
CONSULTATIVE GUIDELINES FOR SUSTAINABLE

URBAN DEVELOPMENT CO-OPERATION

TOWARDS SUSTAINABLE URBAN DEVELOPMENT

A STRATEGIC APPROACH

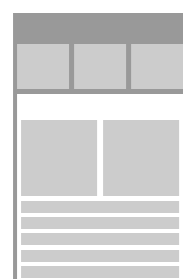


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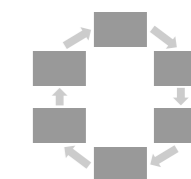
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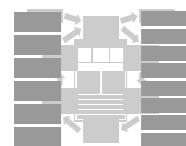
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INTRODUCTION

The central objective of the European Community's development co-operation policy is poverty reduction and ultimately its eradication, through sustainable development and the progressive integration of Third World countries into the global economy. In this context, a co-operation framework needs to be tailored to the individual circumstances of each country. This can be achieved by identifying strategies that provide links in practical ways with how development programmes are formulated and run. There is also a need to promote local ownership and social reform, the integration of the private sector and civil society into the urban development process. These are the main objectives of sustainable urban development.

AIM AND SCOPE

These Guidelines for the European Union's Sustainable Urban Development Co-operation represent an important step in efforts to improve conditions in towns and cities. European Union partners in Third World countries confront these issues critically.

The Guidelines 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.

The Guidelines provide practical advice to practitioners involved in the process of urban development, within Third World 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 the 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 demonstrate that investment of co-operation funds in urban development can contribute effectively to both, urban and national development. Similarly, co-operation 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 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.

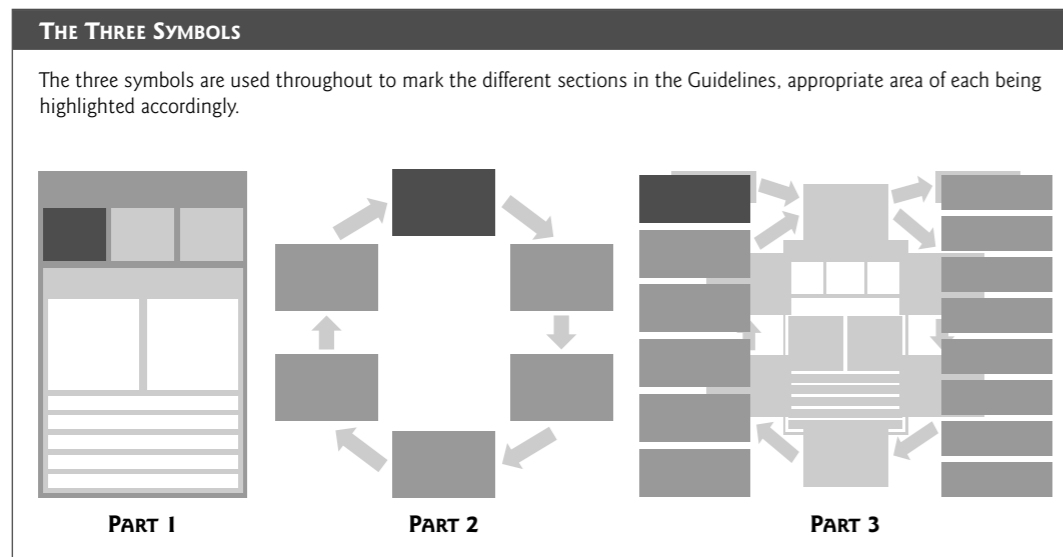
GUIDELINES SUMMARY			
These Guidelines provide practical advice to practitioners involved in the process of urban development, within the context of developing countries. The Guidelines are divided into four basic parts, dealing with the Overall Objectives and the Approach; the Method, based on the Project Cycle Management phases; the key Components; and the Aids to Application.			
PART 1 	OVERALL OBJECTIVES	Urban Development managed in an integrated and sustainable way for the benefit of all, based on a set of guiding principles.	Chapters 1 and 2
	APPROACH	The Strategic Approach, emphasising the goal of socially, economically and environmentally sustainable development based on good governance and good urban management.	Chapters 3 to 5
PART 2 	METHOD	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.	Chapters 6 to 12
PART 3 	COMPONENTS	Key considerations provided within the Project Cycle Management process on Cross-cutting Themes and Sectoral Issues encountered in urban conditions.	Chapters 13 and 14
PART 4	AIDS TO APPLICATION	A selection of aids for project preparation and implementation, including ToR for Urban Sector Profile Study, Pre-feasibility and Feasibility Studies, Evaluation, Linkage Analysis, Local Agenda 21 and Environmental Assessments.	Appendices

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.

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.

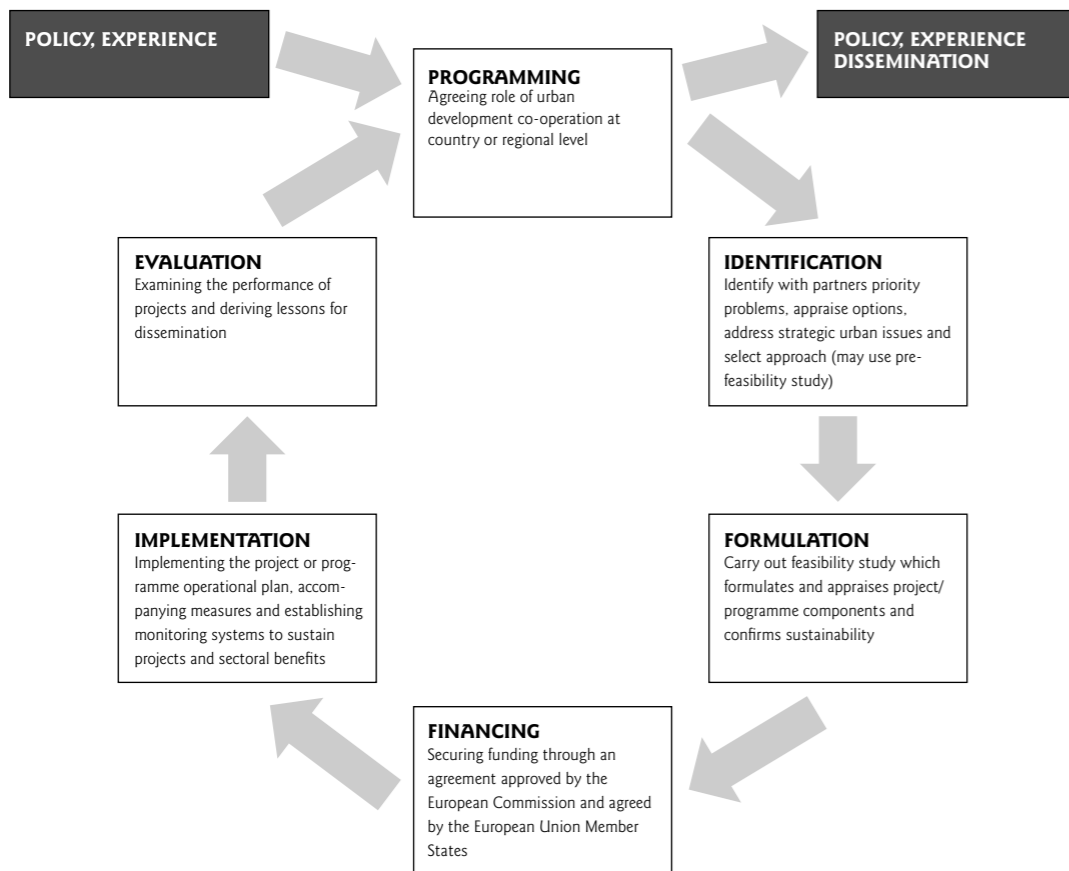
Seven broad principles are used in the Guidelines to embrace the overall goal of sustainable urban development and the strategic approach. These principles are particularly important in establishing a solid base during the early stages of initiating and designing urban programmes. Therefore, the first 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

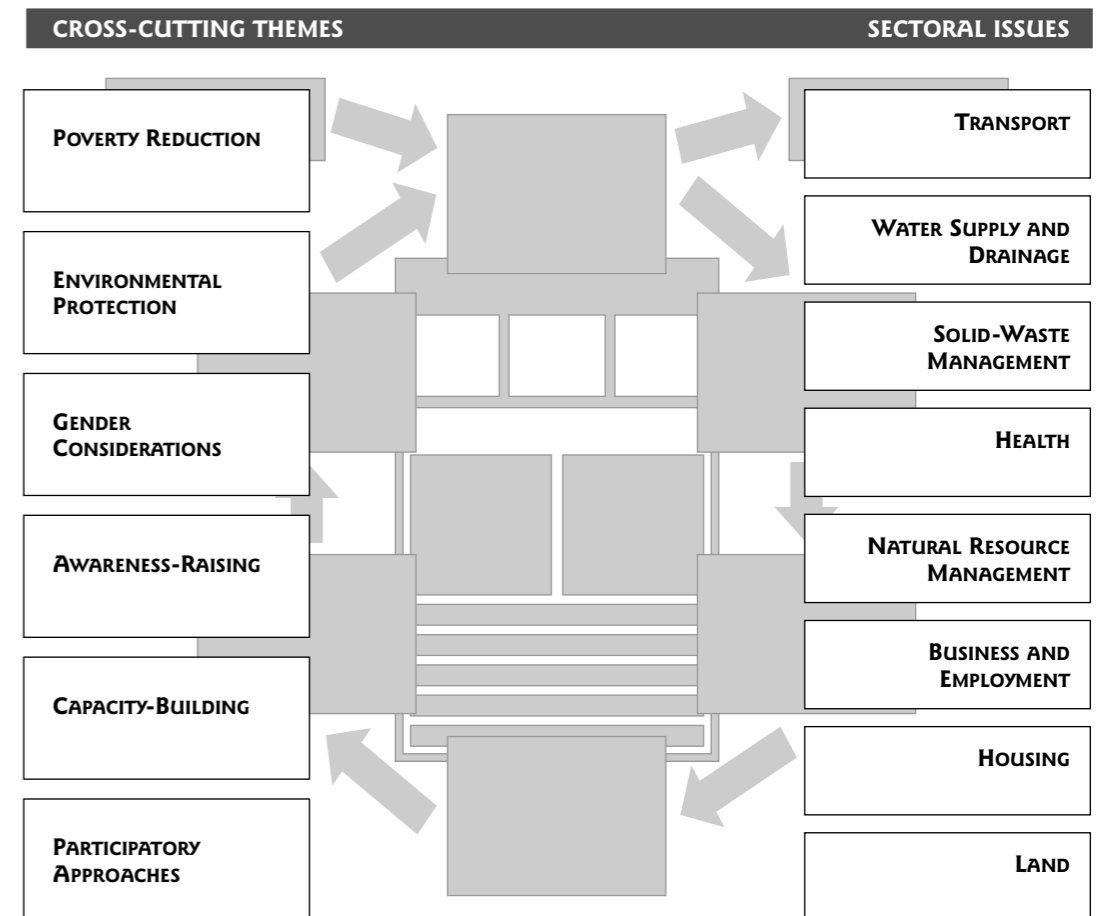
Part Two provides the means of applying a sectoral approach to examine proposals and requests for assistance in financing urban development programmes. It is organised according to the phases in Project Cycle Management, as adopted by the European Commission in dealing with development aid. Central to 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 (particularly social, economic and environmental aspects). Urban conditions are then divided into two main categories, namely cross-cutting themes and sectoral issues. Cross-cutting 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.

