

THE AGENCY FOR INTERNATIONAL DEVELOPMENT'S (AID)

URBAN DEVELOPMENT POLICY AND ITS APPLICATION

by

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ABSTRACT

This research presents an analysis of the economic, technical and political inputs to the decision-making process of the Agency for International Development (AID) in the area of urban development. The historical development of AID's urban policy is traced and the various external political and economic inputs to the AID decision-making process are examined.

In order to perform this analysis, the case study of Egypt was chosen. The National Urban Policy Study for Egypt, completed in 1982, is compared to AID's urban strategy for Egypt to determine the manner in which AID utilizes technical inputs in its decision-making process. The relationship among the United States Government, Egyptian Government, and the technical contractor is described and suggestions for future improvements are provided.

Conclusions state that AID'S economic development objectives are often secondary to its political ones, due to its use as an instrument of foreign policy as well. However, given the political framework within which the Agency must operate, the author also concludes that AID is still able to meet significant development objectives.

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INTRODUCTION

The task of understanding the theoretical basis upon which decisions are made in bureaucratic agencies is perhaps tedious, but not difficult. However, the comparison of a set of actual decisions to that theoretical model presents a much greater challenge, especially if there is a significant disparity between the decisions that one would have expected and those that actually were made. It is the explanation of this disparity that is the objective of this research.

The Agency for International Development (AID) is the primary United States foreign economic assistance agency. Headquartered in Washington, D.C., it has over forty field missions throughout the developing world where development specialists in many technical areas implement the U.S. economic assistance program. AID is very similar to other U.S. government agencies in that it has its regulations, procedures, proponents and opponents, but it has additional dimensions which set it apart from most other agencies--the necessity to work with foreign governments to meet its objectives and the lack of an American constituency.

I have chosen to examine the decision-making process with regard to AID's urban development program because it not only is characteristic of the Agency's decision-making process as a whole, but also is becoming more and more important to the Agency's overall development policy as low-income countries become increasingly urbanized. In addition, since AID is currently revising its urban policy statement, I believe this to be a propitious time for closer examination of the existing decision-making process.

Before examining the decision-making process itself, I will analyze the historical evolution of AID's urban policy and how it relates to other sectors of assistance. I will then proceed to the theoretical model of how AID's decision-making process takes place. This description will include an analysis of the technical, economic and political inputs to the process and, especially, the external forces and requirements which influence the Agency as it seeks to carry out its objectives.

After an estrangement of approximately two decades, Egypt's relationship with the United States began to thaw in 1974 with the introduction of President Sadat's Open Door Policy. By 1975, a small AID Mission opened in Cairo, which by 1984, numbered over 120 Americans and \$1.0 billion per year, making it the largest AID Mission in the world. The signing of the Camp David Agreement in 1979 further strengthened the relationship and positioned AID as the largest international donor in Egypt.

It was in 1980 that the Egyptian government sought assistance from AID and the World Bank in funding of its New Towns Policy. That policy, which congealed in the early 1970's called for establishing desert cities in remote areas of the country for populations which desired the amenities of life in urban environments. Development of these cities would conserve the arable lands outside of Cairo that were being urbanized as the capital's urban sprawl proceeded at an alarming rate, and serve to deconcentrate populations in the Cairo and Alexandria Metropolitan regions. Remote area cities would need great amounts of infrastructure investment such as housing, water, and electricity, if the large-scale economic activities that would attract significant

populations to these cities was to be realized.

As is usually the case when AID is asked to finance projects in an area in which it has not previously worked, AID requested that a study be undertaken. The Egyptian government agreed and PADCO, an American contractor, was hired to perform the National Urban Policy Study (NUPS). The NUPS study later was to form the basis upon which AID would formulate the urban development portion of the fiscal year 1984 Country Development Strategy Statement (CDSS), the Agency's statement of development strategy for Egypt.

The NUPS study was published in 1982 but has never been officially accepted by the government of Egypt. Subsequent to the study's publication, AID has made significant financial commitments to Egypt in the urban area which do not, to a great extent, reflect the extensive recommendations offered by the NUPS. The comparison between the theoretical base the study was to have provided and what is, in practice, AID's urban development policy, can be best portrayed by comparing the substantive areas of the NUPS report with AID's CDSS Urban Strategy Update for Egypt, in order to determine the extent to which the technical report was utilized in the decision-making process.

The Egyptian case is interesting in that the U.S. Government's relationship with that country is a special one; however; it is my perception that the manner in which decisions were made in the case of Egypt does not differ significantly from the decision-making process for other countries in which AID finances development programs. The fact of Egypt's strategic importance to the U.S. is important in the decision-making process, but such strategic considerations form part of the process with regard to all countries, making the Egypt case a valid

one from which to draw some general conclusions.

I have observed that there is very little written in or outside of AID as to how and/or why development decisions often differ significantly from the technical inputs upon which they are supposed to be based. Of course, there are significant external forces which shape these technical inputs are placed, resulting in decisions which differ from that which one might otherwise expect. To what extent do exterior concerns affect the "technical logic" in decision-making is the central concern of this thesis. This study is based on: (i) my search of AID and NUPS documents; (ii) the relatively small body of literature on this aspect of the decision-making process; and (iii) a series of interviews I have had with AID officials and NUPS participants. Using the NUPS as control study, I will examine the impact of external pressures on AID, in terms of technical and political choices the Agency has made in the formulation of urban policy for Egypt.

As a result of my research, I have come to certain conclusions regarding the level of AID's autonomy in its decision-making process. These conclusions lead to my recommendations as to how the Agency might have greater influence on the inputs to the decision-making process, as well as the future directions those inputs might take. Finally, I will seek to assess this case's similarities to AID programs in other sectors as well as other countries, in order to generalize my conclusions and recommendations.

CHAPTER I

AN HISTORICAL PERSPECTIVE ON THE AGENCY FOR INTERNATIONAL DEVELOPMENT'S URBAN DEVELOPMENT POLICY

The United States Agency for International Development and its predecessor agencies since the Marshall Plan following World War II, have selected various sectors in which to concentrate their resources for economic assistance to developing countries. It was not until 1970 that an urban development staff became a reality for AID and, with it, the inevitable problem of defining what it was that urban development was really dealing with.

AID's sector approach to economic development historically has sought key issues and critical problems to target for assistance. The process of urbanization, however, was unlike agriculture, health or education in that it was not a single problem with a set of possible actions from which to choose; rather, a more comprehensive approach was needed. In an effort to define that approach, the new urban development staff defined two sets of urban development problem areas: those related to the dynamics of the process and those that were more "practical" in nature.¹

The first problem area was concerned with policy approaches fundamental to urbanization, while the second related to projects such as housing or water supply which would contribute to urban development, especially as it influences national economic development. It is interesting to note the categorization of these issues in this, the Agency's first attempt at defining the urban policy which had been enunciated in 1966.

The following indicates the level at which the debate on urban-rural issues was held. These issues on dynamics are still familiar ones which, for the most part, have not been resolved twenty years later.

- (1) Growth - Is growth of the urban sector an incentive and/or a constraint to socio-economic development?
- (2) Determinants of Growth - Is the principle determinant of urban growth that natural rate of population increase or the rate of rural-urban migration?
- (3) Distribution of Growth - Does rural-urban migration of population and exchange of resources between urban and rural areas meet the requirements of a growth population, especially in the urban sector? How can an imbalance be avoided, particularly if the rural population continues to grow in absolute terms?
- (4) Structural Patterns of Growth - To what extent is the primate city form an optimal urban pattern for national development? To what extent does it function also as a hindrance to more balanced and efficient growth?
- (5) Consequences of Growth - Are slum and squatter settlements "cancerous blights" to be eliminated as a matter of urgency for both humane and practical reasons? Do they play a positive role in aiding people in the complex process of adaptation to a modern way of life?
- (6) Management of Growth - What are the roots of the dissonance between comprehensive, well-integrated development plans and their coordinated, often irrational implementation? How can this dissonance be overcome?
- (7) Structure of the Urban System - Is there a city-size distribution or a spatial distribution of urban centers that is more efficient than others for given levels of national development?²

The Agency focussed its attention on these issues and proposed various options which could be taken to deal with them. However, it was with the short-run practical problems which AID had been solving for rural populations that it felt most comfortable. These day-to-day implementation problems were rather clear and not open to many different interpretations as to how they could be solved:

- (1) Skilled Manpower - Shortages in particular skills required for conceptualization, planning and implementation of urban development.
- (2) Application of Scientific Knowledge and Technological Innovations - The latest scientific knowledge and technological innovations to areas, including environmental pollution, ecological balance, mass transportation, waste disposal, basic education, communications, power, housing, employment, should be incorporated into the planning and implementation process.
- (3) Use of Improved Techniques and Approaches for Decision-Making - Cost/benefit analyses and pricing, land-use analyses, data generation, screening and storage, information feedback systems, establishment of realistic and appropriate standards, etc., all influence the allocation of resources, the spatial distribution of people and the quality of human life.
- (4) New Modes of Analysis - Where conventional analytical approaches are inadequate, such as for growth center analysis, urban growth component and new town analysis, new modes of analysis must be applied.
- (5) Socio-economic Inputs in Planning - Due to socio-political problems and a desire for more equitable distribution of resources, more attention needs to be focussed on urban problems in the planning process: unemployment, marginal elements, urban education.
- (6) Service System - Need for development of service systems which are integral parts of and compatible with urban development and national development, i.e. transportation, administration, health delivery.³

This list implies that many of these areas, not specifically part of AID's urban projects, were not having an impact upon other projects. On the contrary, though before 1970 there were no projects developed solely with urban people as beneficiaries, many other non-urban projects had quite an impact upon them. Though not termed "urban," the 145 technical assistance projects, amounting to \$58.0 million, plus capital assistance projects in urban potable water alone ran to \$40.0 million. (See Annex 1 for projects from 1949-1970).⁴

These ad hoc efforts initially included an emphasis upon building materials, followed by the self-help concepts of the 1950's.⁵ The following decade saw activity in sectors such as transportation, health, and industry, which, though not then defined as urban, were certainly urban in location.

