Can road link well to actual or planned industrial and commercial areas?  Is the employment potential exploited?	Co-ordinate road development plans with land use planning, transportation, economic development departments and private sector developers. Consider public private partnership development
<b>Environment</b>	Impact on environment? Can change of location provide environmental advantages?	Co-ordination from early stage in process
<b>Governance</b>	Is the decision making process transparent? Can the approaches used be institutionalised  Are levels of corruption low enough to be able to take advantage of potential improved land values impact on local taxes  Is decision making process enhancing greater participation?	Co-ordination on processes and responsibilities beyond project  Information dissemination via stakeholders and transparent processes
<b>Urban Management: institutions and finance</b>	Does the location and type of road support urban development priorities? Can it be modified realistically to increase benefits in this direction?  Does the way the programme is developed help improve co-ordination?  Are maintenance responsibilities and financing clear?  Can potentials of revenue enhancement through higher land and property values be mobilised through taxation? Can they enhance municipal finance via clean systems?  Potentials of cross-subsidy related to land development	Cooperation with concerned stakeholders at early stage in formulation.  Ensure linking in with valuation and tax departments.
<b>Any other programmes proposed or in operation at the same time or in the same location?</b>	Are there linkages possible that can significantly increase benefits?	Co-ordination at early stage plus flexibility in implementation to be able to take advantage of opportunities. For example a new road can provide access to new land for housing.

# ENVIRONMENTAL PLANNING AND MANAGEMENT AND LOCAL AGENDA 21

Well over a thousand local authorities, a significant proportion of them in developing countries, are now developing a Local Agenda 21 'process'. As the name suggests, this has evolved out of Agenda 21, the 600-page 'agenda for sustainable development in the 21st century', which was signed by the heads of state attending the United Nations Conference on Environment and Development in Rio de Janeiro in 1992. However, the procedures followed within a Local Agenda 21 (LA21) process were already being developed across the 1980s in many local authority areas under the more general heading of 'environmental planning and management' (EPM).

See also UNCHS (Habitat)/UNEP, 1997, *Environmental Planning and Management (EPM) Sourcebook*, Nairobi. Vol. 1-3.

The impetus to develop local EPM came from the realisation in certain communities – initially in the United States – that the conventional American lifestyle is unsustainable and must be modified so that it can be sustained. Matters of particular concern were the need to reduce solid-waste production and to recycle what is produced; and to reduce the expenditure of energy by such measures as insulating homes and substituting automobiles for less energy-intensive modes of transport.

But these initiatives were at the same time concerned to improve the quality of the living environment by, for instance, ensuring cleaner streets with more trees. From the beginning these initiatives were not simply a matter of local authorities improving their performance, but included the involvement of citizen and various civil society groups.

## LOCAL AGENDA 21

By the late 1980s, many hundreds of local authorities and their

communities throughout the developed world had initiated some kind of EPM process, usually ad hoc, but increasingly structured, with local authority associations and NGOs helping to formulate more systematic procedures.

The International Council for Local Environmental Initiatives (ICLEI) is an organisation founded in 1989 by an initiative of the International Union of Local Authorities (IULA) and the UN Environment Programme (UNEP). This organisation has done considerable work to develop systematic EPM procedures relevant to both northern and southern cities and communities. The EC has cooperated with ICLEI on a number of projects in Europe and in countries of the South. Several bilateral and multilateral agencies have launched in recent years innovative programmes aimed at improving the quality of the urban environment. Within those adopting the overall framework of Local Agenda 21 are the UNCHS Sustainable Cities Programme and the Localising Agenda 21 Programme.

There are now around 2,000 local authority areas where a Local Agenda 21 process has been initiated. Of these about 400 are in countries of the South. These are often assisted by international and bilateral cooperation agencies and especially by ICLEI. Increasingly these cooperation projects are involving decentralised cooperation initiatives between northern and southern municipalities and communities (see 2.4). Many local EPM processes are still being developed without using the title 'Local Agenda 21' with, however, similar aims and strategies.