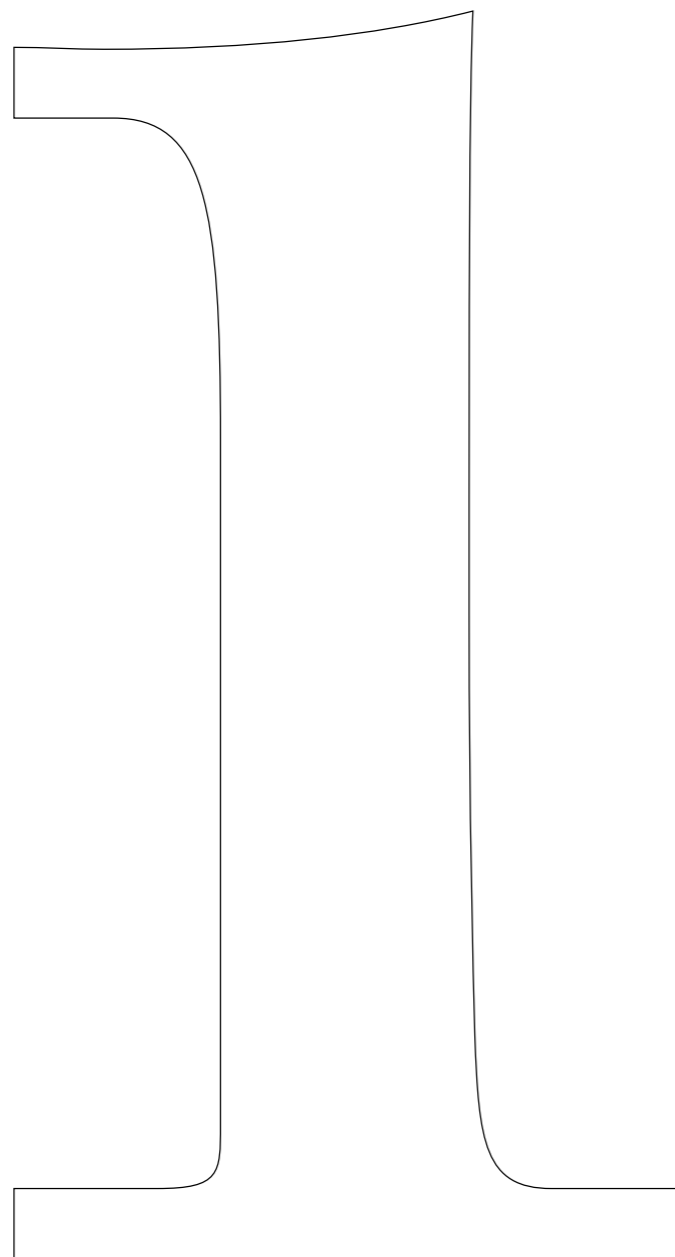


PART 4: APPENDICES

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, including Local Agenda 21. 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 ONE



OVERALL OBJECTIVES AND APPROACH

THE STRATEGIC APPROACH TO URBAN DEVELOPMENT

The central objective of the European Community's development co-operation 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 co-operation 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.

The principles governing European Union development co-operation are outlined in the April 2000 Communication from the Commission to the Council and European Parliament and are coherent with objectives and programmes agreed at international level, including conclusions of the United Nations conferences and international development targets (particularly Habitat II).

Part One of the Guidelines 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 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 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 occupations such as trade, commerce, manufacturing and service industries. They range from vast industrial installations to modest dwellings; from transport routes and interchanges, to public parks and cultural facilities; from sophisticated business districts to sprawling 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 today is not how to restrict the size or number of cities, but how to manage them to ensure their productivity, conviviality and continued growth.

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.

URBAN DEVELOPMENT OPPORTUNITIES

There are compelling reasons why the development of cities, 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–urban migration still plays a major role in urban population growth. More than half 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 some 1.5 percent per year over the last 50 years, that of cities has been increasing by over 4 percent. These trends are expected to continue in the foreseeable future. By the year 2025, nearly two-thirds of the world's population will live in urban areas, with 95 percent of this growth in developing countries. Over 97 percent of this growth 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.

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 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,

URBAN POPULATION GROWTH BY REGION

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

URBANISATION LEVELS AND WEALTH

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

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) 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 has an impact on countries and sometimes, entire continents. Here are born and nurtured political institutions, social movements and civil society organisations, formal and informal education, learning, and research. 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.

Where people are densely settled, significant economies of scale can be achieved in the provision of cultural and educational facilities, 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 a high concentration of population in urban areas. Systems of communication in cities are usually well developed and urban citizens are more likely than those from rural areas 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-

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.

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.

See also Business and Employment, pp. 133–7

1.2 CHALLENGES FOR URBAN DEVELOPMENT

While towns and cities offer many opportunities, they also face numerous problems. As a result of the globalisation of urban economics, 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.

URBAN POVERTY

The vast majority of new urban households swell the ranks of the lowest income groups. It is currently estimated that the world has about 650 million urban dwellers living in life-threatening poverty and that this number is likely to increase to 1,500 million by the year 2025. Within a few decades, the number of households living in poverty in urban centres will far exceed those in rural areas. Moreover, the major growth in urbanisation is taking place in the poorest countries of the world. For example, the urban population of Sub-Saharan Africa is growing at the rate of nearly 6 percent per year and is expected to double in the next 12 years. 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.

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 co-operation. Development co-operation, therefore, needs to help ensure that all sections of society are supported in achieving a minimum basic standard of living. The poverty of large proportions of urban residents is frequently compounded by the poverty of many urban authorities.

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. About a third of city dwellers in the world live in substandard housing. At least 250 million urban residents have no ready access to safe, piped water and 400 million do not have adequate sanitation.

The degradation of urban environments need to be addressed in various ways that reduce the ongoing 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 existing and new 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. In the worst cases, in some cities major components of infrastructure have deteriorated to the extent that they can no longer be rehabilitated and must be

replaced. Similarly, 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 and reduce productivity.

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. Urban finances are needed to operate, maintain and rehabilitate existing infrastructure and services, and also provide for future growth. Fortunately, it is possible to generate substantial financial resources in cities. However, an ongoing 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. Many urban areas 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 do not enable the most effective use of either human or other resources. Such institutions are able to promote neither the private sector nor civil society organisations to play a role in development through partnership. The result is inefficient and ineffective management of cities, which in turn 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.

See also Business and Employment, pp. 145–8

See also Capacity-Building, pp. 117–9

SIGNIFICANT LESSONS

In the past, emphasis was on controlling city growth. Now, the importance of well-functioning cities and the inevitability of their growth are recognised and 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

A major factor that can threaten sustainable development is that of weak institutions taking actions through unclear decision-making processes. The consequence is that decisions on priorities and the use of resources do not reflect the needs of urban citizens. If acceptance by citizens is low, their motivation to become actively involved is minimal. 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. Such empowerment should be accompanied by mechanisms and strategies that enable local institutions to implement their decisions through appropriate and effective management.

■ 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.

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.

See also Good Governance, pp. 38–44

LOCAL INSTITUTIONS AND PARTNERSHIPS

Participation and partnership are at the centre of the strategic approach to effective urban development. 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) among 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.

CO-ORDINATED STRATEGIES FOR DEVELOPMENT

Few countries have clear urban policies or strategies. Usually, activities in cities have been ad hoc, or shaped exclusively by the priorities in particular sectors. Moreover, urban development has not been given sufficient priority, 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 commitment is 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.

See also Capacity-Building, pp. 117–9

APPROPRIATE FINANCING

All development needs to be financed in some way. Problems occur when urban developments are financially supported only during their construction or early phases, often from external sources.

Urban developments should be designed with due regard to the financial systems and capacities of cities. 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.

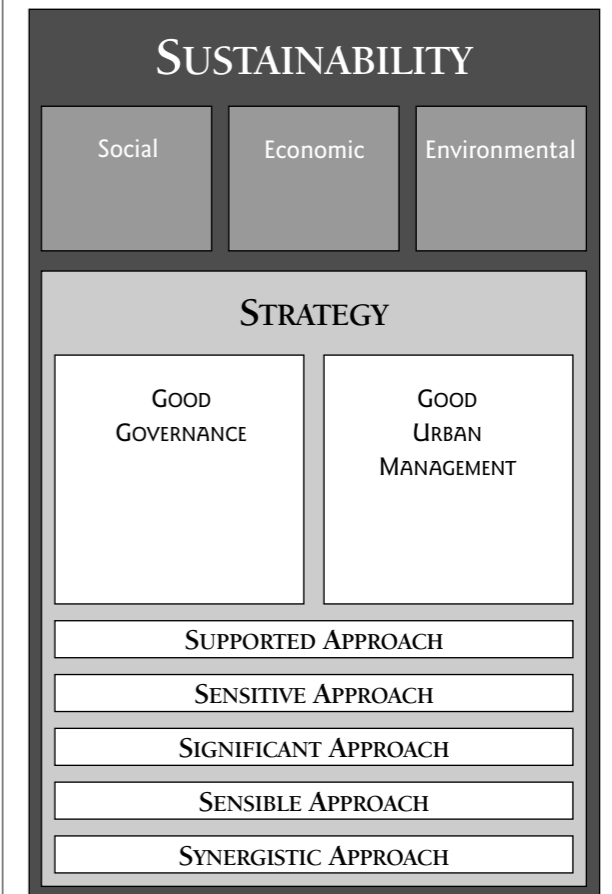
An effective process for urban development can be contained within seven principles, described here as 'The Seven S's'. These principles embrace the overall goal of poverty reduction and economic integration through sustainable development, with the strategic approach focusing on good governance and good urban management. These seven basic principles should be kept in mind throughout the process of urban development (but particularly during the early stages):

SUSTAINABILITY

The 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.

See also Urban Social Development, pp. 30–3; chapter 4: Good Governance; chapter 5: Good Urban Management

THE SEVEN 'S'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.



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 because of 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 such issues as culture, social structure and gender should be incorporated in project initiation and design. 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. 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 (for example, a road being built, or the training of professionals). 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 impact 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. Monitoring and evaluation 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. 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. They should be 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 of projects. 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. 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 in project or programme development. A simple example is that a project to build houses in a poor area of a city can also create local employment opportunities. Synergy also refers to the relationships that can be created between different actors and stakeholders in urban projects. 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 relations between elected representatives and officials. Better performance of local government 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 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.

See also
Appendix 6:
Environmental
Planning and
Management and
Local Agenda 21

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 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

3.1

See also Poverty
Reduction,
pp. 98–103

public revenues that are underpinned by the principles of democracy and participation.

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. 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 co-operation are based on the premise that there is a need to cater for the human rights of all men and women. This includes access to basic needs and a right to participate in decision-making. Furthermore, there is a need to cater for the diverse interests and needs of various groups of men, women and children.

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

- Encourages social inclusion (of the poor and other specific 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 co-operation, though entry points may be energy, transport, health, education or micro-enterprise development. A social development approach aims to secure equitable relations between people.

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 co-operation 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.

PRIVATE SECTOR INITIATIVES

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

■ Development co-operation 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. Social development interventions aim to incorporate concerns into all fields of development co-operation. 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.

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 a conflict 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.

3.2**URBAN ECONOMIC GROWTH**

It is a proven fact that even the smallest-scale and informal enterprises can contribute to local economic development. Central to sustainable economic growth is the level of productivity of industrial, commercial and service activities, which together create the income and wealth of cities and their citizens. Increasing productivity adds to earnings for both businesses and workers, thus supporting new investments, leading to higher individual and household incomes. In turn, this enhances and sustains the economic development of cities.

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

The goal of urban economic policy is to bring public, private and community enterprise together to achieve mutually beneficial increases in efficiency. Macro-economic reforms (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 the urban system. 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 to develop new productive entities.

■ New approaches to the management of city economics can bring together public, private and community enterprise to achieve mutually beneficial

increases in efficiency across the whole range of urban economic activity. The focus of such partnerships should be on how to mobilise and maximise the contributions of all those engaged in productive activity at whatever level of technology or market demand they operate.

FORMAL AND INFORMAL SECTORS

In most cities the private sector consists of formal and informal 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. Expenditure in the local consumer market also decreases. 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.

STIMULATING FORMAL SECTOR DEVELOPMENT

Registration procedures and legislation, tax regulation and legislation for foreign investors can be only partially influenced by local government. Cities can, however, provide clear information on what 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 business. Macro-economic conditions and legislation, such as cost of capital, raw materials and labour, as well as business registration procedures, influ-

ence competitiveness. 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.

LABOUR EXCHANGES

Labour exchanges officer can be used to attract the unemployed to the labour market. Community-based organisations, NGOs and trade unions can be associated to the process as facilitators and to ensure a good communication with the people seeking a job. The labour exchange officer should be well known and easily accessible to both the business community and the unemployed. Interventions to make supply and demand on the labour market meet can best concentrate 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 about 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 a 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 recommended also to involve those stakeholders that have a direct interest in the 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 the strategies, 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.