Growing from its interest in housing assistance, AID's broader view of housing in a total environmental context began to appear first in the Latin America Bureau in the 1960's. It was in this region that the problems of urbanization first became prevalent due to Latin American's rapid development that provided the Agency with fertile ground for new projects of this type. Traditional sector projects also addressed political, social and economic issues in the urban area: slums and squatter settlements; employment generation; and administrative bottlenecks to project implementation.⁶ Municipal development projects (some with histories dating back as far as 1952) dealt with the very same issues with which AID and other international donor agencies are now grappling and calling "decentralization:" strengthening of local government associations; training local government officials; improving local government finances; expanding local government services; and developing a concern for area planning. These issues of decentralization will be examined further in the context of the Egypt National Urban Policy case study in Chapter III.

Technical assistance to less developed countries' (LDC) savings and loan associations for institution building purposes soon complemented AID housing loans. Assistance was obtained from such organizations as The Housing and Home Finance Agency, The Foundation for Cooperative Housing, The Federal Home Loan Bank Board, The National League of

Insured Savings, The American Savings and Loan Institute and others.⁷ Although technical assistance projects to build up savings and loan associations (S & L's) functioned well, the fact remained, that mostly upper and, less frequently, middle income groups had access to loan funds. Since high down payments, collateral, tenure requirements, and necessity of regular income, all made it difficult for the lowest income groups to benefit from such technical assistance, only certain levels of middle income groups benefited from these projects. Technical assistance also took the shape of resident AID technicians and consultants, workshops on squatters settlements and site planning, participant training and commodity purchases.⁸

The problems associated with developing urban plans at that point in AID's history seemed to have moved toward solution. However, with the abundance of advisors being contracted and plans being produced, the successful implementation of those plans was still the essence of urban development and, according to Cooley, there were still some problems in taking that final step in the process from plans to reality.⁹ The importance of a comprehensive, cross-sectoral approach in urban development was realized, but it was the infrastructure, the nuts and bolts projects, that were being emphasized right up until the 1970's since AID development experts' lack of know-how on how to approach the urban policy area in a coordinated fashion was still evident, and the research which they and the World Bank, among others, would undertake on the subject had not as yet begun.

The 1973 United States Congressional mandate to AID directed the Agency to focus on the "poor majority," an effort targeted to the poor population in developing countries, rather than a continuation of the

"trickle down" theory that the generalized improvement in economic conditions in a country, in fact, would "trickle down" to the poor. Three major areas: health and population, agriculture, and education, were to be the Agency's priorities and remain so until today. After careful study, the Congress had come to the conclusion that development based on the "trickle down" theory had not reached the majority of the poor people of the Third World.

AID's interpretation of this mandate was that it was to focus on the poor majority residing in rural areas in the LDC's. Since Agency policy was to deal primarily with the productive aspects of development, a shift in emphasis to the urban poor might divert resources to welfare-related activities. What's more, rural populations, for the most part, exceeded urban populations in sheer numbers, so that the stress upon rural areas seemed all too warranted.

Until the late 1960's, the above-mentioned "trickle down" theory was popular with most international donors, with a special emphasis upon maximizing aggregate agricultural output, as well as overall economic health of developing countries. The kinds of technologies being transferred, were increasing both absolute and relative income disparities among farmers in developing countries.¹⁰

The Foreign Assistance Act (FAA) amendments in 1973 stated:

United States bilateral development assistance should give the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries.

...greatest emphasis should be placed on countries and activities which effectively involve the poor in development, by expanding their access to the economy through services and institutions at the local level, increasing labor-intensive production, spreading productive investment and services out from major cities to small

towns and outlying rural areas, and otherwise providing opportunities for the poor to better their lives through their own efforts.¹¹

Notwithstanding the Act, from a policy perspective, whether rural development programs were designed to be doing so or not, they were providing assistance to urban poor; urban-dwellers were receiving AID's largesse in market towns, in small cities and elsewhere. The Housing Investment Guaranty (HG) program since the early 1960's, had authorized almost \$1.0 billion for shelter-related projects, all in urban areas. "Poor" people were classified as those who earned less than \$150/year per capita and had a diet of 2200 calories per day or less. There were those in the urban areas who more than qualified, since an adjustment in income would be necessary to compensate for the difference in food costs of the urban poor due to distances from the source. More importantly, simultaneously with this internal policy struggle on how to reach the poor, though urban population, came an increased rate of urbanization, a rural-urban migration, which served to point up the necessity for examining rural and urban development problems together and for developing programs in the context of an entire economy's development problems.

Since the Foreign Assistant Act of December 1973 stipulated that HG loans be coordinated with and complementary to other AID programs, services such as power, water, and sewer lines have been added to AID's Office of Housing and Urban Programs. Projects directed at families below the median income in their respective areas have been broadened to cover basic slum and squatter settlements as well as sites and services.¹² That shift in shelter emphasis was not initially very well-received by host governments. When accepted, the preferred sites for

such projects were capital cities or large metropolitan centers, which only exacerbated the existing problem of urban overcrowding.¹³ Most governments did not want to admit to being able to provide only slum upgrading and sites and services projects, consisting of small plots of land, possibly with either core units and bathrooms and other services. Single family homes and public housing were found to be too costly, providing housing for only the upper and middle class population. Slum clearance policies had only reduced the housing stock and caused other slums to spring up elsewhere in the cities. The implementation problems involved in upgrading and sites and services projects were many, but with few resources, these innovative projects which, after all, were a formalization of the activities already being undertaken by the LDC populations, themselves, seemed to be the only answer.

Still, there was a growing need to reach a larger number of the urban poor and it was determined that the Agency would:

- In FY 1977, a) Accelerate implementation of present policy regarding the off-farm aspects of rural development, including a number of countries where (AID) mission initiatives are already underway;
- b) Begin or accelerate field project identification of analytic and pilot projects (including HG and PL 480) dealing with the poor majority in a few cities; and
- c) Discuss our plans with Congress now and, if necessary, ask for additional resources for FY 1978.

In FY 1978, begin funding pilot projects and analytical efforts.¹⁴

This new effort, in a way, was the initial attempt to relate urban and rural development problems, analyze them together, and increase LDC institutional capability to do the same, but backed by financial

resources. In addition, specialists in urban development were beginning to appear in AID's field missions, showing a new level of commitment to the urban poor by the Agency.

With the passage of over a decade since Congress' poor majority mandate to AID was redefined by the Agency to include assistance to urban poor as well as rural poor, the Agency is again redefining its framework for urban policy. The August 1984, "Draft Urban Development Policy" defines "urban" as spatial in nature and "urban sector" as including: "...the analytical, institutional, policy and related aspects of urban development which normally would not be included in describing traditional development sectors".¹⁵

Since every country defines differently what constitutes an urban area, AID has chosen urban to mean "any separately administered population agglomeration in which at least two-thirds of the households derive their income from economic activities other than farming."¹⁶ It will be incumbent upon AID to determine which countries lend themselves more to urban projects, given that "urban" is different for each country. For example, those countries suffering from extreme land pressures or those having to move to a more industrialized economy due to the onset of drought conditions would be prime candidates for urban over rural-oriented projects. Investments in shelter, infrastructure and social services would be provided to locations where there are sufficient productive investments in industry, commerce, and job creation, which AID might also support. The former would be supplied at appropriate standards, affordable and accessible to the poor.

The evolution of AID's concern for urban dwellers followed the rate of rural-urban migration trends, beginning slowly in the fifties,

but steadily increasing through the sixties and early seventies. By the mid-seventies and up to the present, the tremendous rate of urbanization, and projections that by the year 2000 most of the world will live in urban areas, have provided AID with ample reason to take a proactive rather than a reactive stance toward urban development. The urban policy and programs to implement that policy have as their objective the balance between urban and rural economic growth for overall national economic development.

The benefits of urbanization and industrialization are offset by the excess demand for services such as housing, water, health care, and sewerage, and the increasing need for employment opportunities. AID's current thinking, which can be linked to the Reagan Administration's free market orientation, is to assist LDC governments in removing distortions in their policies, such as subsidies on services, interference in the labor markets, and disincentives to agricultural producers through price controls. If such goals can be met, then the contribution of urbanization to total national economic growth may be maximized.¹⁸

The latest urban policy statement moves toward examining urban centers, their consumption of resources, and how they fit into the national economy and national settlement system. To support this policy, AID counts the following among the types of urban programming it might pursue:

1. Support for Country Economic Development Policies:
Aside from those mentioned above, AID would seek to assist LDC governments in reversing policies which suppress returns to the traditional rural sector in order to:

(a) achieve artificial cost-of-living reductions for urban populations; or

(b) artificially manipulate returns in favor of specific interest groups in urban areas.

2. Support for the Private Sector and Job Creation:

Programs to include improvements of local credit institutions, possibly cooperative efforts among small-scale enterprises which might decrease the transaction costs of lending; assistance to local administrations in removing administrative and regulatory constraints on smaller enterprises such as local tax and administrative reform; creation of increased opportunities for private participation in urban development, including the provision of urban services and those activities supportive of agricultural and rural enterprise.

3. Support for Housing Policies and Programs for the Urban Poor:

By introducing innovative techniques for low-cost housing (sites and services and settlement upgrading programs), and encouraging governments to lower standards to levels that are affordable by the poor, the HG program could assist in reducing housing subsidies, thereby turning over low-cost housing finance and construction to the private sector. AID policy preference to avoid subsidies is clear in this regard, though assistance will support solving problems which are not adequately addressed through private organizations (e.g., disease prevention and the improvement of health conditions through the provision of water and sanitation facilities and services.)