**A7.2**

## METHODOLOGY

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Although there are many variations on the methodology used in developing a local EPM or LA21 process, it is possible to present a general set of steps that are recognisable in a large number of these initiatives. The following paragraphs describe the procedure in five steps:

*The Local Agenda 21 Planning Guide.*  
ICLEI, Toronto

### CONSTRUCTING PARTNERSHIPS

Many EPM procedures in the North have postponed and played down the process – emphasised in Chapter 28 of Agenda 21 – of ensuring a consensus amongst key actors and stakeholders to embark on and participate in a local EPM process. In the southern context this is particularly important. It consists of negotiations to gain a general agreement and understanding of the EPM process. This results in a more or less formal Forum being established to oversee the development and implementation of the process.

*Manual for Urban Environmental Management.* GTZ, Eschborn. ICLEI, Toronto

### ENVIRONMENTAL ANALYSIS

Before effective action can be taken to improve the local environment and move in the direction of sustainable development, it is necessary to obtain concrete information on the state of the local environment.

Methods of researching local environmental and resource sustainability problems and issues are now well-established at the national level in most countries of the South. At the local level, research should involve local interests directly in determining what to research and in providing information (ICLEI refers to this activity as Community-based issue analysis).

### ACTION PLANNING

Once the problems are identified, it is necessary to find solutions and decide who is going to put them into practice. A common approach is to do things iteratively: to have a public debate to prioritise issues, start working on these and later to take a second and then a third set of priorities. Each time, Working Groups are established around each key issue to generate potential solutions and analyse how these might be implemented (who will do it, who will pay). The Working Groups should be answerable to the Forum, where this has been established, to ensure wide discussion of their findings and commitment amongst all key stakeholder groups to participating in the solutions.

### IMPLEMENTATION AND MONITORING

The main difference between EPM methodologies and conventional urban planning and management is that they are not just – or even predominantly – about what government should do. Many of the actions to achieve sustainable development and to improve the local environment need to be taken by householders or by private interests perhaps in collaboration with local government but maybe also with assistance from NGOs. So both the popular nature of the process and its concerns – particularly with respect to environmental sustainability – make the implementation and monitoring of EPM processes significantly closer to the ideals of good governance than traditional urban management and planning processes.

The general stages of the EPM/LA21 process are much the same for northern and southern countries. The themes, however, are very different, given the greater urgency of 'brown agenda' issues (see 4.1) that include the extremely unsanitary and insecure conditions in which the poor of southern cities live (lack of tenure, unsanitary water supply, lack of adequate waste water disposal, inadequate drainage leading to flooding, inadequate solid waste management). This should not, however, result in abandoning the goal of long term sustainability (the 'green agenda').

### EVALUATION AND FEEDBACK

As with the project cycle, the need to improve on past efforts exists also within the EPM process. Part of the work of an environmental (or sustainable development) Forum, must be to evaluate critically the results of the EPM process and, where necessary to revise the strategy and find more effective answers to problems where first attempts fall short or fail.

### KEY ISSUES

In southern cities the limits of finance and technical personnel are also different from northern cities as to decisions regarding what is feasible, particularly in responding to key issues of environmental improvement and sustainable development. This is likely to mean that:

- *The state of the environmental reporting cannot be too elaborate or expensive. Methodologies such as participatory rapid appraisal*

*(PRA) applied extensively in rural areas are appropriate for an initial generation of ideas concerning environmental problems in cities. An extensive in-depth state of the environment report may be appropriate for the second or third iteration of the EPM process.*

- *Local authorities in the South have few technical and financial resources and are therefore less capable of undertaking projects arising from an 'action planning process' than in the North. The responsibility for plan implementation must rest more heavily upon community groups, the private sector and other non-government stakeholders, in collaboration with local government.*

A7.3

## EPM PROJECTS

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The EPM methodology is not only relevant to environmental issues but can also be used across the complete spectrum of urban management and planning concerns. It effectively provides an action planning process that is genuinely based on participation. It is thus possible to organise urban projects under the title of a Local Agenda 21 process, but on the understanding that the concerns of the process should not be restricted to environmental issues alone.