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 employment of inappropriate technologies.

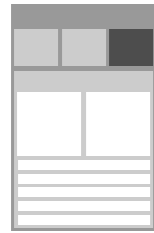
Environmental problems cannot be separated from the wider challenges of social, economic and institutional issues. Therefore, environmental improvements need to be developed as an integral part of urban development policies. Commitment is needed to environmental management solutions that are sympathetic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

Improving management to deal with immediate problems and addressing long-term issues of sustainability must go together. Moreover, 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, although they contribute very significantly to many of them.

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



See also
Environmental
Protection,
pp. 103–110

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.

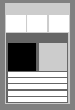
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that they can continue to be available in the future. Cities use both renewable and non-renewable natural resources. The sustainable supply of resources to urban areas is therefore critical.

The links between environment protection and sustainable development is treated in further detail in Chapter 13.

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.

See also
Natural Resource
Management,
pp. 141–5



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 employment. By contrast, bad 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.

Nowadays, national governments in most countries 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. Moreover, the advance of good governance in cities depends on the progress made at the national level.

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 groups of participants. 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, and the rule of law, social

4.1

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) in urban development is crucial as key political participants in local society. CSOs are community based and non-profit making. They may be NGOs, co-operatives, community development groups, religious, cultural, ethnic, language or gender-based organisations. They may also be 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.

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, not least, the informal sector. The private sector creates employment, provides income, and produces and delivers goods and services. 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.

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.

See also Business and Employment, pp. 145–8



SUPPORT FOR GOOD GOVERNANCE

Strong local institutions at all levels (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 the various government 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. Co-operation 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 to improve the capacities of the 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 ones).
- Supporting the development of institutional mechanisms based on local culture and traditions to facilitate the governance of the city.
- Cultivating norms and values to change the incentive structure 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.

DECENTRALISATION AND THE PEOPLE

State organisations are frequently perceived to be remote from people (both socially and geographically). Often, decisions do not represent current con-

cerns 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 building of financial, managerial and institutional capacities at local level. Decentralisation requires that both local government and central government at 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 also assists training in political leadership, accountability and improvement in the responsiveness of government. 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 local 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-economic, financial or political stability, which inevitably demands strong direction from the centre. Often, decentralisation policies have been introduced through transfer of responsibility, but without the provision of effective resources at the local level (both financial and human).

Urban co-operation funds may be used to support decentralisation initiatives. Co-operation 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. As a political process, it involves complex negotiations with civil society and the private sector. Central Government will always retain the core functions, such as defence, international relations and the establishment of standards in the provision of services. Decentralisation and support for local self-government maybe 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-gov-

See also
Institutional
Aspects of Urban
Management,
pp. 45–9

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.

See also chapter 5:
Good Urban
Management

ernment 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 local 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.

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).

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, government debts increase and services are provided at low standards (especially those intended for 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; mechanisms to facilitate consultation between civil society and the private sector with elected and appointed officials (which will also enable participation). 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. It should be 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 (local government, civil society and private sector) 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. They 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 should 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 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.

CIVIL SOCIETY PARTICIPATION

4.5

See also
Urban Financial
Management,
pp. 49–54;
Housing,
pp. 149–151

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. 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. In implementing projects under the sponsorship of the EC, priority is the consultation and participation of expected beneficiaries in the various phases of the project cycle (see also Part 2).

GOOD URBAN MANAGEMENT

Whilst good urban governance is to do with 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 operation and development decisions.

5.1

INSTITUTIONAL ASPECTS OF URBAN MANAGEMENT

This section reviews the main elements through which to address institutional concerns in the process of urban management. Firstly, the concepts of urban management and urban government are discussed. Then, three sections are developed:

- Central-local relations, which inevitably serve as the context of urban management.
- Strengthening co-operation and building up 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 functions in the

city. A basic characteristic of urban government is that it represents a wide diversity of institutional arrangements that varies significantly from country to country and even from city to city.

Urban government institutions should be flexible enough to cope rapidly and constantly with the change and adjustment 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 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 a sound urban management policy is to develop central-local relations in a climate of mutual co-operation. To improve central-local relationships it may be necessary to develop mechanisms and systems to create urban agencies, which are positive and supportive. This includes the implementation of normative controls, rather than case-by-case review of local decisions. The development of co-operative mechanisms for urban investment planning are also included, 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. Resources may be needed to make central government agencies collaborate closely with local government. Finally, co-operation could be aimed at providing a new structure for central-local relations that would strengthen local government.

CO-OPERATION BETWEEN PUBLIC AND INFORMAL SECTORS

Many policies of local and central government hold down the supply of the urban informal sector services. Local and city regulations (such as zoning laws) can be insensitive to the needs of urban informal sector businesses. Municipal by-laws often 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.

See also chapter 4:
Good Governance

CO-OPERATION BETWEEN PUBLIC AND PRIVATE SECTORS

There are several ways of linking public and private sector organisations in urban management. Where the objective is good and affordable urban services, then provision through the private sector can 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 CO-OPERATION

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 in a city.

Differing points of view should not be an obstacle for co-ordination and co-operation 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. Technical assistance may need to be provided to aid the development of model contracts according to type of service, cost guidelines, procurement and contract administration. Civil society can be involved to ensure that there is enough control to prevent nepotism and political influence in the award and supervision of contracts.

CO-OPERATION 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. 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 basic to the 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 co-operation between elected and appointed local government officials, and improve management practices and political processes.

See also
Civil Society
Participation,
p. 44

CO-OPERATION 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 (particularly the poorest and most vulnerable) 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 in local government should emphasise a process of co-operation and positive relationship between the two branches of government.

CO-OPERATION 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 be 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 different sectors are co-ordinated and are aimed at achieving sustainable improvements in standards of living in the city. This can be achieved by the development of 'institutional participatory practices' based on the development of agreements and consensus, rather than in the production of rigid plans. All interested parties should be actively involved. Intervention should be an ongoing activity linked with a process of annual strategic planning, budget preparation and management.

LOCAL GOVERNMENT

Improving local government is 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 reform and institutional development, or strengthening programmes. Such programmes may affect the entire system of local government or deal only with specific cases.

See also Capacity-Building, pp. 117–9; chapter 4: Good Governance

■ 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. Such interventions are likely to have a major impact and potential for sustainability, if they are implemented as an integrated part of a decentralisation or a public sector reform programme. 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**

This section highlights some of the most important financial aspects of the development of cities. The factors discussed here should be carefully considered by anyone preparing urban programmes and projects.

See also Business and Employment, pp. 145–151

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, an important source of financing development in urban areas, are seldom enough to keep pace with demand. 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. Good management of city budgets is an essential foundation in cities. 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. Weaknesses in any of these areas can undermine the viability of the local government.

The main revenues for most local governments come from various levies, fees and local taxes (especially property taxes – one reason why good physical planning is required). 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 be 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, so financial support needs to be given to local government to undertake these functions.

CO-ORDINATING SPENDING ACTIVITIES

Usually, several national or regional government departments, or parastatal utilities are responsible for providing specific infrastructure or 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 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.

BORROWING

Local governments often need to borrow money. They need short term bridging finance when there is a mismatch between their cash flow and their expenditure (e.g. salaries need to be paid in June and payments for property taxes are only received in July). They need long-term capital borrowing because they seldom have enough money immediately available to pay for new or large capital projects. Similarly, when a local government borrows money to provide a project (such as new infrastructure or services), 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 borrowed with

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

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, from banks and from the capital markets. In most countries, there are laws that set out limits and sources for local government borrowing. From a practical point of view, there are also very real limits. 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. This is another reason why good financial management by a local government is critical. 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 anyone to lend money. International agencies would 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. There are several examples of how local communities can become closely involved in determining these 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 (i.e. that it is affordable). This 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 a local 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 responsible 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 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. The consequence 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 and 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. The private sector, therefore, 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 enough, 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 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 the major source of services, such as communal water provision systems, waste collection or security.

■ Many formalised ways have been found to involve communities. Community group 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.

LINKS TO THE PROJECT CYCLE

Financing issues should be considered during every step of the project cycle process. When initially programming for urban development, consideration should be given to how an urban project can contribute to general economic growth and improvement. When undertaking identification, account should be taken as to what effect the project has on various aspects of development.

■ When formulating an urban project, consideration should be given as to how it will fit within overall financial management of the city.

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. 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 money terms. It should be based on real needs and priorities and provide the best way of addressing them. It must reflect choices and give a clear indication of where and why money will be spent. Communities and stakeholders should be involved in determining priorities. 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.

See also
Participatory
Approaches,
pp. 119–122

■ **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 (formal and informal) should be consulted to assess needs. The private sector and the communities should be involved in providing and operating services wherever possible.

KEY QUESTIONS

To check that the financial aspects have been adequately taken into account should 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?

■ **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.

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 great deal of 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. In recent years, urban land use planning has come under much criticism as being too regulatory and bureaucratic, losing its impact on decision-making. Attempts are being made to make it 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.

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.

■ It is important that physical planning influences the location of investment, so that potential benefits can accrue. It 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. Planning needs to be carried out by a range of stakeholders, not just urban planners.

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

5.3

shape and size of plots. It is also influenced by the policies on such issues 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 right to use land is limited by land use plans and their legal basis.

■ 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, in which permitted uses are listed. 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 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 secret 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:** 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 (for example, in Vietnam city governments also administer large rural areas).

■ 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 plan: **the statutory land use plan** (typically taking a long time to prepare and approve, but having a base in law) and **the strategic plan** (focusing 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. In Indonesia, for example, a special form of plan was developed to provide a framework for development by integrating infrastructure planning with proposals for improving municipal financial performance. 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 city-wide 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.

■ **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 in focusing on areas of high poverty through strategically targeted interventions.

■ **Environment:** Links should be formed with existing environmental planning efforts, such as **Agenda 21**, 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.

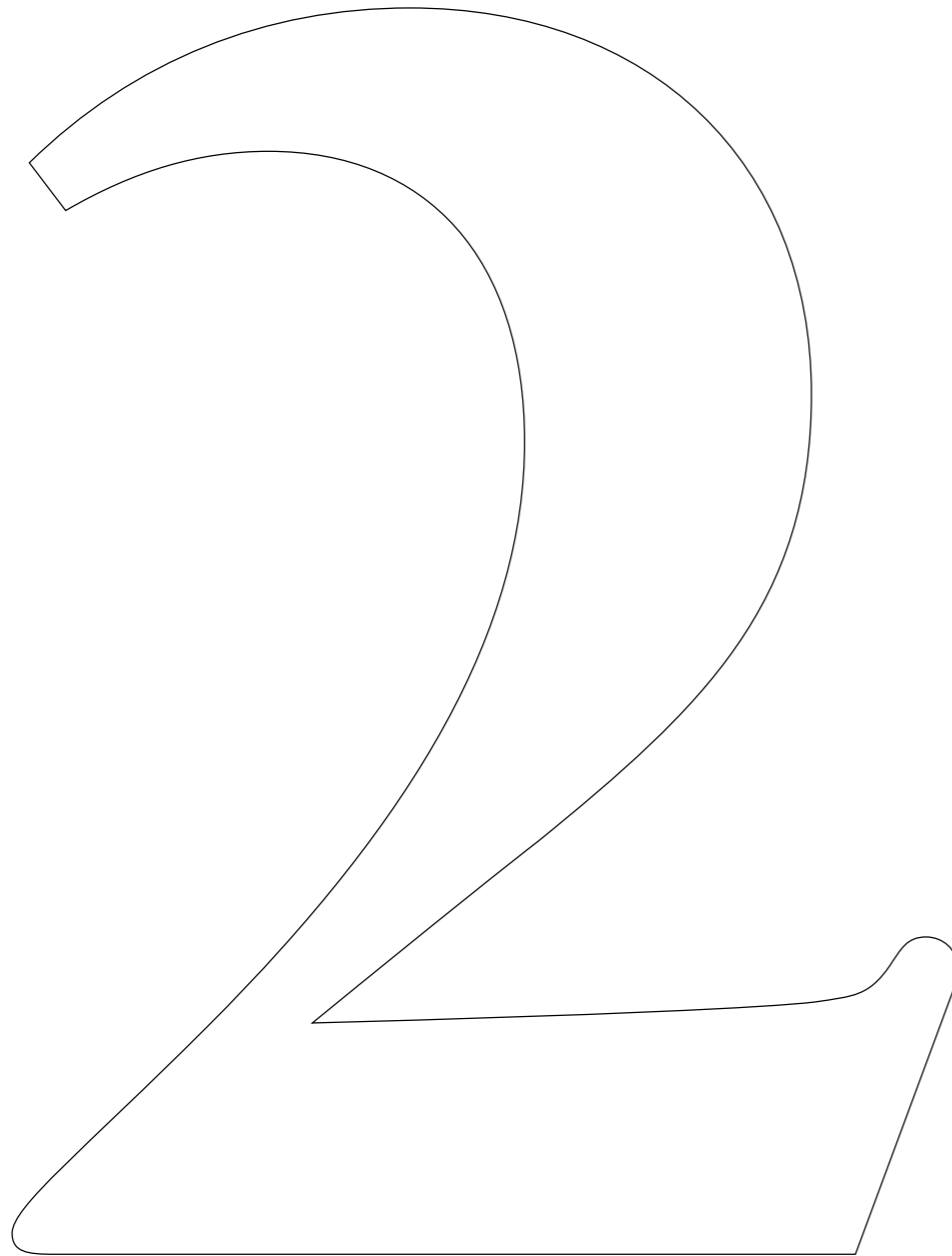
KEY QUESTIONS

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?