4. Support for Development of Human Resources:

Activities to improve the productivity, efficiency and capacity of human resources may be appropriate for achieving the objectives of the urban development strategy. Such programs may include: education, health, nutrition, family planning and vocational training.

5. Support for Urban Institutional Development:

The success of LDC's in the urban arena will depend upon their capacity to develop, plan, manage and deliver urban services. AID activities can assist LDC's in planning the maximum utilization of both human and capital resources; to improve institutional efficiency in planning and provision of services, including improved methods of cost recovery through appropriately structured user charges and equitably administered taxes; and to strengthen institutional capacity through training programs.

6. Support for Hazard Resistant Codes:

The increasing tendency for national and local governments to allow development in areas prone to high risk from natural disasters, particularly flood, severe storm and earthquake, not only places lives in jeopardy but also multiplies the potential for economic loss. AID assistance should encourage settlement and building regulations which will increase the survival rate of buildings and populations in disaster prone areas.¹⁹

Though AID has come a long way from its early policy orientation, which was to concentrate on the rural poor but permit the chance fallout that might assist the urban poor, it has not yet on paper or in practice been able to fully direct its efforts at the urban poor, except in terms of the rural poor. Development Assistance Funds (DA), loan or grant funds used to carry out AID's programs in agriculture, health, nutrition, family planning, or science and technology, are not normally permitted to be utilized for projects of urban infrastructure. Special circumstances must exist and AID field missions must be able to demonstrate that the development of urban physical infrastructure is crucial to the achievement of the priority goals of that particular country's strategy as they relate to the functional areas emphasized by the FAA in order for a country program to explicitly include such projects.²⁰

Other exceptions to the DA funding rule include:

...(i) urban infrastructure which supports in a substantial way the four pillars of the Agency (policy reform, institutional development, technology transfer and private enterprise development); (ii) infrastructure development in support of private productive enterprise which creates new permanent employment; or (iii) other cases where such infrastructure (water, sewage, waste disposal, roads and community facilities) are part of a comprehensive strategy for achieving effective policies, managing urban resources and responding to the needs of the lower income population.²¹

Economic Support Funds (ESF) and HG funds may be used for urban infrastructure projects. ESF funds are usually in the nature of budget support, and are more politically than economically motivated. Those funds are allocated to countries strategic to U.S. foreign policy interests that have particularly severe economic or political stability problems, though the funds are also to be used in the fulfillment of basic human needs, to the extent possible.

It is clear from the above that either Congress has yet to de-emphasize its rural focus or that AID has failed to interpret Congressional intent properly to include all people of the developing world who are poor, not merely rural-dwellers. It is likely that the case has not as yet been forcefully presented to Congress that most of the world is becoming more urban since the time of the 1973 mandate, and that the plight of the urban poor has now become sufficiently serious that deliberate programs for them should be developed without all the various constraints on funding currently placed upon the Agency. It is expected, for example, that by the year 2000, 70% of Egypt will be urban. Urban area populations in many Latin American countries now outnumber rural populations. It is, perhaps, this update that should be made available to Congress, complete with numbers on populations in urban areas who do not have the benefit of safe drinking water, minimal quality housing, health care and educational facilities. These problems and the lack of employment opportunities to provide income so that minimum caloric intake can be maintained above the 2200 calories usually considered to be the minimum at which a healthy adult can function and contribute to society, are problems of which Congress must be made aware. The case for urban development must be made if AID's overall

development policy is to adequately reflect and provide for solutions to the development problems currently being faced by the developing world.

FOOTNOTES CHAPTER I

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4. Cooley, Stephen W., Agency for International Development Technical Assistance for Urban Development, A Study of Agency Experience, 1949-1970, Technical Assistance Bureau, Washington, June 1971, p. 4.
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9. Agency for International Development, "AID Policy and Strategy Regarding the Urban Poor," Technical Assistance Bureau, Washington, March 24, 1976, p. 5.
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11. Ibid.
12. Ibid., p. 37.
13. Ibid., p. 38.
14. Ibid., p. 64.
15. Agency for International Development, "Draft Urban Development Policy," Office of Housing and Urban Programs, Washington, August 1984, p. 37.
16. Ibid., p. 4.
17. Ibid., p. 10.
18. Ibid., p. 5.

FOOTNOTES CHAPTER I CONTINUED

19. Ibid., pp. 7-9.

20. Ibid., p. 3.

21. Ibid.

CHAPTER II

THE AID DECISION-MAKING PROCESS

In the previous chapter, I examined the development of AID's urban policy, citing some of the Congressional guidelines given to the Agency since its inception. It is interesting now to consider the multiplicity of external forces which are brought to bear on AID in its decision-making process for the allocation of resources. Insofar as members of Congress are influenced by their constituencies and many other interest groups, the list of actors which influence AID policy decisions is lengthy. These forces provide the framework in which AID makes decisions. After examining the factors which enter into the policy-making process, I shall analyze AID's own decision-making process in terms of its political, economic and technical content.

In its preamble, the Foreign Assistance Act of 1961, as Amended, in states the purpose of foreign aid: "...To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes." Section 102 of the Act provides the basic rationales for foreign aid--defense, economic, political and humanitarian.¹ Portions of the FAA which clearly indicate these rationales are excerpted below:

...It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make an historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

Also, the Congress reaffirms its convictions that the peace of the world and the security of the United States are endangered so long as international Communism continues to attempt to bring under Communist domination peoples once free but not subject to such domination. It is, therefore, the policy of the United States to continue to make available ...assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance as the primary instrument of such growth.²

The defense/security rationale for foreign aid is based not so much on the perception that the U.S. is directly threatened by Communism, but on the possibility that developing countries are easily threatened by Communist incursions. The likelihood of such an event has caused the U.S. to contribute heavily to making developing countries' military and

police forces capable. Regional mutual security agreements to which the U.S. is signatory commit this country to come to the defense of many developing (and developed) countries throughout the world.

The establishment of military bases in or near developing countries was once thought to greatly contribute to meeting U.S. and developing country security needs, while serving as a deterrent to Communist territorial ambitions. It is also important to note that internal developing country conflicts as well as conflicts among developing countries might also be discouraged as a result of such facilities, perhaps, mitigating the possibility of a situation which would be ripe for Communist intervention and penetration.³ The rights to such bases are often made more palatable to the host country when foreign aid is given in exchange. The difficulty in terming such assistance "aid" is that it is not clear who is the beneficiary. Military assistance for bases is funded separately from economic assistance, the latter being AID-financed.

Although foreign aid is not given full credit for the containment of Communist influence, Kaplan cites it as a prominent instrument of U.S. foreign policy toward developing countries. A passage from his work, now almost twenty years old, provides some insight into the degree of usefulness of foreign aid as a weapon against the spread of Communism. The reader, alone, may make that determination:

...Threats of Communist take-over no longer seem imminent in Greece, Iran, Guatemala, Bolivia, Lebanon, the Congo, Leopoldville, and Guinea. At times, Iraq and Afghanistan, Ceylon, Yemen, Algeria, and Laos seemed to be targets of opportunity that were being successfully exploited by the Communists; in each of these countries Communist forces appear to have been frustrated, for the present at least...Nevertheless, it would be grossly premature to assume that lasting containment of Communist power and influence has been achieved anywhere...⁴

If there is one fact that most authors writing about foreign assistance agree upon, it is that, unlike domestic spending programs, foreign aid has no strong constituency. Although there is the feeling among those who are proponents of foreign aid that rich countries have a moral obligation to share their resources with poor countries, the American public has never been convinced of that obligation nor of the effectiveness of foreign aid in reaching the poor when aid is provided. Statements which the FAA makes in favor of economic growth, free economic institutions and productive capabilities, and long-range economic and social development, have never been taken up by many inside or outside of Congress as the moral imperatives of a wealthy society.

Huntington has described the "purist" rationale for aid, "...that economic development should itself be a high-priority goal of U.S. foreign policy, but that economic development assistance should not reflect U.S. policy."⁵ Long-term economic needs of foreign countries, as stated even in the FAA, are a reality and do not lend themselves to the kinds of directed programs with defined objectives, such as could be found in the Marshall Plan. It is precisely this problem, the lack of short-term political objectives, Huntington maintains, that mitigates against political support for foreign economic assistance programs today. If short-term political objectives should not be the rationale for aid, according to the purists, then, since political leaders are mainly short-termers, this rationale does not value the support of politicians.⁶ Such a political argument for aid has little chance of winning friends for the program, especially in this era of budget trimming and U.S. deficits.

The establishment of long-term commercial relationships between U.S. and developing country interests; the maintenance of supply sources for raw materials; the opening up of new markets for U.S. products, with the accompanying increase in U.S. jobs; are much stronger arguments for U.S. politicians in favor of aid to sell the electorate. The need for good world economic health, where developing countries can afford to import U.S. supplies, farm products, machinery, and the American way of life, is a far more saleable argument for foreign aid advocates to present to Congress than the one of non-political, long-term economic development needs of other countries.

The use of aid to assist "friendly" governments such as Brazil, Iran, Chile, Egypt, and Israel at various times in our history, where foreign economic development was surely not the primary U.S. goal, has shown that political aid can, indeed, also have significant economic impact. It is for the political benefits, Huntington maintains, that the U.S. is willing to give large amounts of economic assistance. However, he sees such assistance being decreased as fewer countries find it in their interest to exchange resources and political cooperation for U.S. economic assistance. Though in the last decade, there has been much rhetoric against the political use of foreign aid, especially in international fora; the increase in amount of ESF funds and number of ESF recipients in the Caribbean, Central America, and the Middle East, attest to the continuing political nature of AID giving. The significant amounts of foreign aid being given to Costa Rica, bolstering the strongest democracy in Central America that is now facing severe economic problems, is but one example. The cut off of economic assistance to Nicaragua is another. Given the objective of such aid,

even the purists, though they may disagree with its motivation, must accept the existence of politically-based economic assistance, which far surpasses the amount of purely economic or humanitarian assistance to developing countries and, indeed, has formulated much economic growth.