However, the EPM process as a vehicle for urban projects has an essential political dimension that has to be taken into account. Where EPM/LA21 processes have been initiated by local governments, rarely have they been fully incorporated into mainstream activities, which remain top-down. In southern countries activities are usually heavily determined by the central government.

It may transpire that existing government agencies object, overtly or covertly to the democratisation of the planning process. It should be clear that the intention of the system is to empower communities. This is usually seen by government agencies as a means of reducing their own powers. Whilst there is in principle much interest internationally in initiating local EPM processes, the formulation of cooperation projects in this respect must be undertaken with care. The central goals that should be borne in mind are:

- *To ensure that the participatory features of the process are maintained intact*
- *Initiatives in the South do not lose sight of the long-term sustainability issues whilst attending to the urgent problems of sanitation and empowerment amongst the poor.*

## TOOLS

# EIA, SEA AND SIA

**E**nvironmental assessment is a set of procedures which aim to establish sustainable development in practice through the systematic analysis of policies, programmes and projects to eliminate potential negative environmental impacts and to enhance positive impacts. Although its application can still not be said to guarantee sustainable development, it is nevertheless an important step in this direction and is now a compulsory procedure for all EC policies, programmes and projects.

There are various components to the environmental assessment of planned interventions. Among these, the EC requires both Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) to be undertaken. In this section of the guidelines some attention is also paid to Social Impact Assessment (SIA), which, in the EC programme and project-planning framework, is incorporated into SEA and EIA but which, in the urban context, requires particular emphasis. This appendix explains the scope and role of EIA, SIA and SEA in mainstreaming environmental considerations at different stages of the EC cooperation activities: from policy, through programme to project identification, formulation and implementation.

## A8.1

## DEFINITIONS

This section deals with the definitions of the various assessments and describes the main features of the EIA, SIA and SEA. They are seen as complementary and follow similar procedures.

### ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

EIA can be applied to regional developments and to complex developments such as new towns. However, it is usually applied in relation to larger-scale projects, which are site-specific and involve only one activity. It provides a framework for the prior assessment of developments, including in urban areas, so that adverse environmental effects can be eliminated or minimised before development commences and possibilities for enhancing the environment can be realised. In principle EIA also establishes a management regime to monitor impacts and ensure that these are minimised also during construction and operation of the facility in question.

### SOCIAL IMPACT ANALYSIS (SIA)

Using the same procedures as EIA (and often treated as a component of EIA), SIA focuses attention on the social and related (economic, cultural and political) impacts of projects. In rural areas large-scale projects often



have major environmental impacts and also some impact on rural communities. In urban areas the social impacts generally predominate and therefore must either become a major component of any EIA or should be dealt with in a separate SIA.

### **STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA)**

This comprises the formalised, systematic and comprehensive process of evaluating the environmental effects of alternative policies, programmes and plans.

### **THE MAIN FEATURES OF EIA, SIA AND SEA**

The overall approach of EIA, SIA and SEA is similar. They all aim to predict and evaluate the potential effects – on the environment and society – of policies, programmes and projects. They follow similar procedures. However, they differ in a number of key aspects. Most notably, SEA has a broader scope and is applied at a higher level of action than EIA and SIA, typically for policies, plans and programmes. EIA is used to assess specific projects or proposals.

These tools should thus be seen as complementary. SEA provides direction and guidance for the integration of environmental considerations into projects. In this sense, it is better placed than EIA to avoid preparing and implementing inappropriate actions, identifying and appraising project alternatives and cumulative effects.