See also
Appendix 6,
Environmental
Planning and
Management and
Local Agenda 21

PART TWO



METHOD

THE STRATEGIC APPROACH IN SUPPORT OF DEVELOPMENT

Part Two of the Guidelines is designed to help apply the strategic approach practically in 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 strategic approach can be applied.

PROCESSING THE STRATEGIC APPROACH

Strategic urban projects use the linkages between various components of development in cities to improve effectiveness of the governance and management of development as a whole. 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 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 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.

URBAN PROJECTS

See also chapter 3: Sustainability in Urban Development

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 co-operation

URBAN POLICY DEVELOPMENT/REFORM

The aim of a project may be to design a national or regional urban strategy. This will provide a framework for the programmed investment of resources and help allocate them in a manner that is consistent with the overall plan: a hierarchy of transport and communications networks; concentrations of service centres; priorities on housing investments, 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 policies, and dealing with legislative change. Reform for financial systems for

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investments may also be initiated (particularly local government finance), while promoting ways to improve urban management at local level.

See also Urban Financial Management, pp. 49–54

A COUNTRY URBAN STRATEGY

A project may be used to 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 assist in 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
- Support programmes to localise Agenda 21
- Assist in establishing and financing an Urban Development Fund (UDF) (or support an existing fund).

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 also 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 the funding of networks for decentralised co-operation between, for example, European local authorities or NGOs and urban stakeholders.

See also chapter 4: Good Governance; chapter 5: Good Urban Management

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.

DECENTRALISED CO-OPERATION

can take many forms, for example:

- European NGOs organise general or thematically specific projects and programmes (for example, sanitation, small-scale finance) directly with urban (poor) communities using their own funds.
- European municipalities forge twinning arrangements with partner municipalities within which they decide mutually 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 co-operation between partner municipalities, sometimes with part funding from national governments.
- Bilateral and international agencies provide funding for such co-operation to NGOs, municipal associations, or directly to individual municipalities.
- Bilateral and international funding agencies organise frameworks for co-operation 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.

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 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 for a number of reasons: lack of acceptance by local stakeholders, little attention to institutional structures or absence of linkages to other requirements.

■ Many urban projects 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 CO-OPERATION

Participation of civil society in the development process may constitute a key factor for success. By decentralized cooperation is understood those forms of support that deal directly with the non-state actors.

■ Local government institutions, co-operatives, NGOs, companies and business interests and civil society in

general, from both the north and south capable of contributing to urban development can be involved.

PROJECT CYCLE MANAGEMENT

PCM is the method for project development, implementation and evaluation used by the EC for much of its development co-operation. 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 tool, PCM can be applied to the development of both urban strategies and urban projects.

6.2

PCM incorporates two important ideas:

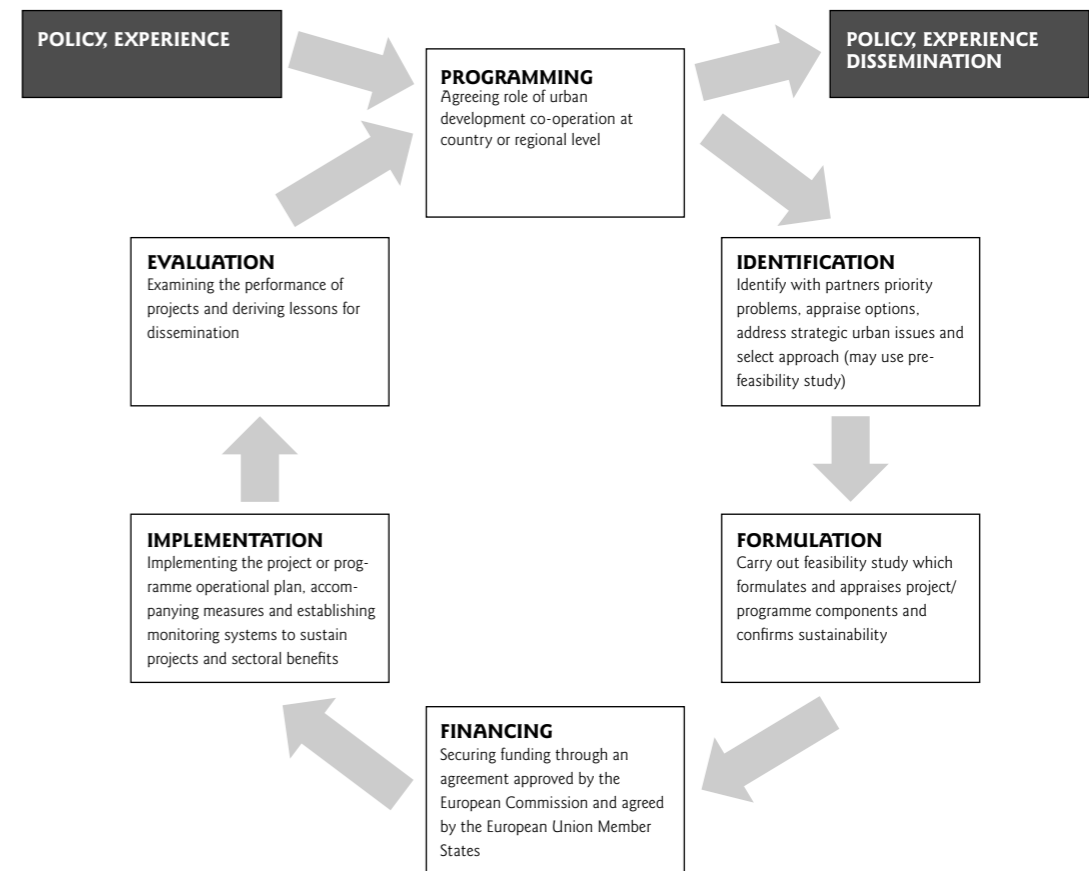
- The concept of a project proceeding through various stages, from planning to evaluation, forming an identifiable cycle of development.
- The need for management of the project cycle through all its stages.

THE SIX PCM COMPONENTS

The six PCM components are summarised as follows:

■ **Programming:** Priority sectors are defined in the Regional or National Indicative Programme (R/NIP). Sector objectives are defined during the regional or country negotiations and the PCM 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 devel-



PART 2

opment and implementation would 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 and how, over what time period and with what financial resources. 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 it and a final decision is taken on whether to proceed with the project.

■ **Implementation:** During this stage, the various actions are carried out as defined in the financing agreement.

■ **Evaluation:** Projects may undergo a mid-term evaluation as a means of ensuring they are on course, or as a basis for re-orientation. After completion, a final evaluation takes place. 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 and in what form urban development co-operation should be considered. Programming analyses current needs and policies in a country or region and identifies opportunities for EC support in order to achieve a consistent and effective urban development approach. This is the initial step in making sure that the possible impact and benefit of EC co-operation in urban development is recognised in the specific region or country concerned. The agreement for co-operation in urban development achieved during programming provides a framework and a base for support within which specific urban sector development programmes and projects can then be identified in the next stage of PCM.

The programming stage also involves identifying the distribution of responsibilities of various agencies in managing urban development and the 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.

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 I 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 Papers (PRSP).

The approach to programming needs to be comprehensive (that is, linking and co-relating all EC development co-operation 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.

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 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 lack sustainability. In addition, a multiplicity of projects and a lack of co-ordination among donors have, on occasions, adversely affected the efficiency of aid and have tended to undermine local ownership and the development of local capacity. A sector-based approach and a decentralised process are now replacing project support in EC co-operation 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 in areas of economic, environmental and/or social development (the main issues of sustainability) may not be related specifically to urban areas. Support in urban areas can have a positive impact on economic and environmental development in rural areas. Issues of sustainability need to come together in cities with strategic intervention having benefits in all 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

The combination of 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 co-operation 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 is also necessary to support a process of open decision-making at the local level. The capacity to implement the legal framework is also crucial to effective decision-making.

- Organise discussions with national officials in relevant sectoral agencies, as well as other appropriate donor agencies 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

THE PURPOSE OF PROGRAMMING

Objectives:

- To establish support for EC co-operation 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 RNIP consistent with regional and/or country policies, plans and priorities for urban areas.
- Initial objectives and priority focus areas of co-operation in urban development.
- Agreement to begin identification of urban projects.

sectors with a specific urban focus that needs 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 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 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 set-up: 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 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. Poor financial management is frequently a weakness in the performance of local government.

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

Physical planning support: Physical planning can be critical for effective spa-

tially integrated urban development initiatives. A strong link is also needed between design, location, timing and financing of infrastructure. Poor physical planning systems or practices can be a weakness.

- 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 need should be identified. Priorities from within or outside government (from the private sector to civil society) need also 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.
- The USPS should start by contacting key agencies and organisations and by gathering and collating existing 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.

See also
Appendix 1:
Standard ToR for
an Urban Sector
Profile Study

See also Gender
Considerations,
pp. 110–114

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 support from other sources.

- Assess possible impact and likely spin-offs as part of national and local discussions.
- Assess whether and what additional resources be obtained if support is programmed for particular activities.

SENSIBLE APPROACH

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

- Use the 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 are still relatively undeveloped.

- Investigate whether non-government 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 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 co-operation.
- 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 urban projects, within the countries of the region of interest.

See also
Decentralisation
and the People,
pp. 40–2

IDENTIFICATION

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.

After programming, when agreement for AEC co-operation 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 a Urban Sector Profile Study, if 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 can be given that will encourage local actors to work together and improve urban conditions. 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 through linkages 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 intervention supporting urban areas that can have a range of consequences on economic, environmental and social development. Support to 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 tangible 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 management capacity is identified, if appropriate.

See also Urban Financial Management, pp. 49–54

STRATEGICALLY FOCUSED – GOOD GOVERNANCE

An urban strategy that addresses the needs in urban areas, identified by stakeholders themselves, is likely to gain good support. It is necessary for the EC to obtain reliable information on urban matters. A strategy for EC participation in technical co-operation can be considered to assist in aspects of urban development.

Participation and Partnership: Relevant 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 projects.

- Conducting a 'country consultation' at the start provides a good platform for developing projects, and bringing together institutions and other actors who will be needed later to support the projects.
- Individual negotiations with key institutions and individuals might also be required.

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.

Financial considerations: Urban projects should be integrated or aligned to existing local financial systems and structures. They should also 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 and convenient.

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

- Examine the basic spatial dynamics of the project location to reveal the overall impact.

THE PURPOSE OF IDENTIFICATION

Objectives

- To select the most appropriate intervention which is consistent with the strategy exposed in the R/CSP.