The Foreign Assistance Act and Congress having provided the mandate and direction for assistance to developing countries; private and public interest groups having exerted pressure through Congress on AID; who else must be consulted before the Agency may begin to go about its business of economic development? The most important actor is the Department of State, through which most foreign policy decisions from the White House and Congress are interpreted for AID. The coordination with State is constant, as are Congressional and Administration foreign policy concerns which are transmitted directly to AID. On a continuing basis, this policy is channeled through AID's Program and Policy Coordination Bureau (PPC) to the rest of the Agency.

It is in B. Guy Peters' discussions of the politics of bureaucracy that the conflict between policy-making roles of formal political actors, such as the President and Congress, and public bureaucracies such as AID, is vividly portrayed. Since Congress has the formal and constitutional authority, that, in and of itself, gives it legitimate decision-making power over AID. The "power of the purse" gives Congress the ability to control AID actions and, basically, to determine the amount of autonomy the Agency has over how funds are spent. I will return to this important issue of autonomy in my final analysis of AID's decision-making process.

The policy-making role conflict arises often, but most frequently it is seen when Congress seeks to not only regulate policy but also

implement it. Peters and others admit that bureaucratic agencies are the repositories of the information and expertise. But, in fact, Congress has placed so many restrictions on the kinds of programs which AID may implement and the manner in which they may be implemented, that the Agency finds itself providing technically and economically sound judgments as to appropriate economic development policy, only to have those judgments subordinated to Congressional concerns that often have little to do with economic development.

A plethora of other restrictions are placed upon AID by the Departments of Commerce, Agriculture, and the Treasury, as well as the Office of Management and Budget. AID funding levels and policy choices are evaluated variously in terms of opportunity costs, political leverage, and future export markets, by all of these and the other previously-mentioned actors. Technical and development expertise is solicited from AID at different stages in the policy-making process. Testimony on Capitol Hill by AID personnel is frequent and, indeed, is an annual event for the media to take the opportunity to criticize the Agency. Who plays what role and where are which decisions made is still unclear, as agencies seek to play important roles in how much and in what manner foreign aid is provided.

The question of policy-making responsibility may be the result of a lack of agreement clear understanding as to the purpose of foreign aid, though the core mission of the Agency is clearly economic development. If the core mission is clear to all the actors, then it might be valuable to determine how and where the responsibility for policy formulation and decision-making lies. As it now stands, aid is used, effectively or ineffectively, some would maintain, as an instrument of

foreign policy; as a tool to promote foreign economic development and growth; as a reflection of U.S. attempts at remedying American social problems through set-aside funding of contracts for small businesses, disadvantaged, or minority-owned firms; or as a mechanism for strengthening markets abroad. There is no reason why foreign aid should not serve any or all of these purposes; however, the administrative burden placed upon the Agency from outside to achieve these purposes is needlessly severe and uncoordinated.

There are so many Congressionally-mandated concerns with which to deal, that the process of project design, development, approval and contracting exceeds two years. The assumptions upon which a project is developed often change by the time the project begins implementation. Project management on the American side as well as in the host country may change as well. Is this process the most efficient and effective mechanism to arrive at the first stage of project implementation? It would seem more rational for external concerns to be made known to AID directly so that the Agency, itself, might formulate the best policy that would allow the process of economic development to take place in the most informed, expeditious manner possible.

As it now stands, once AID receives the inputs from these actors, the Agency has the political framework from which it proceeds to make its own economic and technical decisions. Informal discussions are held between recipient government personnel and the USAID missions in the field. Sector and other technical analyses follow to determine what the situation is in a particular area, often with privately-contracted assistance to complement AID's technical staff. The task then is to identify the pieces of the whole which are feasible for U.S. economic

assistance.

Constraints again arise, this time concerning the Agency's own internal requirements regarding the appropriate areas for the Agency to emphasize, given the political framework imposed externally. These requirements reflect the thinking of the Administrator of the Agency, a presidential appointee, who works with the Agency's policy staff to formulate the ideology under which the Agency operates. It is not surprising, therefore, that under the Reagan Administration the four "pillars" of AID include: private enterprise development; policy reform; human resource and institutional development; and technology transfer. The hallmark of the Carter Administration emphasized the granting of aid to friendly countries with acceptable human rights records. The political input is an expected part of foreign assistance and varies with every Administration.

The new requirements are considered by the USAID missions in light of discussions with host country officials concerning the areas which might lend themselves to AID assistance. If a mission feels that there is a match in interests between the two governments and a possibility for successful intervention, then the AID mission will go forward and specify these areas in the Country Development Strategy Statement (CDSS), which is presented to AID/Washington (AID/W) each year. The CDSS will lay out AID's overall strategy for development in a country, with annexes for individual sectors, stating goals and objectives for the program in, for example, urban development, agriculture, or industrialization. The analysis which goes into the CDSS moves missions to define country problems in terms of opportunities for AID, as measured by host country interest and commitment; visibility as to

development impact and recognition of AID assistance; as well as leverage, especially for policy reform. From the CDSS document, AID proceeds in the development and programming of funds for individual projects, as shown in Figure 1.

In order to press forward in projecting the strategy for a country, many sector assessments, pre-feasibility studies feasibility studies and project design team efforts, are financed by AID. As previously mentioned, sometimes these studies precede the strategy, since it is often the case that the Agency must obtain sufficient information about a sector to make decisions on what strategy should be followed. In addition, technical studies are undertaken to confirm or reject widely held notions about a particular development area and how the Agency should formulate its program. The National Urban Policy Study for Egypt provides an excellent example of a study which was used with other studies, for the development of the Fiscal Year 1986 Egypt CDSS Annex-Urban Policy and Strategy Update. Since the urban area has been designated as one of the top region-wide priorities for AID's Near East Bureau for the 1983-1988 period, due to the increasingly difficult problems facing the cities in the region, and AID's largest program in the Near East being Egypt, the logical country for such a sector study was Egypt.

The NUPS study was completed in 1982 and a new USAID/Cairo mission urban strategy has since been accepted by Washington. The process for developing that strategy is of interest since the technical study is or was to have been the major input to that strategy. By juxtaposing the NUPS study with the Egypt CDSS Annex on Urban Policy, the significant

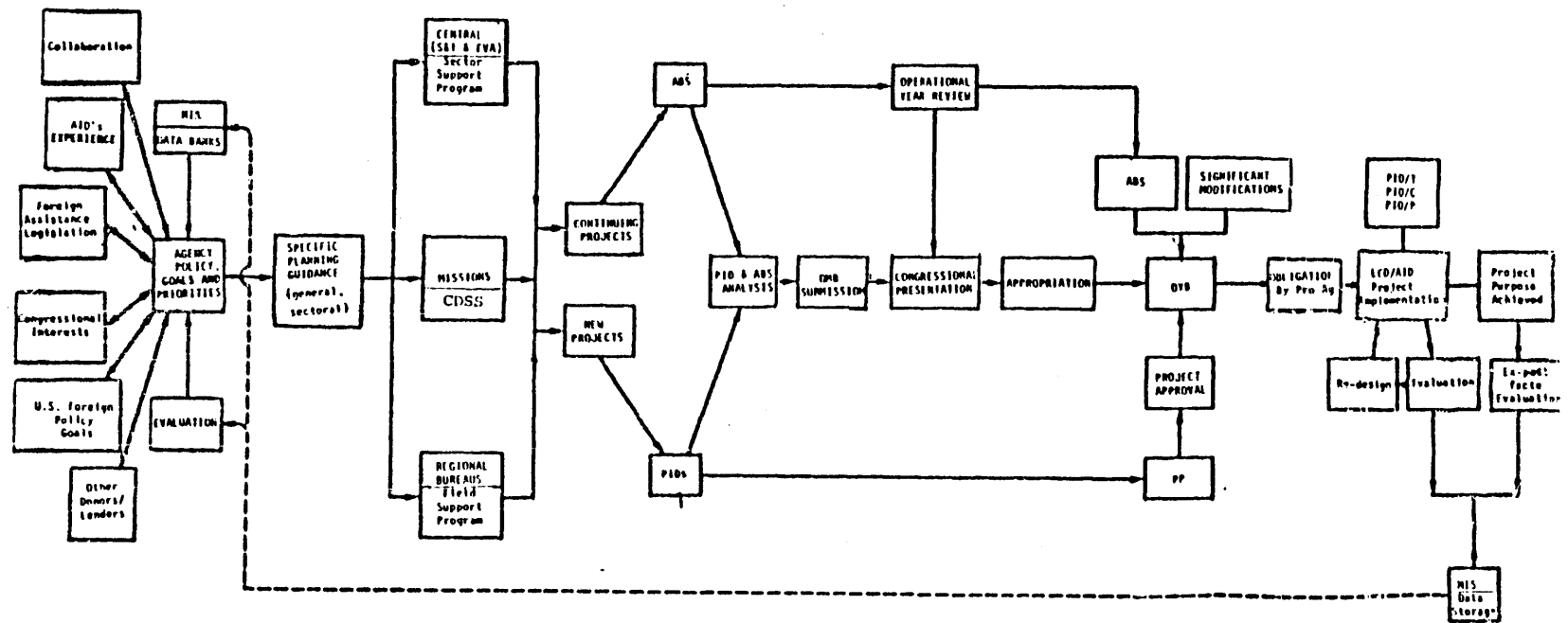
difference between those two efforts will provide the basis for my comparison between the theoretical framework for decision-making and how decisions actually are made.