EIA and SIA are suitable for field-based projects whose concrete activities are clearly identifiable at the project preparation stage. They provide an opportunity for comparing alternative options and can – and should – be used as a specific focus for public participation and consultation with stakeholder groups with respect to their development needs.

## **A8.2**

### **REGULATIONS AND GUIDELINES IN THE EC**

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Several EC policy and legal documents contain commitments to considering environmental issues in the formulation and implementation of policies, programmes and projects. The use of EIA and SEA in EC cooperation activities enables potential areas of conflict to be highlighted and addressed, and helps to ensure that policy, programme and project design and implementation genuinely contribute towards sustainable development.

EIA is widely used by most international and bilateral cooperation agencies and international development finance organisations and is a legal requirement of many if not most partner countries in EC cooperation activities. EIA procedures, encompassing SIA, were introduced into the project development activities of DGVIII and DGIB in the early 1990s and are now mandatory in both Directorates General (DGs). The Environment Units have encouraged the systematic adoption in both DGs through a number of support materials and guidance, a series of staff training courses and the provision of technical assistance.

SEA procedures are internally in operation within the EC. In 1993 the Commission adopted an internal communication establishing that all DGs should screen strategic actions and new legislative proposals likely to have significant impacts on the environment. In response all structural fund applications now need to be accompanied by a SEA. This includes an appraisal of the environmental situation in the region concerned, an evaluation of the impact of the regional plan strategies and operations in terms of sustainable development, and the arrangements made to engage the environmental authorities in the country concerned in the preparation and implementation of the plan according to the Community environmental rules.

In 1999 a new EC manual was produced, consolidating requirements and procedures for SEA and EIA and training courses are being provided based upon this.

### ENVIRONMENTAL ASSESSMENT IN THE URBAN CONTEXT

It is an EC requirement that SEA is applied to the development of all policies. This will therefore also need to be applied to the generation of policies in development cooperation in urban development in general and in relation to specific regions and countries.

Urban issues may have been identified as important in the various strategic documents, which define the scope of EC cooperation in various regions, including *Regional and National Indicative Programmes* and *Country Strategies*. These should all be subject to a SEA and so the proposed urban programmes should already have been analysed concerning their general environmental and social effects.

In the main guidelines, emphasis has been placed upon the generation of *Urban Sector Profile Studies* and *Country Urban Strategies*. In so far as these are produced, they should be subject to SEAs – as an annex to the studies and strategies themselves.

Large-scale projects in, or adjacent to urban areas (such as port extensions, peripheral highways, power stations or major factories on the urban periphery) can have a major impact on urban areas. In these cases an EIA would be required. Here it is necessary to emphasise that particular attention needs to be paid to the specific problems that such projects can have on the functioning and on the population of the adjacent urban areas. Consideration should be given where it is clear that a large or vulnerable population will be affected by the project to undertake as separate SIA.

Attention needs to be paid to the urban institutions and stakeholder groups who need to be engaged in the EIA or SIA process. Important issues will be impacts upon the poor (including possible pressures for informal housing to appear in proximity to employment-generating projects – and whether this should be encouraged or discouraged) and the constraints, which such developments might have on the overall development of the town or city to which, it relates.

One significant problem with urban growth and change in relation to EIA and SIA is that most urban developments are, in themselves, too small to 'trigger' the requirement for EIA in a situation where many small developments built over time eventually accumulate major environmental problems. For example, EIA is not required on the development of informal industries, but these often proliferate in areas where, together, they pose significant or even major health and environmental hazards. Informal housing settlements are also well-known for their poor environments.

Consideration therefore needs to be given to the use of EIA and SIA methodology in urban areas even where this is not required. Adaptation is needed of the methodology to deal with piecemeal growth, rather than the one-time construction of a large facility. This will be at the discretion of project development officers, but can be built into the terms of reference and project documents relating to each stage of the project cycle.