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.

SUPPORTED APPROACH

Local/municipal institutions often lack mechanisms to incorporate the views and interests of a wide variety of stakeholders. This may result in developments creating more problems than are solved.

- Make sure that projects are identified following participatory planning processes..

Co-operation with communities: Care needs to be taken in selecting 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 the problems 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 proposed 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 co-operation at the level of specific communities, towns, cities or sub-regions.

Support for existing projects: A new project should support and enhance other existing or planned initiatives to ensure that it complements them and has a maximum impact.

- Collect information on other programmes or projects 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.

See also Capacity-Building, pp. 117–9

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 and its subsequent implementation. 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 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 mobilising further 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

Projects should not necessarily attempt to address all of the issues under 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 beneficiaries 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

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 designed to minimize negative impacts and maximise positive affects.
- Require that the feasibility looks particularly towards long-term economic sustainability.
- The pertinence of an Environmental Impact Assessment (EIA) must be assessed.
- 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 among key national and local institutions to achieve commitment to participate actively in a project. There is also a danger that consultation will fail to engage with stakeholders who later, during project implementation, are found to represent important interests.

- Project formulation should include broad awareness-raising exercises to improve the chances of acceptance and ownership of project outputs and achievements.
- Include a detailed design for consultations, to include interviews and workshops for debate, in the formulation.

See also chapter 3: Sustainability in Urban Development

See also Appendix 7: EIA, SEA and SIA

See also Awareness-raising, pp. 114–7

THE PURPOSE OF FORMULATION

Objectives

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

Inputs

- Urban Sector Profile study, if prepared
- Pre-feasibility or identification mission report
- ToR 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.

- 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 planning and 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 lacked accompanying incentives. There is also a need to alert senior officials to the value of developing skills of junior members. Moreover, rarely have municipal actors been 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.

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 engage 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 sus-

tainable urban development. They should respect existing infrastructure and land tenure.

- Make use of graphical information (maps, aerial photos), 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 may have a major impact on local communities. But because of the 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 results in 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 leading to a poor performance. 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 or physical resources available (namely, government staff and partners).

See also Capacity-Building, pp. 117–9

See also Appendix 2: Standard ToR for a Pre-Feasibility Study

See also Urban Financial Management, pp. 49–54



- 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 proposal (FP) has a standard format for projects. The conclusion of the financing stage is a decision to grant funds by the EC. The information presented in the FP is derived from studies carried out during the Identification and Formulation stages of a project. Reference to these studies and their principal findings should be included within Annexes to the FP.

It is recommended to go through the regulations or the financial limits and other requirements to check the proposed figures and modalities for implementation.

THE PURPOSE OF FINANCING

Objective
To secure financing for the project

Inputs
Financing proposal and supporting documentation

Tasks
Present financial proposal to the Board

Output
Financing agreement.

10.1 FINANCING PROPOSAL (Projects more than Euro 8 million)
The basic format for an FP, to be presented to the European Development Fund and Committee is as follows:

SUMMARY

The summary will give a brief, focused and concise overview on relevant issues addressed by the project.

IMPORTANT
Formats change, please check the current instructions.

A. RELEVANCE

1. Consistency with global objectives: The aim of this section is to position the project in the context of co-operation 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, 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 the society as a whole; 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 sets out the technical and implementation means of the projects and acts as the basis of the Technical and Administrative Provisions and thereby the Financing Agreement.

7.1 Physical and non-physical means

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

7.2 Organisational and implementation procedures

Implementation procedures and the responsibilities of the people and private bodies involved are 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 Financing Agreement, the project 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 annex.

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 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 sustainable after the end of the EC intervention in terms of its impact on gender among the beneficiary groups, the socio-cultural aspect and projection of the natural environment (sustainable development). 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 forecast realistically the economic and financial sustainability of the project after its implementation. There are various methods for such analysis (cost/benefit, 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.

FINANCING PROPOSAL (Projects less than Euro 8 million)

The basic format for an FP, dealing with this size of project, to be presented to the European Development Fund and Committee is as follows:

1. Recipient State**2. Project title****IMPORTANT**

Check current threshold figure

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 Financing Agreement, 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 forecast realistically the economic and financial viability of a project. There is an economic and financial help desk to assist services in this task.

12. Monitoring the evaluation: Monitoring must be accurate and effective and key indicators should be developed to be able to compare achievements against 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 implementing the project, managing it over time and monitoring performance.

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.

SUSTAINABILITY

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.

STRATEGICALLY FOCUSED – GOOD URBAN MANAGEMENT

Various political and logistic factors influence the location of the management structure to execute the project, . That may depend upon 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 such a unit may not be found . 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 with minimum delay.
- 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.

See also chapter 5:
Good Urban
Management

See also
Cost Recovery,
p. 52



- 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.

See also Capacity-Building, pp 117–9



EVALUATION

The purpose of the evaluation phase 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 results compared with 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 their resultant lessons. For urban projects with a significant sectoral focus, the emphasis needs to be on whether an overall impact 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 a project.

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 positive effects for the beneficiaries.

- 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 policy. 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 development.
- Include new EC policy directives where relevant in the evaluation of urban projects.

See also chapter 4:
Good Governance

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 international 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.

See also
Cost Recovery,
p. 52

Financial sustainability: Financial performance targets are set at the start of the project and are important indicators of project performance. A project may not have spent as much as expected or spent more than envisaged. Changes in how money has been spent may have occurred. 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 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.

See also Gender
Considerations,
pp. 110–114

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 dif-

See also Capacity-
Building,
pp. 117–9





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 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.

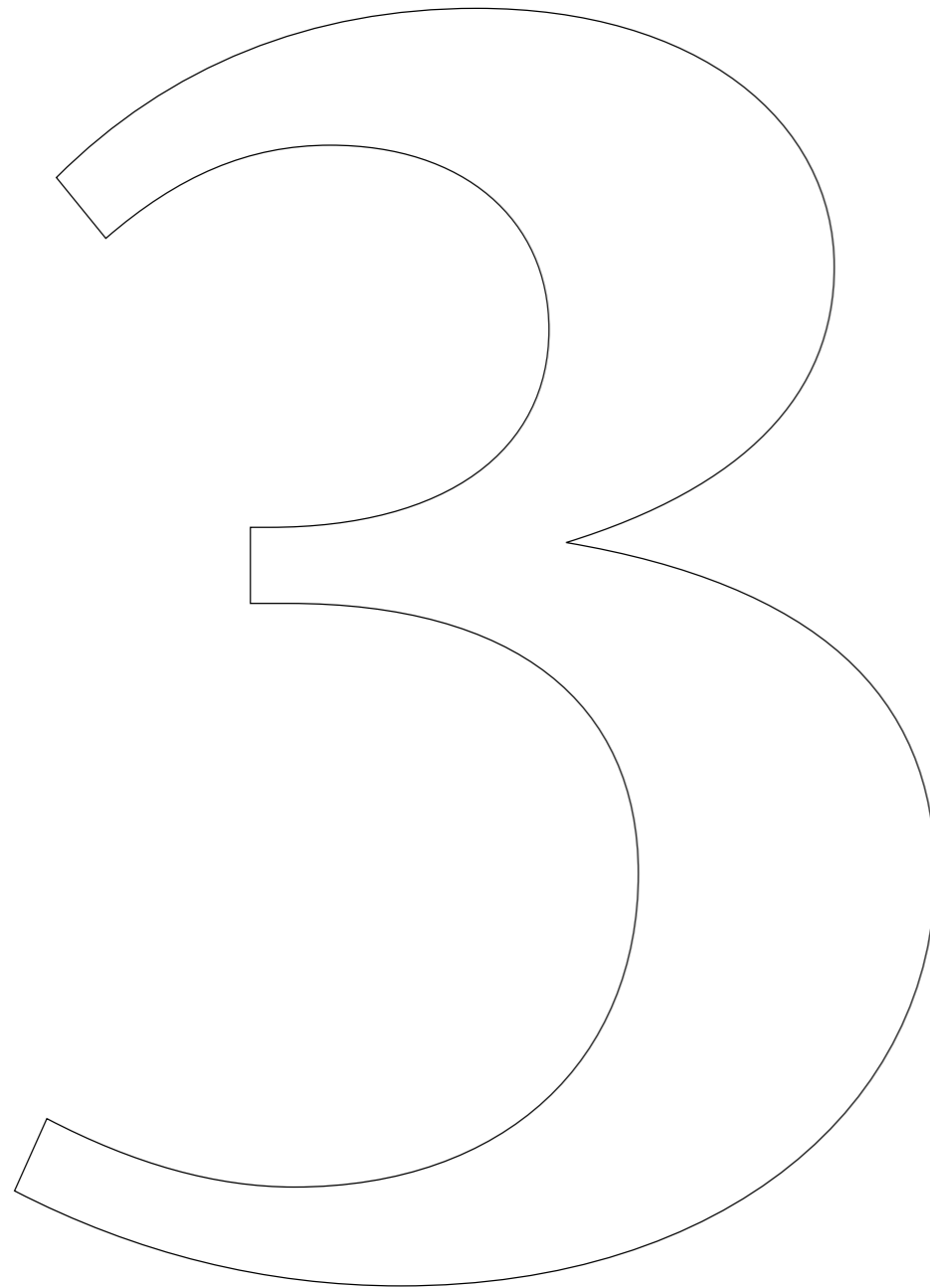
SYNERGISTIC APPROACH

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 THREE



COMPONENTS

URBAN THEMES AND ISSUES

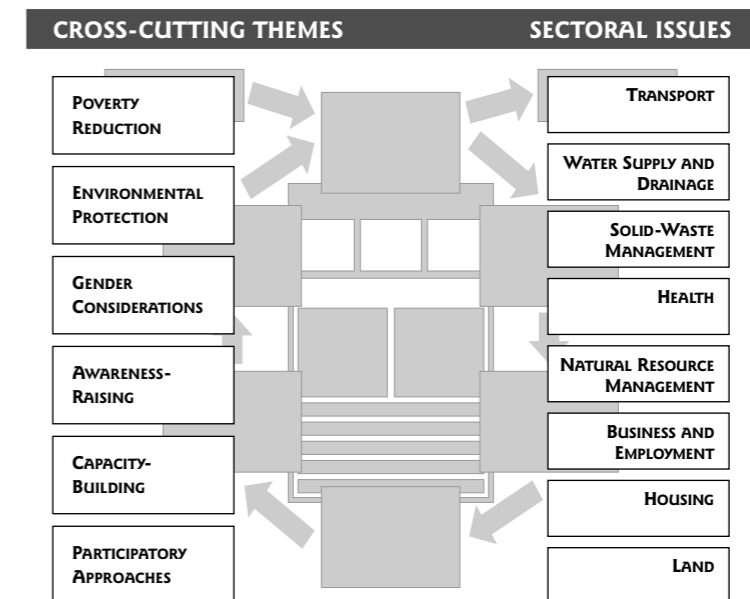
Part Three of the Guidelines covers some important themes and sectoral issues encountered in cities.

CROSS-CUTTING THEMES

These are broad issues, such as poverty alleviation, environment, the role of women and the urban economy, which cut across all parts of urban areas. A prominent role is given to poverty alleviation, as overarching goal of EC development cooperation policy.

SECTORAL ISSUES

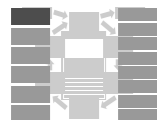
These involve key sectors such as transport, waste planning and management and health, which are integral to the functioning and productivity of cities and contribute to making them pleasant places in which to live and work.



CROSS-CUTTING THEMES

This chapter highlights a limited number of cross-cutting themes. Health matters are included under Chapter 14, Sectoral Issues. For other subjects not covered by main headings, please refer to Index. The following themes are presented:

- Poverty Reduction
- Environmental Protection
- Gender Considerations
- Awareness-Raising
- Capacity-Building
- Participatory Approaches



POVERTY REDUCTION

It has been variously estimated, using economic poverty lines that between 25 percent and 50 percent 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. To eradicate poverty and uphold the human rights of the poor are central features of development strategies. The success of urban development demands interventions to assist the poor.