Figure 1

CDSS - Country Development Strategy Statement
 S&T - Bureau for Science and Technology
 FVA - Bureau for Food & Voluntary Assistance
 ABS - Annual Budget Submission
 PID - Project Identification Document
 OMB - Office of Management & Budget
 OYB - Operating Year Budget

PP - Project Paper
 ProAg - Project Agreement
 PIO/T - Project Implementation Order, Technical
 C - " " " " , Commodity
 P - " " " " , Participant
 LDC - Less Developed Country
 MIS - Management Information System

THE AID PROGRAMMING PROCESS



28

MUST BE FINALIZED IN AID/W by SEPT. 14, 1980

1st FY

Sept. 15, 1980 -
1st FY

Approx. Jan 20, 1980 or
Sept. 15, 1980
2nd FY

Oct. 1, 1980 or
CONTINUING RESOLUTION
2nd FY

STARTS WHENEVER APPROPRIATION IS PASSED

BY SEPT. 30, 1980
3rd FY

FOOTNOTES CHAPTER II

1. Black, Lloyd D., The Strategy of Foreign Aid, D. Van Nostrand Company, Inc., Princeton, 1968, pp. 14-20.
2. Ibid.
3. Kaplan, Jacob J., The Challenge of Foreign Aid, Praeger Publishers, New York, 1967, pp. 112-113.
4. Ibid., pp. 143-144.
5. Huntington, Samuel P., "Foreign Aid: For What and For Whom," in Development Today, Hunter, Robert E. and Rielly, John E., Praeger Publishers, New York, 1972, pp. 26-30.
6. Ibid.
7. Ibid.
8. Peters, B. Guy, The Politics of Bureaucracy, Longman Inc., New York, 1978, pp. 168-173.

CHAPTER III

THE NATIONAL URBAN POLICY STUDY FOR EGYPT (NUPS) AND AID'S COUNTRY DEVELOPMENT STRATEGY STATEMENT (CDSS)--A COMPARISON

The National Urban Policy Study for Egypt (NUPS) was undertaken in July, 1980. The effort grew out of the urging by both the World Bank and AID for the Government of Egypt's (GOE) Ministry of Development to prepare and adopt an urban policy after both lending agencies had been approached for urban sector funds. Previously, United Nations consultants to the Ministry had helped the GOE to develop a National Physical Plan, a plan that was a "needs-based" plan that assessed the need for schools, housing, infrastructure, etc., and how the response to those needs by the government would be distributed over the total settlement system.

AID financed a contract with PADCO, a Washington-based consulting firm, to perform an urban policy study which would provide the Agency with the kinds of information and recommendations it needed to determine how to proceed in the urban sector in Egypt. The contractor made the determination early on, if it was to fulfill its objective of examining an overall urban policy for Egypt, that the study would not concentrate on the GOE's limited objective of promoting new cities in remote areas but, rather, it would examine macroeconomic development issues in relation to the settlement system as a whole. The NUPS study utilized many existing studies and plans available from the GOE and other international donors and sought to use Egyptian national development objectives as a starting point. Those objectives were:

Sustaining a high rate of economic growth.

Improving the standard of living of all Egyptians, with emphasis on low-income groups through:

Creating productive employment opportunities for the rapidly growing population.

Generating sustained increases in real per capita income.

Ensuring that public service and facility gains are equitably shared by the Egyptian people.

Achieving certain special objectives:

Encouragement of the deconcentration of Cairo.

Protection of arable land from urbanization.

Demonstration of an expression of modernization and progress.¹

On the AID side, the Agency was sincere in its search for good urban projects and an understanding of the existing urban situation. Studies on land use policy, urban financing, infrastructure, the informal housing sector, and housing and community upgrading, had either just been completed or were about to get underway during this period. The desire to lend some rationality to the manner in which AID and the GOE approached these urban issues was the motivation for NUPS, and there was no question that financing for urban projects could be made available for good projects, especially following the 1979 Camp David Agreement.

The NUPS study was completed in 1982; AID's Egypt Country Development Strategy Statement Urban Annex was developed for FY 1984 early in 1982, then updated for FY 1986 in April of 1984. Since the NUPS was completed and its recommendations were included almost in their entirety in the 1984 CDSS Urban Annex, the following analysis will focus

on the measure to which NUPS served as an input to the urban program then and later in the FY 1986 Egypt CDSS Urban Policy and Strategy Update. The NUPS and CDSS statements regarding NUPS recommendations will be examined in turn. My analysis of the reasons for which AID's current urban strategy for Egypt does not more closely resemble this major technical input will be the basis for the following chapter.

It is useful to note at this juncture that PADCO's product, the NUPS study for Egypt, and the Urban Development Assessment (UDA) methodology which resulted from it, are generally regarded by AID as comprehensive, excellent pieces of work. AID's office of Housing and Urban Programs has published PADCO's "Guidelines for Preparing Urban Development Assessments," the methodology developed by PADCO in Egypt, as guidance to AID field missions for undertaking UDA's. The Agency has contracted PADCO to test the methodology in Somalia, Nepal and Senegal in national, regional, and city-oriented approaches, and has funded a project of over \$11.0 million in AID/W to provide missions with UDA-type assistance. Therefore, I have concluded from these examples of replication of the UDA methodology and my various interviews with AID and PADCO officials, that the NUPS study is, indeed, technically sound. Annex 2 provides a description of the UDA guidelines.

The FY 1986 CDSS Urban Annex states:

...A sound urban development approach for Egypt should be based upon our major recommendations laid out by the National Urban Policy Study... The Study recommends substantial modifications in current policies and programs. It proposes careful GOE consideration be given to the following:

1. That attention be given to exploiting the strong economic advantage of the Cairo and Alexandria metropolitan regions to absorb major portions of

deconcentrating the cores of these cities by establishing other close-in satellite settlements similar to the 6th of October and El Obour presently underway in the Cairo Region;

2. That planned future investments in free standing new towns such as the 10th of Ramadan, Sadat City and New Ameriya be significantly curtailed and that focus be directed on additional growth in the Canal Cities, and in a limited number of Upper Egyptian Cities;
3. That the standards selected for housing and related services reflect greater affordability within urban areas. The development of housing and infrastructure standards are needed that are affordable by a broader portion of the urban population. Increased efforts also are needed to recover public investment outlays from the recipients of publicly-supported housing and services;
4. That the amount of public investment in industrial investment policies and sectorial policies for housing and infrastructure be conserved. Priority should be given to encouragement of private investment in job creation, housing, and related infrastructure development; and
5. That a strategy for preserving agricultural land and managing growth in the Delta Cities be carefully followed.²

Although AID concurs with the policy as outlined by NUPS, it also has decided to concentrate its urban efforts in a very few areas in which the Egyptians are already working. The strategy it has chosen centers on concurrence with NUPS that... "the dominance of Cairo and Alexandria in the urban system will continue; that huge deficits exist in necessary urban infrastructure, especially in the country's principal cities; and that inefficiencies in resource allocation are due to institutional weaknesses and market signal distortions."³

NUPS has laid out the elements of a national urban policy for Egypt which would lead to a development strategy (See Diagram 1). AID has taken that framework and added to it the strategy and programs/projects

Diagram 1

**ELEMENTS OF NATIONAL URBAN POLICY FOR EGYPT
FOR EGYPT
DEVELOPMENT CONSTRAINTS**

POPULATION :

- High Rate of Growth
- Decreasing External Demand for Labor

ECONOMY :

- Difficulty in Sustaining High Growth Rate
- Insufficient Domestic Saving

SETTLEMENT DISTRIBUTION :

- Rapid Urban Growth
- Increased Migration
 - Rural to Urban
 - Small to Larger City

INDUSTRY :

- Weakness in Domestic Economy
- Low Productivity Public Sector
- Non-Selective Use of Incentives
 - Sectoral
 - Location

INFRASTRUCTURE / SERVICES :

- Large Current Deficits
- Large Future Needs

POTENTIAL RESOURCE SHORTFALLS :

- Domestic Investment Finance
- Agricultural Lands
- Water

POLICY ADMINISTRATION :

- Overlapping and Dispersed Authority Nationally
- Uncertain Relationship National to Local

EMPLOYMENT :

- Over-expansion of Service Employment relative to Industrial Employment
- Slow Growth in Farm Employment

DEVELOPMENT PRINCIPLES

- Efficiency Orientation in Settlement System
- Conservation of Public Investment Funds

MAJOR METROPOLITAN GROWTH :

- Cairo Region (Including, New Satellites and New Towns)
- Alexandria Region (Including, New Satellites and New Towns)
- Suez

METROPOLITAN GROWTH MANAGEMENT :

- Core Deconcentration
- Increased Density-Peripheral Firms
- Fringe Sites and Close-in Sattelites

DELTA GROWTH MANAGEMENT :

- Migration inducement to non-arable land sites in Major Metropolitan Regions
- Sectoral/Location Control Industry
- Focus Expansion Service Centers

INDUSTRY and REGIONAL INFRASTRUCTURE :

- Emphasize Industrial Sector in Investment
- Integrate Sectoral and Location Policies with Spatial Strategy
- Infrastructure Support for Spatial Strategy

DECENTRALIZATION :

- No More than Three Upper Egypt Sites
- Finance only High Pay-off Projects in other Areas