**A8.3**

## PRINCIPLES AND PROCEDURES

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This section describes the principles and procedures required for undertaking EIA, SIA and SEA as the main components of the environmental assessment of planned interventions.

### EIA

EIA is clearly not the sole determinant of decisions on how a project should be structured and whether or not to proceed beyond each stage in the project cycle. Rather it should be seen as a vital component of an Environmental Planning and Management process, as a dimension of project planning and management in general. The four principles of EIA are as follows:

- *EIA is a systematic procedure that aims to incorporate environmental considerations into the decision-making process.*
- *EIA provides environmental information to the decision-making body and interested general public.*
- *EIA should be applied from the earliest stage of the decision-making process (project identification) to flag environmental problems likely to arise from the intended project concept, plan and design.*
- *EIA should contain feedback mechanisms, so that experience from each stage can be fed into the next stage and thence into future projects.*

The principles of EIA appear to be often misunderstood or abused. Seen negatively, it is yet another hurdle to be overcome before a project can start. However, seen positively, it can be applied in a way that will greatly enhance the probability of project success. But project officers need to ensure that the EIA procedure is applied in a way, which is oriented to capturing the ingredients of success.

On the other hand, EIA can be abused in such a way as to act as a public

relations exercise that justifies the project to those who have doubts, without full considerations of its implications, be they environmental, social or other. Unfortunately it is sometimes used in order to argue against legitimate criticism of people affected by projects.

Abuses of this kind should be avoided and an important safeguard in this respect is to ensure that the EIA involves public participation at all stages, in helping to decide what information is important and to assess the results. It should be possible ultimately to abandon projects that show themselves to be on balance unacceptable. If implemented, it is then necessary to incorporate an adequate monitoring and mitigation plan to be built into the overall framework of the project.

By incorporating EIA into a broad and systematic framework it becomes possible to advance the effectiveness of the EIA procedure. As noted above, EIA is not a major determinant of decisions with regard to project development and execution, although its preventative characteristics can be indicative of the possibility of enhancing more environmentally sustainable, and at the very least more environmentally benign decisions. The use of EIA as a clearly defined part of a comprehensive EPM process can help to improve its overall effectiveness through EIAs best practice that can produce extremely effective environmental reports on specific localities and projects.

## SIA

Social impact assessment follows similar procedures to EIA. Where EIA is primarily concerned with impacts on the physical environment, SIA looks in detail at the social, economic and cultural impacts of projects with a view to ensuring that negative impacts are minimised and potential positive impacts are enhanced. SIA, like EIA, should have the capacity to stop the development of projects that can be shown to be, on balance socially (and culturally) unacceptable.

In the case of EIA, it is important to involve affected stakeholders, to help them to understand the nature of the proposed project and its impacts and to obtain views on how the project might be optimised from their standpoint. In the case of SIA, involvement of stakeholders is an essential part of the development of information and solutions to the identified problems. SIA needs to be carried out by sociologists and, in many cases, involving anthropologists and 'social animators' who can analyse the possible differential impacts of proposed projects on various social, ethnic, gender and other groups. They can then work with the groups to assess who will benefit and who may lose by the various aspects of project development.

A basic principle of SIA is that it obtains information about disadvantaged groups – for example, the poor, women and children, excluded ethnic groups – with a view to ensuring at a minimum that they are not disadvantaged by the project at the expense of more articulate, powerful and wealthier groups.

In the urban context, SIA and methodologies are designed to empower local communities to make local improvements and participate more vocally in the urban political process.

### SEA

SEA is the most recent addition to the way in which environmental issues can be addressed in the framework of EC development cooperation. The need for SEA has arisen from the project-specific nature of EIA and awareness that environmental issues must be addressed long before the conception of individual projects, in the process of generating policies, programmes and plans. The rationale for SEA can be summarised as follows:

- *To ensure that environmental issues are addressed in a proactive way in policies, programmes and plans.*
- *To improve the assessment of cumulative environmental impacts from secondary and local development associated with large projects*
- *To focus on environmentally sustainable development.*

SEA is an issues-driven and participatory approach to the environmental assessment of policies, programmes and plans. Sustainability is promoted by assessing the strengths, weaknesses and environmental resources, which can support development. Whereas EIA focuses on the effects of development on the environment, SEA looks at the effect of the environment on development opportunities.