13.1

URBAN CONTEXT

The urban poor generally live in low quality, densely occupied shelters that are often concentrated in areas of marginal land with informal tenure and/or with small rents. 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. The result is that the poor are frequently vulnerable to a range of environmental and health hazards. In addition, their productive time may be limited due to such basic activities as collecting drinking water. 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

See also Health, pp. 139–141; Land, pp. 152–9

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 to the 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. Poverty is closely linked with local environmental problems and is also often at the root of social and political discord, thus compromising the viability of cities. 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 or the introduction of changes in the legal, financial or institutional system can affect the poor in terms of their livelihoods, resources and rights. Failure to take account of the needs of the poor in these interventions may result in worsening conditions. Where the poor are affected, every effort should be made to ensure that their concerns, knowledge and views are taken into consideration. Where appropriate, they should be provided with the opportunity to further develop their understanding and skills. For example, poor women and men who will be affected by new development should be, if possible, given the opportunity to be involved in the work. It should be stressed that 'the poor' are not a homogeneous group. Individual men and women 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 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 capacity to undertake these strategies.
 - Acknowledge that the poor themselves are expert in poverty. 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 those working away. 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 CO-OPERATION

In an urban setting, poor people are likely to be exposed to specific threats. Certain elements appear common to many poor urban residents, as social exclusion, existence of barriers or inadequate legal framework.

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.

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.

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 co-operation depends on the involvement of the poor in the design and implementation of interventions. Only when this happens will such co-operation 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.

■ Anti-poverty development co-operation 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 the social inclusion. This is a key area in which development co-operation strategies can intervene by promoting existing models of good practice for social inclusion and by ensuring that the poor benefit from projects.
- Remove barriers that may have a negative impact on the livelihood strategies of the poor. This may be achieved by: strengthening land and property rights of the urban poor, facilitating access to infrastructure and basic services (water and sanitation, solid-waste collection, electricity and roads), improving access to health facilities, child-care and education.
- The vulnerability of the poor can be reduced by improving access to assets and livelihoods through legislative change, encouraging the enforcement of such legislation, supporting 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 actions.

Targeted interventions have the advantage of producing savings (through more efficient use of resources), and also avoid the diversion of resources by non-poor groups.

LINKAGES

Urban projects should be sensitive to the poverty issues specific to the cities in which they are located. The linkages between poverty and projects should be, where appropriate, incorporated in initiatives within urban areas. Areas where potential added value exists through linkages with elements of the strategic approach are described below:

■ **Economic development:** Support for poverty reduction can focus on improving the access and inclusion of the urban poor within the urban econ-

KEY AREAS OF VULNERABILITY

Vulnerabilities common among 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.

omy. 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 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 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 the programming consultations.

- Urban poverty reduction should be given proper attention and the concerns of poor communities should be considered during the programming phase.

See also
Environmental
Management,
pp. 36–7

- **Identification:** Specific poverty-reduction projects need to be identified.
- Poverty reduction in cities should be included as a guiding principle 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. 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.

- Ways of involving poor urban communities in the implementation and operation of projects should be incorporated in the development plan. 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 and contributes decisively to its sustainability

- Participation from the urban poor and other stakeholders should be actively sought in project implementation at the appropriate level.

- **Evaluation:** Urban poor communities need to be mentioned as sources of information in project evaluation.

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

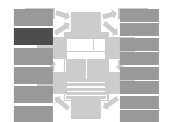
See also Cost
Recovery,
p. 52

ENVIRONMENTAL PROTECTION

Environmental issues have been high in the development 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, of 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 of the south. Yet such cities also face the same problems of natural resource constraints (often of greater dimensions) as cities in the north.

The core issues of environmentally sustainable development are common to



See also
Appendix 6:
Environmental
Planning and
Management and
Local Agenda 21

cities everywhere. Urban environmental issues cannot be dealt with as a sectoral concern within the general framework of urban management. They must be seen as a cross-cutting issue that influences all aspects of urban management. Some 400 municipalities in the south have already started to respond to these concerns within the framework of a single Local Agenda 21 process.

Aid agencies are paying increasing attention to the improvement of the urban environment in their development co-operation 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 co-operation mechanisms.

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 distant future. This means becoming aware both of the global environmental context within which the cities are managed and in particular how the city makes good 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. For example, working conditions may be poor through proximity to health hazards and dangers in the workplace and the immediate surrounding environment. 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.

COMBINING AGENDAS

The challenge of improving living conditions in cities and achieving sustainability are often seen as separate issues with development co-operation agencies focusing most of

EC SUPPORT FOR THE URBAN ENVIRONMENT

There are various kinds of instruments that the EC applies in development co-operation 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.

their attention on the 'brown agenda'. In defining sectoral projects designed to address problems of urban water supply, sanitation and other infrastructure, development co-operation agencies have too often forgotten their long term environmental agenda – the 'green agenda'.

- It is essential that the two agendas be seen as one in the identification of all urban environmental programmes and projects.

SUSTAINABLE DEVELOPMENT AND URBAN ENVIRONMENT

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. They 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 over-stepping 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

A "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 assumes that there are unlimited resources to be exploited for the benefit of the urban population. This has heavy environmen-

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.

See also Land, pp. 152–9

tal implications, which are reflected in human and financial costs.

By contrast, under a “circular” approach goods are imported into the community, who 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 CO-OPERATION

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

The government has traditionally applied regulatory instruments to command and control the development of activities in urban areas. These 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 in accordance with 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 with in the urban management context. Local authorities and international associations increasingly acknowledge this challenge and many are working on policies

and programmes for sustainable local development. 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

Environment 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 the linkages between these sectors and 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. Master plans for cities that tried to contain such growth often failed to be implemented.

Wide-sector 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, waste water 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 developments, can enhance environmental conditions.

URBAN ENVIRONMENTAL IMPROVEMENT

The urban environment is improved in cities by way of:

- Providing information and technical expertise 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.

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 cross-cutting 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 link and ownership of project:** 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. 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 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.

KEY QUESTIONS

Use the following questions to check if environment has 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 will exist 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?

- **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 can guarantee that 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 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 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.
- **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:** It is the basis for planning infrastructure and for investment decisions. There is therefore 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 co-operation and co-ordination between departments and with outside organisations.

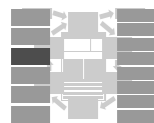
PROJECT CYCLE MANAGEMENT

Urban projects should be sensitive to environmental issues relating to the cities in which they are located. The linkages between the urban environment and

See also
Accountability,
Transparency and
Law, pp. 42–3;
Capacity-Building,
pp. 117–9

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 co-operation support.
 - **Formulation:** Include environmental planning and management considerations in ToRs for an EC Country Urban Strategy and assess potential impact of co-operation activities for urban environments.
 - **Implementation:** Consider whether professional capacity on urban environmental planning and management is required for implementation support.
 - **Evaluation:** Include urban environmental criteria.



GENDER CONSIDERATIONS

Gender plays apart in how cities function. As residents, women and men often have unequal access to and control over land and housing. As consumers, they have dissimilar needs in such urban services as water, electricity, health and education. As citizens, they have unequal access to and influence on decision-making in urban politics. As such, gender is a fundamental cross-cutting issue in the development and organisation of cities. Integrating gender considerations into co-operation 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 co-operation to overall economic success and sustainable urban development.

Urbanisation causes changes to social and gender structures and relationships. Women and men, girls and boys, experience life in cities in a variety of 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 social and even spatial dimensions. For example, women and men often work in distinct occupations,

with differing incomes and potentials. 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.

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.

13.3

GENDER AND CO-OPERATION

The EC has placed increasing emphasis on integrating the role of gender in co-operation activities. Governments, NGOs and the international community have also taken on the issue of gender. In particular, the Women in Development 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 problems and opportunities, and when formulating, implementing, managing and evaluating development initiatives. GAD, therefore, focuses on integrating gender issues in the process of development co-operation. Incorporating the GAD approach to, urban development contributes to:

- Greater cost-effectiveness 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 beneficial to EC co-operation 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 co-operation, particularly:
- As citizens, women and men, girls and boys, should

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.

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. 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 for example, a GAD office or desk. 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 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.

See also chapter 5:
Good Urban
Management

- 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 implementa-

tion 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. There are specific gender differentiations that may affect those involved in programming consultations.

■ Input from both women and men should be obtained with regard to priorities in urban development.

■ **Identification:** When identifying urban projects, the different 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.

See also
Appendix 2:
Standard ToR for
a Pre-Feasibility
Study

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

13.4

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 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
- Community Based Organisations.

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-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-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 for 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 strategies of service provision and involving the press and local organisations.

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.

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:

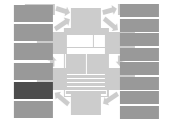
- **Programming:** There should be wide involvement in discussions on Regional and National Indicative Programme, making sure that consultation on potential urban priorities does not overly inflate expectations.
- **Identification:** Initial planning discussions need to have wide participation and be 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 co-operation should also be considered.

13.5

CAPACITY-BUILDING

The policies and planning frameworks of major donors are taking a positive direction in terms of capacity-building. For example, the World Bank is promoting the concept of 'knowledge capital' and has developed a strategy for urban development that puts emphasis on capacity-building as one of the main areas of action to improve city development.



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.

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 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 world wide, yet is the least catered for in areas of capacity-building for local development and municipal management. To respond to these needs, UNCHS (Habitat) has developed a series of training handbooks to assist councillors to represent their citizens and provide civic leadership. Effectively, councillors should work both with their central government and with the management, technical and professional staff in local authorities and partner institutions.

NEEDS AND DEMANDS

The strategic approach involves supporting local government to articulate its needs and at the same time helping 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 partici-

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.
- Co-ordinate 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.

pants. 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, 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.

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 is 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 '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 in 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. There are therefore 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 RNIP 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 be eased with the assistance of a well-shaped support unit.
- **Evaluation:** The extent of capacity development for urban management should be assessed as part of the co-operation evaluation.

13.6**PARTICIPATORY APPROACHES**

The goal of the strategic approach to urban development is that it should impact on poverty 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 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 needed, even though time is often limited and skills may be lacking.

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.

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)
- Emphasise the right to participate as a principle (significant as a means of improving governance).

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
- **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.

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.

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 be used as a substitute for direct participation. There is a less developed methodology in this area.

PARTICIPATORY RAPID URBAN APPRAISAL

A range of techniques has been developed, originating in Participatory Rural Appraisal. 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 devel-

op 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
- **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 interest, normally identified and developed from the initial appraisal and planning stages.

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 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.

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.

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 co-operation 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.

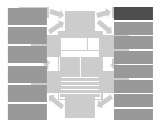
A brief overview of each sector in the context of cities is followed by a short summary of key development strategies currently prevailing. For each sector, key linkages are indicated within the context of urban areas. Key issues that should be considered during each stage of the PCM when developing co-operation 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, waste-water management
- Solid-waste management
- Health
- Natural-resource management
- Business and employment
- Housing
- Land

14.1 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



See also chapter 3:
Sustainability
in Urban
Development

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 logistic 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. The existence of a strategic framework is crucial 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 mobility are clearly correlated. The urban poor rely on non-motorised or public transport services. Many efforts to accommodate the rapid rise in motorisation in such cities has 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

See also Gender Considerations, pp. 110–114

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 percent 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 for the movement of goods and people reduces the need to travel. This should also support sustained economic growth potential to the benefit of the city at large and its constituent local communities (especially low-income groups). 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 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. Outside

See also Business and Employment, pp. 145–148

funding (external to the public transport operator's purse) can be efficiently spent in public transport if they explicitly contribute to other priority goals of sustainable urban management (mobility and access for all to public services, labour market, etc). 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 a 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, twenty percent of all energy produced is used for transportation of which 60–70 percent 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 predicted to grow.

■ As traffic activity increases, improvement of 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.

See also
Environmental
Management,
pp. 36–7

■ 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 zones for pedestrians 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 transport operations efficiency (especially of the motor vehicle), without adequately incorporating land use, transport, 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 of having 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 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.

See also
Appendix 2:
Standard ToR for
a Pre-Feasibility
Study;
Appendix 3:
Standard ToR for
a Feasibility Study

WATER SUPPLY AND DRAINAGE

Water supply, urban waste-water 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. Over half the EC funding into urban environmental projects in the south

14.2

between 1990 and 1995 went into water supply, waste-water management and drainage. It can be expected that this is likely to continue to be an important theme in terms of demand by southern partners.