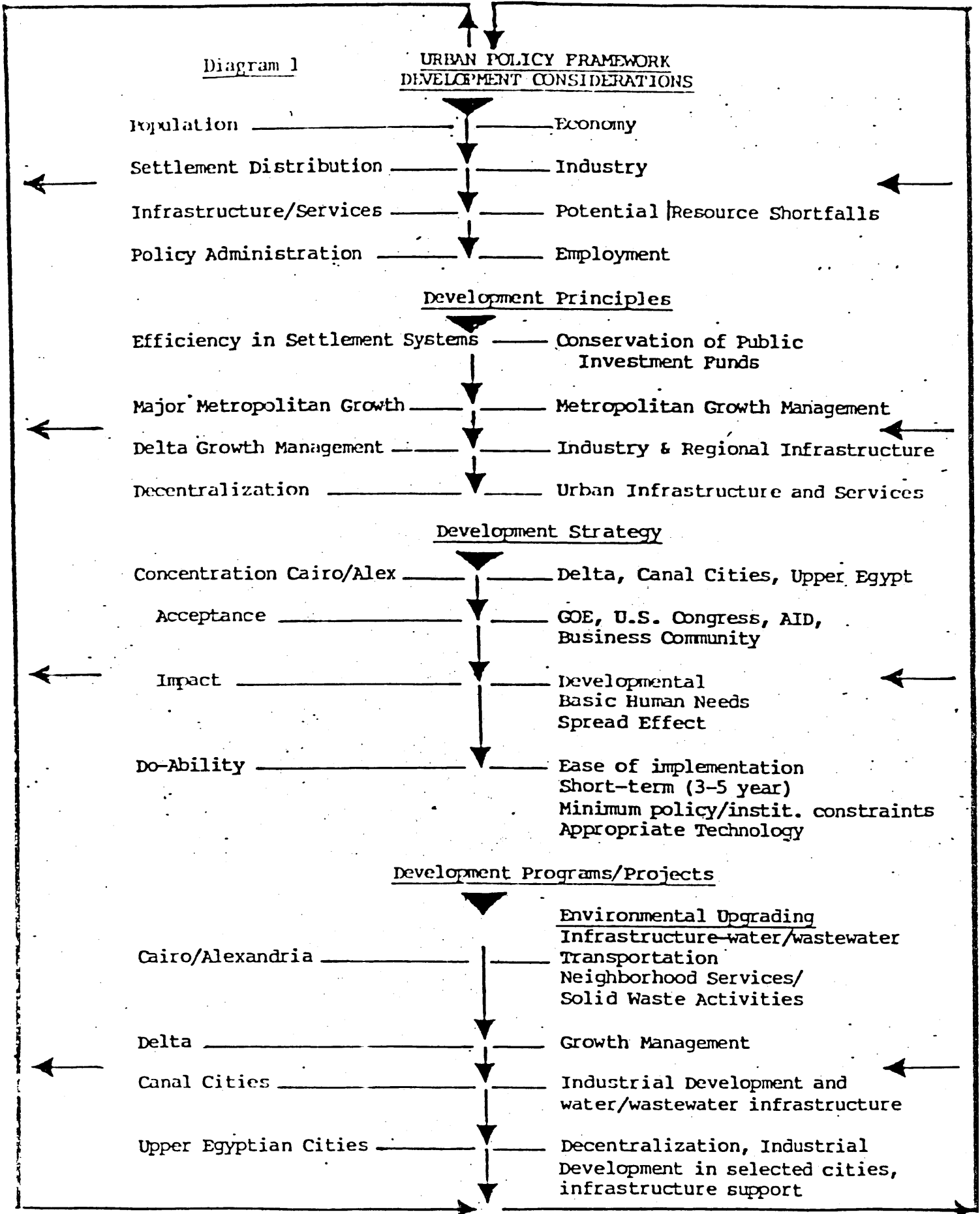
URBAN INFRASTRUCTURE and SERVICES :

- Affordable Service Standards
- Improved Cost Recovery
- Standards/Recovery Related to Spatial Targets

DEVELOPMENT STRATEGY

Source: PADCO National Urban Policy Study, Urban Management Handbook, Washington, DC, July 1982.

Diagram 2



it has chosen to implement (See Diagram 2). Particularly interesting is the addition by AID under Development Strategy of "Acceptance," "Impact," and "Do-Ability." These are given as three fundamental project selection to be used as an "initial screening device" by AID, and are defined as:

1. Acceptance: High acceptance to Egyptian bureaucracy and to the masses of low/moderate income Egyptians; U.S. Congress and AID bureaucracy satisfied that program adequately addresses goals and objectives of foreign assistance and has high visibility; and U.S. business interests sufficiently addressed.
2. Impact: Strong development impact related directly to economic vitality of urban areas and/or productivity of workers; strong basic human needs impact, meeting one or more basic human needs; significant spread affect impact by linking one or more of USAID's urban activities together; and balance of payments impact, meeting Egypt's balance of payments needs.
3. Do-Ability: Easily do-able within 3 to 5 year timeframe. Activities should not be overly encumbered by policy or institutional constraints that would seriously hinder implementation. (On the other hand, the activities should contribute to achieving policy reform.) Nor should activities be too complex in terms of the mix of goods and services or technology. In addition, the activity should be within an appropriate and feasible USAID funding level.⁴

Since the NUPS team was not provided with these three criteria, the NUPS report reflects only the technical judgments and recommendations of the U.S. contractor and Egyptian sub-contractor firms as to the existing urban situation at the time of the report, and suggested modifications to the GOE's present and future urban strategy development.

The NUPS study presents a recommended strategy and compares it to six alternative spatial and sectoral strategies for urban populations, utilizing differing standards and criteria for selection. Job creation was a priority for the NUPS, and by following a strategy of locating

investment primarily in urban areas, the selected alternative resulted in the highest probability of generating employment most efficiently with the highest level of benefits and benefits net of cost. The "Preferred Strategy" also located industrial and service investments where they already existed. Although this strategy was calculated to have larger benefits and net benefits in Alternative A, (See Table 1), the Preferred Strategy was selected because the level of required decentralization and expected loss was more acceptable to NUPS.⁵ The CDSS Urban Strategy will be compared to the NUPS Preferred Strategy for development. Details on the Preferred Strategy are provided in Annex 3.

Table 1

SUMMARY OF NJPS BENEFIT/COST ANALYSIS

Settlement Alternative	Inter-Urban Annual Average Net Benefits Per Capita (1985-2000)		Annual Average Net Benefits w/Inter-Urban Infrastructure Included (1985-2000)	
	Total (L.E.)	As Percent of Preferred (%)	Total (L.E.)	As Percent of Preferred (%)
Preferred Strategy	635	100	521	100
Alternative A (concentration in places with economic growth potential)	643	101	540	104
Alternative C (decentraliza- tion to multiple growth nodes and remote areas)	423	67	241	56

Source: Agency for International Development, Urban Development Support Services Project Paper, Office of Housing and Urban Programs, Washington, September, 1983.

NUPS Recommendations:

1. The exploitation of strong economic advantages of the Cairo and Alexandria Metropolitan Regions to absorb a major portion of the expected growth in urban population while reducing concentration in core areas (plans for Cairo year 2000 population of 16 to 16.5 million, including 10th of Ramadan, Sadat City, New Ameriyah and closer-in satellites).
2. A concentrated effort to support growth possibilities of the Suez Canal Zone with a focus on Suez City (year 2000 population targets of 750,000 to 850,000 in Suez, 400,000 to 500,000 in Ismailia and 550,000 to 650,000 in Port Said).
3. A strategy for managing the expected spontaneous growth in Delta Cities which aims to hold growth substantially below trend rates to limit unnecessary intrusions on arable land while providing additional urban employment (special emphasis on Tanta and Mansoura with year 2000 population targets of 525,000 to 575,000 and 500,000 to 550,000, respectively).
4. An effort to induce additional growth in an initially limited number of Upper Egypt cities to develop both an economic basis and a knowledge base for more decentralization in later time periods than the planning horizon of this study (special emphasis on Assiut, Qena/Naga Hamadi and Aswan with year 2000 population targets of 550,000 to 600,000; 325,000 to 400,000; and 400,000 to 450,000, respectively).
5. An approach to the settlement problems of the remote areas to find innovative ways to utilize emerging technologies and establish implementing institutions to increase the attraction of these areas for human settlements (major urban population increases are not anticipated, the year 2000 population targets for the existing main settlements are 400,000 a slight increase over trend growth).
6. A program to maintain infrastructure and services in other urban places.
7. The choice of standards for housing and infrastructure service levels that are affordable by a wider range of the population and mechanisms that will increase the proportion of public cost recovery.

8. Increased emphasis on the industrial sector in economic planning, encouragement of private investment to conserve public funds support for small-scale industry, and integration of spatial and sectoral planning through selective use of direct investment, tax and non-tax location instruments.⁶

Recommendation 1: AID's strategy in Cairo and Alexandria is to concentrate on infrastructure support. The combined expenditure proposed for sewerage and wastewater projects from FY 1984 - FY 1987 total approximately \$1.0 billion. It is of note that the request for such assistance from the Egyptian government was made at the Presidential level.⁷

In order to accomplish the deconcentration of Cairo, even while it reaches the projected population of over 16 million by the year 2000, NUPS recommended:

Preparation of sites in desert fringe areas as alternative locations for low-income people in crowded Cairo kisms (precincts) to shift the axis of development from a north-south direction to an east-west direction.

Acceleration of development at higher densities in current low-density portions of the region.

The development of a larger number of small non-contiguous settlements on the periphery but closer to the current built-up areas than 10th of Ramadan and Sadat City, such as El Obour and 6th of October.

Consideration of modifying development plans for 10th of Ramadan and Sadat City to permit resources to be allocated for the alternative developments above and, through their development, to make location in 10th of Ramadan and, subsequently, Sadat City more attractive for business and residence in the future. The kinds of modification include reduced standards, higher densities, and greater cost recovery.⁸

The new community in Helwan, developed with AID financing beginning in 1978, is the only ongoing activity which can be categorized as responding to this recommendation. However, the project is the only

low-cost housing/upgrading project and cannot rightfully be termed a response to NUPS recommendations since it began before NUPS was undertaken. No other assistance has been provided related to this recommendation, other than the possibility of a Ring Road, discussed under Recommendations 6 and 7.

Recommendation 2: NUPS recommended an increased effort to develop the Suez Canal region cities of Suez City, Ismailia and Port Said as a major urban center.