## A8.4

### ENVIRONMENTAL ASSESSMENT METHODOLOGY IN RELATION TO THE PROJECT CYCLE

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There are six components in the project cycle management process, as described in Part Two of these Guidelines. An environmental assessment methodology is closely related to the project cycle.

#### PROGRAMMING

It is at this stage that SEA is carried out. The new EC Environmental Guidelines provide a clear procedure for carrying out SEA and this is now a requirement for all programming exercises and tasks. Thus, in so far as urban policies and programmes are being developed in the context of Country Strategies and Indicative Programmes, these should be subject to SEA. This is necessary to determine at the outset the environmental and social impacts of the proposed policies. SEA can also ensure that the policy itself points to the needs for EIA/SIA at each stage in the development of specific programmes (e.g. sectoral programmes in the urban context) and projects.

#### IDENTIFICATION

The approach to EIA and SIA will be along the lines of SEA, in that these do not yet identify specific actions. It is nevertheless necessary to ensure that even at the identification stage, consideration is given to environmental and social issues as they might be affected by a particular approach to urban programming and to urban projects.

Sector projects will be subject to the same criteria as any other project with regard to the level to which the analysis will be carried. The identification stage has its corollary in EIA/SIA procedure: in the first instance the scope of any required assessment must be defined and, following identification, a preliminary environmental and social assessment made to ensure there are no immediate environmental or social reasons to abandon the project. As noted above, consideration should be given to EIA/SIA in urban areas even where the EC criteria for EIA on projects may not 'trigger' the requirement for an EIA.

### **FORMULATION**

It is at this stage that the requirement for EIA/SIA should be built into the design of urban programmes and projects. The programmes and projects will not themselves generate much by way of environmental impacts. However, the intention is that these will identify projects and activities that could be environmentally or socially damaging (or may provide environmental and social benefits that need to be built upon). It is in this context that the requirement for EIA should be built into the project document or ToR of the proposed programme or project.

In the case of sector projects, it is in the formulation stage that the main EIA/SIA is carried out, applying the requirements of the EC manual and possibly using consultants. They should be working on the basis of the project feasibility study in direct cooperation with consultants generating the feasibility study itself.

### **FINANCING**

The decision to finance should take consideration of the results of any environmental impact assessment generated during project formulation. In the case of urban programmes and projects, the financing decision should ensure that EIA/SIA is built into the procedures within which the activities will be generated and executed.

### **IMPLEMENTATION**

Each activity initiated within the framework of the programme or project should be subject to a preliminary EIA/SIA (for example, a short report on the potential environmental and social impacts). Where there is a possibility of significant environmental and/or social impacts then a full EIA or SIA is required.

In the case of sector projects in urban areas, implementation should be accompanied by a process of monitoring, both for general efficiency and effectiveness of the project but also for assessing environmental and social impacts. Where necessary, steps will need to be taken to mitigate negative impacts or to enhance possible environmental improvements. The monitoring and mitigation plan produced as part of the main EIA/SIA (at the formulation stage) should identify who is responsible for these activities and where the resources are to come from to ensure that they are effectively carried out.

## EVALUATION

It is important that the outcome of urban programmes and projects and sector projects are evaluated specifically in terms of environmental and social impacts. These then need to be compared with the expectations documented at the early stages to determine whether judgements made early in the project cycle concerning potential impacts were in fact correct and if not, why not. The purpose of evaluation is to feed lessons learned into new programmes and projects. There is a particularly pressing need for the evaluations of environmental management to be fed into the development of new programmes and projects.