Realising the need for improved project design in the broad subject area of water resources management, the EC recently issued guidelines focusing on four areas for co-operation:

- Water resources assessment and planning
- Basic water supply and sanitation services
- Municipal water and waste-water services
- Agricultural water use and management

Reference should be made to the water resource management guidelines when formulating urban water supply and waste-water management. It should be noted that aspects apart from municipal water supply and waste-water 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, waste-water management and drainage. Responsibility for the operation of water, waste-water 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. Urban layout directly affects the cost of water, waste-water 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, waste-water management and drainage services 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 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.

See also 'Towards Sustainable Water Resources Management', EC 1998

See also chapter 3: Sustainability in Urban Development

- **Governance:** Water related services should be an integral responsibility of local governments. Support can promote more effective decentralisation of powers and resources to the municipal level. Significant involvement of the community and private sectors can lead to effective service supply and contribute to local economic development.
- **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 waste-water management can be linked with employment generation and micro-finance projects.

WATER SUPPLY PROJECTS

Ideally, urban water supply systems are provided via pipes. In developing countries, only a minority of consumers are actually served by pipe systems, sometimes only for a few hours a day and not at all in the dry season. Pipe systems only serve standpipes, which are placed strategically around poor neighbourhoods. Many neighbourhoods are served by tankers, which fill large containers 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 appropriate methods.

■ **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.
- Supporting the re-use of waste water.

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 Co-operation):

- **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 on the relationship between public health and clean drinking water, willingness to pay and contribute in kind 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.
- **On the financial side,** an appropriate rate structure 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.

See also
Appendix 2:
ToR for A Pre-
Feasibility Study

See also
Cost Recovery,
p. 52

WASTE-WATER MANAGEMENT

In many cities, waste-water is still carried in storm-water drains and through open canals, normally without any further treatment. The cost of sewerage development is enormous 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 on-site facilities, which are inexpensive and are normally maintained by the dwellers themselves. In addition, there is the vast and complex problem of industrial waste-water, which may contain chemical products that require specific treatment. Such waste-water should be treated at the industrial location itself, rather than with the domestic waste-water flow. Many developing nations are faced with the need to clean and treat existing waste-water 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 waste water), the ultimate cost of

such schemes may be prohibitive. Inadequate management of waste-water in many cities contributes to poor environmental conditions, leading to health hazards. There are various categories of waste-water including household human waste, domestic and industrial waste water.

Projects to support improved urban waste-water management focus on several aspects, including:

- Strengthening institutional capacities
- Addressing the cost implications of investments in sewerage networks
- Supporting the role of communities in waste-water management
- Improving the maintenance of waste-water systems involving the private sector

PROJECT CYCLE MANAGEMENT CONSIDERATIONS

There are many alternatives for managing the various forms of waste water. For human waste this includes on-site and off-site facilities and ranges from individual solutions, through home groups and community arrangements, to fully public facilities. On-site 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 waste-water 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 waste water 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 waste-water (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, waste-water 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 waste-water management and the options, followed by a planning workshop to involve local stakeholders. A feasibility study should include responsibility for O&M. In addition, sewerage and sanitation systems require appropriate regulations within the municipal by-laws, specifying the conditions for house connections.
- **On the financial side,** an 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.

See also
Environmental
Management,
pp. 36–7

- **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 the 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

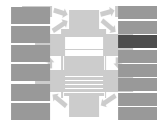
Drainage problems can develop over time for many reasons, including occurrences outside the city, such as changes in a river's catchment area, leading to more pronounced peaks and lows in its discharge. As a consequence, many cities are now facing major flooding problems during the wet season and water 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 co-operation 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 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.



SOLID-WASTE MANAGEMENT

Solid-waste management is a major responsibility of local authorities around the world. 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 or 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.

14.3

See also Health,
pp. 139–141

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 vulnerability involved. This type of waste can be generated by hospitals, health clinics, chemical industries, vehicle workshops, photochemical laboratories, shops and increasingly ordinary households. Another example is construction waste that, due to its composition and weight, cannot be handled by conventional equipment. 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 (for example, in the case of Mexico City, 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 co-operation 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

Local authorities consider sanitary disposal of waste to be of a lower priority than collection and transportation, or else they are not aware of the possible severe ecological and social impacts of waste disposal sites. 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 a powerful greenhouse gas.

■ Solid-waste management projects should also pay attention to the environmentally safe disposal of city waste.

PUBLIC AWARENESS

The problems local authorities have in providing adequate public awareness leads to weak co-operation 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

See also
Environmental
Management,
pp. 36–7

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 service fees are insufficient to run 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 with the departments of 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 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.

See also
Cost Recovery,
p. 52

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. Similarly, 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 solid-waste management department should be assessed. Any past experience with private sector companies should 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.
 - On the financial side, 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.
- **Implementation:** An adequate project management organisation is necessary, together with appropriate physical manpower deployment and financial target monitoring.
- **Evaluation:** An assessment is required of 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.

See also
Appendix 7:
EIA, SEA and SIA

14.4 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 in 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 this is preventable or easily cured by a well-functioning public health system.

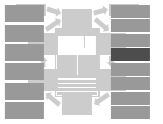
Public health comprises services to:

- 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 as a key means to reduce the transmission of 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 health-care sector. This also requires much greater involvement by non health-care 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.



See also Poverty
Reduction,
pp. 98–103

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.

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
- The elderly, those with physical disabilities and those population groups that face discrimination in obtaining access to environmental 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 wastes and most forms of health care and education. They also reduce the cost

of providing emergency services as 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.

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 ill-

nesses 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 death, but these are often incomplete, lacking in detail or inaccurate. Moreover, existing health data is scattered among 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 health-care 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.

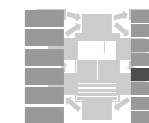
An environmental fund can be used to support community based intervention. Such a fund can support community-determined solutions, which include improved water, sanitation, drainage and other aspects of healthy neighbourhoods. It allows low-income communities to develop their own projects and to manage 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.

14.5**NATURAL RESOURCE MANAGEMENT**

The overuse and abuse of natural resources is a major threat in achieving sustainable development. It can be expected, therefore, that in future increasing attention will be paid to this subject.

MANAGEMENT CONSIDERATIONS

Local authorities in most countries have responsibility for managing certain



See also
Environmental
Management,
pp. 36–7

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 a 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 efficiency and, in cases of non-renewable resources, to seek possible substitutes.
- Identify and make use of ongoing projects to improve natural resource management.

URBAN ENERGY

Since the energy crisis of the early 1970s, many European cities have introduced systems for urban energy management. In Scandinavian cities, for example, it is now compulsory to make plans for rationalising the use of energy resources. Citizens are assisted to reduce their reliance on energy. Relatively few such measures have yet been adopted by cities in developing countries. Many urban citizens here still rely on biomass energy sources. However, the EC has pioneered the transfer of urban energy planning and management methodologies through development co-operation with projects being supported 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.

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.

ENERGY BALANCE

As information is collected, a management system should be put in place. This would involve training municipal staff, but should also alert suppliers 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 GIS.

MANAGING RESOURCES IN CITIES

Although cities import a wide range of natural resources, they do not 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 sort 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 services of cities are run such as waste management and water supply has implications for the administration of natural resources .

- **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

See also
Water Supply and
Drainage,
pp. 128–134;
Solid-Waste
Management,
pp. 134–141

THE ECOLOGICAL FOOTPRINT is a measure of the amount of land necessary to generate the natural resources and environmental services used in cities.

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.

SECTORAL LINKAGES

Projects to support the natural-resource management have a positive influence on 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 natural resource management relate to projects in this sector and suggest beneficial linkages:

- **Sustainable development:** The preservation and sustainable use of the resources is essential to the well-being of all members of the urban society. This demands particular attention to sustainable livelihood strategies. A livelihood is sustainable when it can cope with and recover from urban stress and shock, 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.

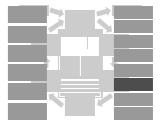
14.6

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 service delivery possible. 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.

A number of factors affect how businesses can operate in cities. 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).



See also
Urban Financial
Management,
pp. 49–54;
Urban Economic
Growth,
pp. 33–6

MICRO ENTERPRISES

Financial services for the informal sector consists mainly of the provision of credit for micro enterprises and the self-employed, in some cases combined with savings programmes.

Improving general urban management and urban governance can therefore be a major component in assisting the business and employment performance of the urban area. Specific support for business and employment in urban areas is also common.

Urban projects that aim at employment creation can do so 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 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 disconnected 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 form 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 administration costs, lack of acceptable collateral from applicants and unfamiliarity with and risk aversion to informal entrepreneurs.

- 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.

MICRO- AND SMALL-ENTERPRISE DEVELOPMENT

Most of the informal sector producers and traders operate on a small scale for a local market. 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 a combination. Both options present advantages and disadvantages. The disadvantage of the combination 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 administrate. 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 co-operation 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

See also
Decentralisation
and the People,
pp. 40–2

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.

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 identified 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. 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 first 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.

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.

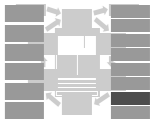
THE MAIN ACTORS IN HOUSING

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 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 wealth of a city 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 maintain properly and, whenever neces-



See also Land, pp. 152–9

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.

sary, to 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. Housing projects that are sensitive to key elements of the urban context have the potential to be successful and have a wide positive development impact.

■ 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

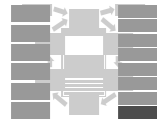
and other facilities registry. Regular maintenance stimulates efforts by residents to maintain dwellings and private land. Taxation of unoccupied housing and vacant land prevents speculation and waste of valuable resources. Instead of competing departments and administrations, public authorities have to stimulate co-operation 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 directly affects the quality of life of the people. It 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:** Responding 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. Direct or indirect subsidy 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, regional or local budgets may be tapped to support housing efforts. Households themselves, with assistance of mortgage loans (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

The problem of access to land deserves proper attention 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 faster than the price of other commodities. The ability of low-income households to obtain access to land is therefore severely constrained in many countries. A large and increasing proportion of urban populations are 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

14.8

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. In addition, various public-private partnerships, joint ventures, or multi-stakeholder approaches are being developed to meet the primary needs of all interest groups within a market-based framework.

DEVELOPMENT OF NEW URBAN LAND

Direct development of new urban land by government agencies is often designed to meet the needs of the poor and provide planned environments to official standards. Because 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. The range of formal and informal processes for developing urban land has created pluralistic land markets in most cities.

See also
Accountability,
Transparency and
Law, pp. 42–3

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.

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 role in facilitating the process.

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 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 require the policy 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.

See also
Urban Financial
Management,
pp. 49–54

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 administrative formalities for processing land development proposals significantly influence the nature of the 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 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. Where regulations cannot be enforced, opportunities are created for abuse and corruption. 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.