AID's strategy makes reference to the continuing support for rehabilitation and improvement measures to municipal water and sewerage facilities in the Suez region, projects which were authorized in 1978. No other efforts are mentioned, though AID financed the Suez and Quattamia Cement Projects, in 1976 and 1978 respectively, bringing increased investments to the area. A Community Health Personnel Training Project, whose purpose is to increase health services through medical education was also funded in 1980. These limited efforts, begun before NUPS, do not provide the catalyst for major urban development in this region, which the NUPS study recommended.

Recommendation 3: NUPS proposed growth management strategy for the Delta consists of:

Encouragement of migration from the Delta (where most growth is necessarily on arable land) to the major metropolitan regions of Cairo and Alexandria and the growing region of the Suez Canal (where growth is possible on desert land rather than on high productivity agricultural land, if properly managed.)

Consolidation of regional service center functions (such as major medical facilities, warehousing, service facilities for agricultural equipment) in two to three Delta cities, rather than their duplication in all governorate capitals and other relatively large cities.

Formal recognition of the entire Delta as a region for regional planning purposes and the development of an integrated economic and physical development plan for the region.

Immediate development of information and analysis (of the kind provided in NUPS Illustrative Development Projects for Tanta and Qena/Naga Hamadi) to support near-term physical development and land use planning.

Establishment of a formal, publicly recognized, procedure for defining and adjusting city boundaries.

A moratorium on all industrial, institutional and housing projects outside existing city boundaries; until any such projects have been determined to be consistent with both national urban policy and the proposed integrated economic and physical regional plan.

Initiation of a requirement that proposals for sectoral projects, which are the responsibility of national ministries (e.g., Transportation, Industry, and Health) be reviewed for consistency with the regional plan before implementation.

Initiation of a requirement that all proposed industrial projects for the Delta be examined to determine the possibility of their being located outside the Delta without serious loss of profitability relative to a Delta location.⁹

AID's CDSS Annex on Decentralization and the Decentralization Sector Assessment pointed to "...the need to up-grade services in medium-sized towns where living conditions are often as poor as those in major urban areas or in rural villages..." a need to "...provide a framework for institution building and planning and management in the markazes, (districts), governorates and regional offices to complement work already done in the villages."¹⁰ The action proposed by AID is a Delta Secondary Cities (DSC) Project which would:

1. assist the GOE in carrying out Law No. 3, 1983, Town Planning Act, that requires local units of government to draw up master plans and revise them every five years for land use, infrastructure, public services, urban renewal and area upgrading;

2. develop a practical public and private action framework for guiding future urbanization in appropriate areas away from fertile agricultural lands to non-fertile desert lands and to higher and more efficient land use standards consistent with the National Urban Policy, NUPS recommendations; and
3. provide investment for area upgrading and infrastructure development in selected DSC's.¹¹

Although the DSC Project is envisioned as a \$100 million project over the course of four or five years, the project seeks to go further than the NUPS land use planning recommendation and:

...will assist in the integration of the Delta cities to the major metropolitan centers of Cairo, Alexandria and the Canal Cities... deconcentrate the predominance of economic activities from Cairo and Alexandria, as appropriate, to other areas within the context of good management and conservation principles for agricultural lands.¹²

If approved, this project, together with the existing Neighborhood Urban Services Project, will serve to strengthen local governments' ability to manage, to make decisions, to provide services, to administer local revenue and to generate it.

Recommendation 4: The NUPS recommendation to induce growth in three Upper Egypt cities over time is based on phased investment in basic services and high payoff industries only.

The economic development constraints of a limited industrial base, large distances from domestic and international markets, and poor telecommunications and transport systems are but a few of the reasons AID has not chosen to focus on this NUPS recommendation in its strategy. It is important to note here that by taking this option, AID has chosen to avoid major activities in an area of the country which has long held symbolic importance to Egyptians and, in terms of political impact, might have netted significant returns.

Recommendation 5: Development of Egypt's remote areas for human settlement, far removed from Cairo, has been shown to be extremely costly, with little chance of attracting significant populations in the near term. Although the NUPS study recommended some small efforts be taken to utilize innovative technologies to enhance the attraction of remote areas in the long-run, AID has made the determination that it will concentrate its financial resources in other areas with more potential for short-run success. A major NUPS recommendation to the GOE is the reassessment of the New Towns Policy of establishing four new cities in the desert which would hold a total population of over 1.5 million by the year 2000. NUPS considers this GOE goal to be extremely optimistic.

AID's Renewable Energy Field Testing Project approved in 1982, is examining various solar technologies which would be economic for remote area applications; however, there is no AID action planned for the immediate future which would seek to directly encourage large-scale development of the New Towns.

Recommendations 6 and 7: NUPS recommendations on infrastructure and services begin by pointing out that the existing water and sewerage network is currently insufficient. AID current and planned water and wastewater projects form the largest portion of new assistance to Egypt, and the USAID mission has judged that its wastewater projects neither encourage nor discourage physical expansion of Cairo and Alexandria. The CDSS states that it is possible that the project in Alexandria will lead to the expansion of the city, but in Cairo, the provision of water and wastewater services has followed urban development.¹³ The policy recommendations for the GOE that have been put forth by NUPS and

supported by AID, seek to strengthen this sector and, in fact, will be crucial for the successful operation and maintenance of these systems in the future. They are as follows:

1. Local water and wastewater organizations need to develop the capacity to forecast their revenue requirements; establish and collect adequate tariffs; and should be provided with budget support by the GOE adequate to cover shortfalls;
2. Local water and wastewater organizations need to develop as financially independent organizations responsible for the full range of activities required to provide water and wastewater services;
3. The National Organization for Potable Water and Sanitary Drainage (NOPWASD) needs to develop the capacity to establish policies for the water and wastewater utilities with technical assistance and training support on a contractual basis; and
4. Local water and wastewater organizations need to be able to hire qualified staff and retain them through training and adequate incentives.¹⁴

In addition to the \$1.0 billion previously mentioned for this sector, water and other infrastructure support are being supplied through AID's existing Neighborhood Urban Services and Provincial Cities Projects, both components of the Decentralization Sector Program.

NUPS housing recommendations for GOE policy-makers are designed "...to improve basic housing conditions of urban Egyptians throughout the settlement system who are unequally treated as a result of the current distribution of urban services or other GOE spatial objectives. The second objective is the design of ...specific investment packages to achieve modifications in the settlement system. The latter objective assumes the GOE seeks to facilitate private sector takeovers of housing production."¹⁵

AID, through its Low-Cost Housing and Community Upgrading Project near Cairo, is demonstrating that suitable basic shelter and community facilities can be developed at low cost with community participation. Technical training through the establishment of a training center, as well as credit to homeowners to upgrade existing housing, is being made available under this project. Housing affordability, a particular concern of NUPS, resulted in their making several recommendations regarding possible lending to private informal sector providers of housing, possibly through the General Authority for Housing and Building Cooperatives (GAHBC). These recommendations seek to provide financial assistance to larger numbers of households than are currently served by mortgage financing. There are no new mechanisms AID has developed to deal with this financing problem other than those provided in the above-mentioned housing project, which was authorized in 1978.¹⁶

Improved cost recovery, not only for housing, but also for services such as water supply, sanitation and electricity, is crucial if the GOE is to begin to finance salaries and operating expenses of public services. A policy dialogue is ongoing between the GOE and AID, as well as with other donors such as the World Bank, regarding an increase in user charges, as current fee scales do not provide sufficient revenue for maintenance of systems nor for sorely-needed system expansions.

NUPS Inter-urban transport recommendations rely on the existing network, for the most part, but emphasize the need to shift the axis of Greater Cairo growth from a north-south direction to an east-west direction in order to direct development to non-arable land. The concept of a Ring Road which would reduce private car traffic inside the existing agglomeration; support the process of urban

deconcentration; and protect agricultural areas from urban encroachment has been proposed for funding by AID.¹⁷ This concept was first proposed in 1970 in the Cairo Preliminary Master Plan and is currently the subject of a pre-feasibility study by AID. The NUPS team has specifically advised against such a concept, as it believes it will not serve, to any great extent, to deconcentrate traffic in Cairo. The Ring Road's eastern portion, which would connect Upper Egypt through the ports, thereby by-passing the Delta and preserving Delta land, is the NUPS recommendation. If approved, the Ring Road Project may cost up to \$200 million over a four-year period.

In the electric power sector, NUPS recommendations deal mainly with the necessity for an energy conservation policy, coupled with an effort to increase user fees. The study concluded:

1. The very large reliance which Egypt's energy planners have placed on electrical energy would result in electrical energy consumption exceeding 20 percent of total commercial energy consumption, which is a ratio about twice the current ratio of industrialized countries such as France and the U.S. Given the high costs of construction of electrical energy facilities, a more direct use of energy might result in considerable savings in energy infrastructure investment.
2. The choice of technology for generating Egypt's future electrical energy requirements has an important role in the costs of providing electrical energy and in energy resource requirements. Nuclear energy facilities

involve high capital costs during construction, require longer construction periods than conventional technologies, and unless economically recoverable uranium reserves are found, a heavy reliance on foreign inputs. However, once constructed, nuclear facilities can result in higher efficiencies in electrical energy generation and reduced marginal costs.

3. Although Egypt's electrical demand will increase due to increased population pressures and increased commercial and industrial demands, significant energy savings are possible through modernization of existing industrial plants to be more efficient in energy consumption and through careful choice of industrial technology for future industries which efficiently utilize energy.
4. Egypt's present energy policy results in a significant loss of revenue to the electrical energy sector due to petroleum subsidies. The current pricing structure has the effect of subsidizing the largest consumers through higher tariffs to small consumers. Given the high import component for new construction of the sector, a move towards economic pricing of electrical energy could result in reduced demands on public resources and greater conservation of use of electrical energy.
5. The present configuration of the national power grid is largely adequate to meet the future settlement pattern recommended by NUPS. However, within that grid, investments will have to be made to increase transmission capacity. Due to expected relatively small populations projected for the remote areas, it is not recommended that major investments in extension of the national grid be undertaken to serve them. Rather, alternative technologies aimed at utilizing local renewable energy resources, notably solar and wind power, should be developed to provide them with electrical energy.
6. Consideration should be given to using the relatively lower costs of generating electrical power in North and South Upper Egypt as incentives to industrial location in those zones. At economic prices, the costs of hydroelectric power generation are in the range of 4.02 milliemes/kWh vs. 45.6 milliemes/kWh for oil-fired power plants. However, in siting future industries in Upper Egypt, consideration should be given to total future electrical energy demands as full hydroelectric capacity should be reached during the 1985-1990 period. Thus, development of very large industrial consumers of

electrical energy may result in electricity demands which exceed hydroelectric capacity and, thus, necessitate construction of thermal plants which may not be justifiable in those locations.