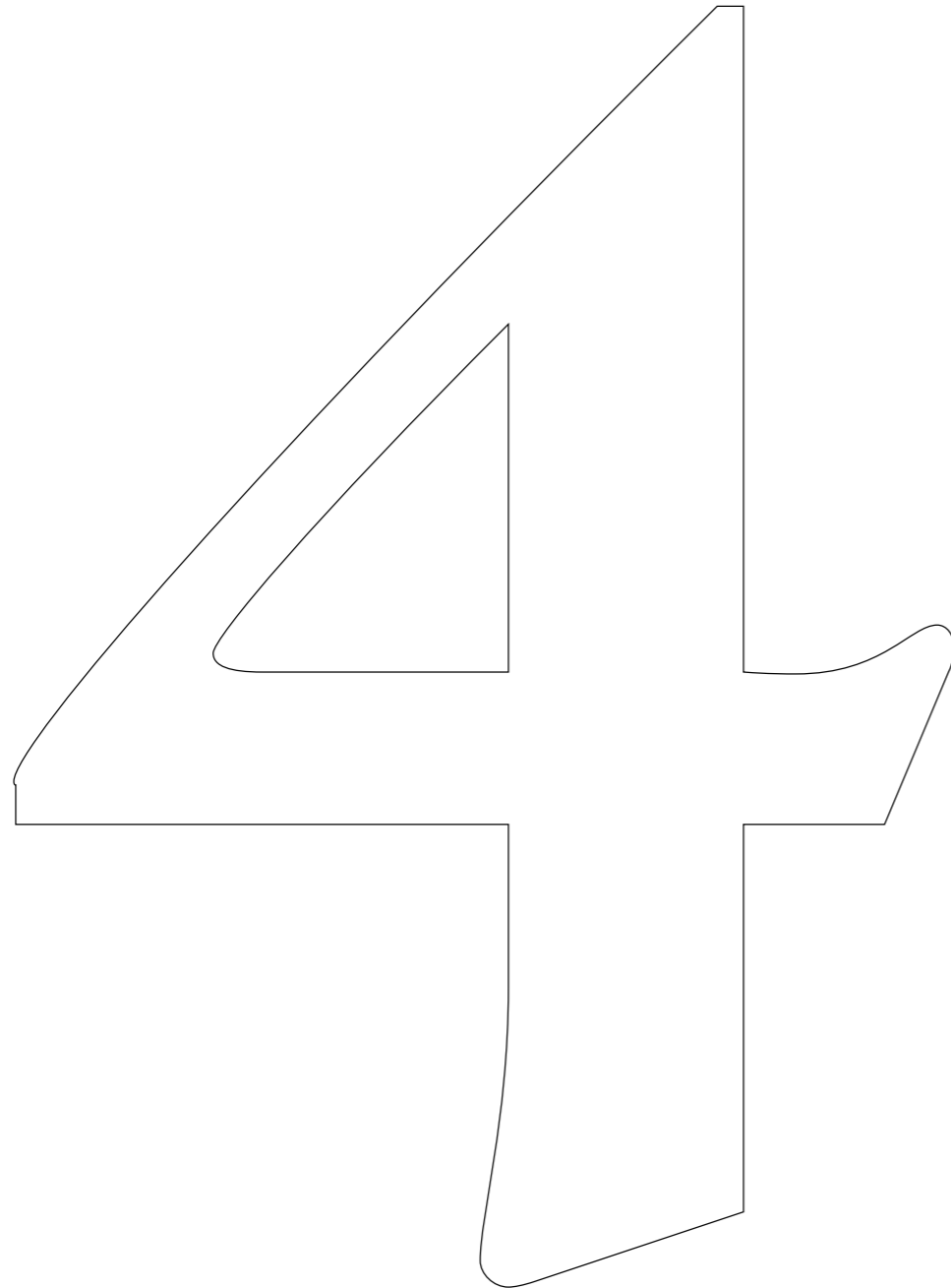
Key considerations during each of the six stages of the project cycle management are:

- **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. This can be undertaken through discussions with a mixture of public, private and community sector representatives and local experts. 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, 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. 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 public-private partnerships 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.

See also Gender Considerations, pp. 110–114

PART FOUR



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

STANDARD TERMS OF REFERENCE FOR AN
URBAN SECTOR PROFILE STUDY

APPENDIX 2

STANDARD TERMS OF REFERENCE FOR A
PRE-FEASIBILITY STUDY FOR AN URBAN PROJECT

APPENDIX 3

STANDARD TERMS OF REFERENCE FOR A FEASIBILITY STUDY

APPENDIX 4

STANDARD TERMS OF REFERENCE FOR AN EVALUATION

APPENDIX 5

TOOLS: LINKAGE ANALYSIS

APPENDIX 6

TOOLS FOR ENVIRONMENTAL PLANNING AND MANAGEMENT AND
LOCAL AGENDA 21

APPENDIX 7

TOOLS FOR EIA, SEA AND SIA

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.

A1.1 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.

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.

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*].

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.

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 aspects

- 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 .

(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:

- 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 intersectoral 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) This information is to be presented in Chapter 2 (background) in the format of the Study Report. 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.

(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?
- **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?

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).

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).

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.

(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.

(iv) Sustainable urban development and risk analysis

The consultants will appraise the sustainability of the Project using key principles listed in Part I of these Guidelines. These issues should be inserted under the key factors listed therein. Ideally, but not necessarily, the

project should 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.

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 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.

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.

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.

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, a 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 intersectoral 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

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.

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.

The study conclusions must be presented in a pre-feasibility study report in the format given in the Format of the Study Report. 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.

A2.1

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: 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.

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).

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.

5.1 Sustainability**a 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.)

b Economic

The extent to which:

- the project contributes to economic development or improving conditions for economic development.

c 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 ongoing 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 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).

FEASIBILITY STUDY FOR AN URBAN PROJECT

The Feasibility Study Report is similar in format to the Pre-feasibility Study Report described in Appendix 2.

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.

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.

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 The objective of a feasibility study is set out here in general terms and must be stated in this way in all the ToR.

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.

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.

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).

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.

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.

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 intersectoral 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 (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.

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.

(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.

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 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.

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.

(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 I 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.

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
- 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 I of these Guidelines.

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

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.

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, a 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 intersectoral 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. 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:

- 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.

I The list provided is a guide and must be adjusted to the requirements of the specific feasibility study.

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.

FORMAT FOR THE FEASIBILITY STUDY REPORT

The format for the 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: 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.

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

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.

The consultants will consider the factors that ensure sustainable urban development (see also Part 1 of these Guidelines).

**5.1 Sustainability
a 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.)

b Economic

The extent to which:

- the project contributes to economic development or improving conditions for economic development.

c 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 ongoing 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

8.1 Technical appendices

- I Draft Financing Proposal 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.

8.2 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 (EuroAid Co-operation Office H/6). 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 cross-cutting 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.

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 emphasis on simplicity is to try to prevent actions becoming too complex and thus unrealistic to implement. The main steps are as follows:

1 Location map

Obtain a map (or maps) which cover 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-

2 Mapping key activities is important in order to see where there are likely to be major opportunities or problems

income population, health blackspots, environmentally poor or sensitive areas and location of a new road project or water project (see Figure 1 below).

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 (see Table 1).

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

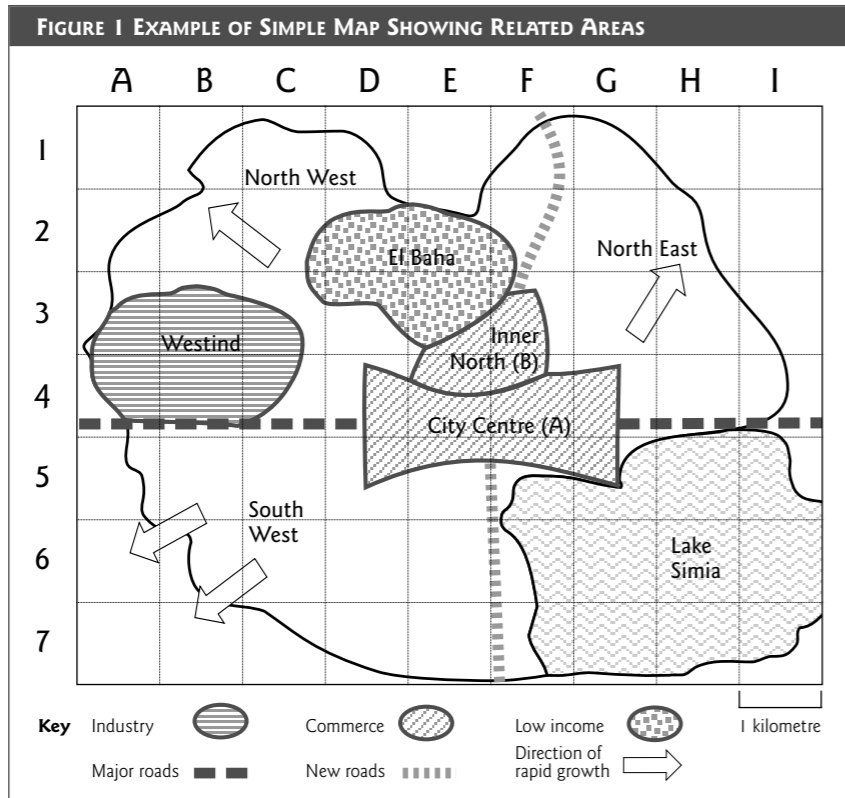


TABLE 1: RELATION BETWEEN PROJECTS AND ACTIVITIES

PROJECT / ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												

In each box mark the relationship as follows:

Positive relationship where one project helps another (is compatible with) or supports the other:

Negative relationship where one project interferes (is not compatible) with the other :

- ++ strong
- + slightly
- 0 Neutral relationship

- strong
- low

IMPLICATIONS

Where strong positive or negative relations are indicated, note them in a simple table (see Table 2 below) with a brief note of their implications for developing the project. This will provide an input to developing and appraising the project.

TABLE 2: POSITIVE/NEGATIVE RELATIONSHIPS

Relationship	What benefit or problem, and for whom?	Implication for strategy – how to maximise benefit or minimise risk

SIGNIFICANT LINKAGES

Table 3 (below) is an example of linked relationships in road construction.

TABLE 3: 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
Social Development	Roads often require relocation of people, very often the poor. This should be avoided where possible or minimised 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
Economic Development	Is linkage to economic activity exploited? Can the 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
Environment	Impact on environment? Can change of location provide environmental advantages?	Co-ordination from early stage in process
Governance	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 the decision making process enhancing greater participation?	Co-ordination on processes and responsibilities beyond the project. Information dissemination via stakeholders and transparent processes
Urban Management: institutions and finance	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	Co-operation with concerned stakeholders at early stage in formulation. Ensure linking in with valuation and tax departments.
Other programmes proposed or in operation at the same time or in the same location	Are there linkages possible that can significantly increase benefits?	Co-ordination at an 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).

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. Many local EPM processes are still being developed without using the title 'Local

Agenda 21' with, however, similar aims and strategies.

See also UNCHS (Habitat)/UNEP, 1997, *Environmental Planning and Management (EPM) Sourcebook*, Nairobi. Vol. 1, 2 and 3.

A6.1

METHODOLOGY

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:

See also *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.

See also *Manual for Urban Environmental Management*. GTZ, Eschborn. ICLEI, Toronto

A6.2

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 that include the extremely insanitary and insecure conditions in which the poor of southern cities live (lack of tenure, insanitary 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.

EPM PROJECTS

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
- That 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.

A6.3

EIA, SEA AND SIA

Environmental 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 co-operation activities: from policy, through programme to project identification, formulation and implementation.

A7.1

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 devel-

opment 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.

REGULATIONS AND GUIDELINES IN THE EC

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 co-operation 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.

A7.2

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 co-operation 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 that 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.

PRINCIPLES AND PROCEDURES

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.

ENVIRONMENTAL ASSESSMENT METHODOLOGY IN RELATION TO THE PROJECT CYCLE

A7.4

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 envi-

ronmental 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.

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ACRONYMS

ACP	African Caribbean and Pacific countries
CBO	Community-based Organisations
CSP	Country Strategy Paper
CSO	Civil Society Organisation
DFID	Department for International Development (UK)
DG	Directorate General
EC	European Commission
EDF	European Development Fund
EIA	Environmental Impact Assessment
EPM	Environmental Planning and Management
EU	European Union
FP	Financial Proposal
GAD	Gender and Development
GIS	Geographic Information System
GNP	Gross National Product
GTZ	Deutsche Gesellschaft Fur Technische Zusammenarbeit (Germany)
ICLEI	International Council for Local Government Initiatives
IULA	International Union of Local Authorities
LA21	Local Agenda 21
MS	Member States
NGO	Non-Government Organisation
O&M	Operation and Management
OECD	Organisation for Economic Co-operation and Development
PCM	Project Cycle Management
PRA	Participatory Rapid Appraisal
PRSP	Poverty Reduction Strategy Papers
QSG	Quality Support Group
R/NIP	Regional or National Indicative Programme
SEA	Strategic Environmental Assessment
SIA	Social Impact Assessment
SME	Small and Medium-sized Enterprise
ToR	Terms of Reference
UDF	Urban Development Fund
UK	United Kingdom
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USPS	Urban Sector Profile Study

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