7. Much greater attention should be paid towards energy conservation in the development of both new industrial plant and expansion of commercial and residential electrical uses. Conservation by these consumers can lead to reduced demand and, thus, a lessened requirement for new construction of generating facilities.¹⁸

AID has had many opportunities to impress upon the GOE the need for policy reforms in the power sector. The over \$.5 billion in assistance in this sector to date makes AID a significant voice in this sector, and its recent moratorium on new generation projects until some movement in price increases could be seen, is having a positive impact on Egypt's present and scheduled increases in future energy prices. In addition, new projects in Energy Policy Planning and Renewable Energy both deal with providing energy conserving techniques to Egypt. The Energy Policy Planning Project seeks to strengthen the GOE's institutional capabilities to undertake energy analyses, and will provide training in energy economics and modelling techniques, as well as energy auditing equipment and audits. Industrial energy conservation is a particularly important component of that project for the potential to increase foreign exchange by conserving exportable petroleum is significant. Similarly, the Renewable Energy Field Testing Project has great potential for contributing to energy supplies, especially if Egypt's energy policies begin pricing to approach world market prices, making renewables a more economically attractive option.

As far as telecommunications assistance is concerned, previous estimates utilizing smaller population growth figures for Egypt, caused

the NUPS team to re-evaluate future telephone demand. Revenue requirements for the system range from LE 12.4 billion (Egyptian pounds) to L.E. 22.4 billion (Egyptian pounds), the lower estimate reflecting reduced demand, improved technology, and more careful pricing.¹⁹ AID has provided almost \$250 million for telecommunications equipment expansion and modernization since 1978, and has no plans for further assistance in this sector at the moment.

The NUPS examined bulk water requirements for Greater Cairo, the Canal, and Remote Area Zones only, due to the fact that other zones have access to groundwater or surface water. (Bulk water is defined as water "imported" from other regions via pipelines or canals).²⁰ Since resources required for Cairo and the Canal area will both be satisfied shortly, they were not included in the NUPS investment plan. Requirements for the remote areas are included; however, since, in the short-run, rapid development of these areas is not recommended by NUPS, and AID does not contemplate any action there, no assistance will be forthcoming for remote areas. AID water assistance to Cairo, Alexandria and the Canal cities is delineated under Recommendation 1.

Recommendation 8: This NUPS recommendation seeks to emphasize the need for industrial and settlement policy to be mutually reinforcing. The importance of job creation for economic growth is the key here, and the NUPS study stresses the need to attract new industrial investments to cities which provide a tax base. NUPS also recommends Egyptian public policy be based on the following:

1. Investment should be channeled toward increasing the relative share of manufacturing in Gross Domestic Product and employment.

2. Inducements, incentives and taxes should be structured to support spatial and sectoral objectives of national urban policy. This entails making discriminating use of tax abatements, subsidies, and taxes. Discrimination should be exercised with respect to both the number of places where positive inducements are offered and the sectoral activities which are eligible.
3. Non-tax incentives should be used, also, in support of spatial objectives. Three such incentives are sites, labor and credit.²¹

The provision of serviced sites, trained labor and access to credit, are all important if private investment is to be encouraged. Utilization of taxes to discourage location in areas such as Cairo or Alexandria in favor of locations in other areas such as satellite cities, is recommended to promote effective industrial location policy.²²

A number of constraints to industrial development have been identified by NUPS as well as by a Boston University "Industrial Sector Strategy Assessment" for AID in 1981-1982:

price/cost distortions; institutional constraints; administrative restrictions on private sector operations; managerial inefficiencies of public sector industry; and the narrowness of the Egyptian market, combined with the difficulties of breaking into export markets.²³

AID assistance to this sector focusses on economically-efficient expansion in either public or private industry. In its dialogue with the GOE on moving Egypt toward a market economy, AID has stressed price reform, expanding the private sector, and reinforcement of management autonomy in the public sector.²⁴ In terms of projects, management and technological development, industrial productivity improvement, commodities, and credit resources comprise the majority of AID's already existing efforts. Future opportunities for assistance to enhance private sector industries, export-oriented industries, and small and

medium scale private sector industries, are being pursued;²⁵ however, locational considerations of assistance in these areas are crucial and are not planned for action as presently described in the CDSS.

These, then, are the major areas which the NUPS team highlighted in their work. There are significant numbers of policy recommendations by NUPS to the GOE on how to carry out these recommendations which have not been enumerated here. For a detailed description, I would refer the reader to the NUPS study itself.

The final major area which AID highlights in the CDSS but is not singled out in any significant manner by NUPS, is that of solid waste disposal for Cairo. Major support is being contemplated by USAID/Cairo for construction of compacting plants and land-fill solid waste disposal activities of over \$150 million over the next four years. Clean-up campaigns, plastic bag manufacturing, and motorcycle refuse collection efforts are currently being undertaken within the existing Neighborhood Urban Services Project in Alexandria and Cairo.²⁶

Table 2 provides a Summary of the urban projects proposed for FY 1985-FY 1988. The following analysis will focus upon the issues which were implicit in the NUPS recommendations and the possible reasons for which AID has proposed that its new efforts concentrate only in those areas outlined in Table 2.

Table 2

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PORTFOLIO OF SUGGESTED URBAN ACTIVITIES/PROJECTS 1985-83

<u>PROJECT ASSISTANCE</u>	<u>FY 84*</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>TOTAL</u> (by project)
Water/Wastewater	200	200	200	200	200	1 Billion
Ring-Road		50	50	50	50	200 million
Solid Waste		15	15	15	15	60 million
Roads improvements		10	10			20 million
other support activities						
Commodity Import (Equipment solid waste)		25	25	25	25	100 million
Decentralization						
NUS			20	20	20	60 million
DSC		25	25	25	25	100 million
TOTAL		125	145	135	135	
Grand Total including water/ wastewater	200	345	345	345		

*FY'84 also proposes \$20 million in Urban Electricity and in the population program.

Source: Agency for International Development, "Egypt FY 1986 Country Development Strategy Statement", Annex G, Urban Policy and Strategy Update, Washington, DC, April 1984.

FOOTNOTES CHAPTER III

1. PADCO, The National Urban Policy Study Final Report, Vol. 1, Cairo, 1982, p. xxvii.
2. Agency for International Development, "Egypt FY 1986 Country Development Strategy Statement, Annex G, Urban Policy and Strategy Update," Washington, April 1984, pp. 11-13.
3. Ibid.
4. Ibid., pp. 25-26.
5. Agency for International Development Urban Development Support Services Project Paper, Office of Housing and Urban Programs, Washington, September, 1983, p. 81.
6. PADCO, op. cit., p. 9.
7. Agency for International Development, op. cit., pp. 26-29.
8. PADCO, op. cit., p. 11.
9. Ibid., p. 14.
10. Agency for International Development, op. cit., pp. 34-36.
11. Ibid.
12. Ibid.
13. Ibid., pp. 13-14.
14. Ibid.
15. PADCO, op. cit., p. 285.
16. Ibid., p. 345.
17. Agency for International Development, op. cit., p. 29.
18. PADCO, op. cit., pp. 363-364.
19. Ibid., p. 401.
20. Ibid., pp. 401-404.

FOOTNOTES CHAPTER III CONTINUED

21. Ibid., p. 255.
22. Ibid, pp. 258-259.
23. Agency for International Development, "Egypt FY 1986 Country Development Strategy Statement, Annex D, Industry Sector Strategy," Washington, April 1984, p. 4.
24. Ibid., pp. 7-8.
25. Ibid
26. Agency for International Development "Egypt FY 1986 Country Development Strategy Statement, Annex G, Urban Policy and Strategy Update," Washington, April, 1984, p. 31.

CHAPTER IV

ANALYSIS AND CONCLUSIONS

Although the NUPS study has never been officially accepted by the Ministry of Development, it is being utilized by the Cairo Governorate as well as throughout other parts of the national government. In fact, the study has been transformed, almost verbatim, into the Egyptian Five Year Plan. In view of the fact that many government agencies have found utility in the study, it is worthwhile to step back and examine the course the NUPS study took, and in what manner it might have been performed differently so as to have been better received and officially adopted by the GOE. One of the easiest tasks of a post-mortem is to criticize; however, I hope to offer some insights into the problems with the NUPS effort and the way they might have been handled, which I hope the reader will find informative.

It is important to take note of the fact that there was little official GOE participation in this study. Since the Ministry of Development was expecting an endorsement of the New Towns Policy for development of remote areas and did not get it, it has never officially accepted the NUPS study. Also, since the contractor was barred from speaking with other ministries which should have been concerned with urban policy development, there was no other official base of support for the study when it was completed. Although the study did not totally condemn the GOE Master Plan, there were significant issues raised relating to scale, standards and velocity of development of New Towns. The rejection by NUPS of large-scale, immediate development of remote areas was believed that the implicit attack on its primary thrust was a rejection

of its entire Plan and, necessarily, an attack on its budget. Because it had not participated in the study and because the multi-volume study was not easy to read even in Arabic, the Ministry did not realize that the recommendations focussed mainly upon the need for scaling down the Plan. In addition, with the NUPS conclusions that the GOE was being overly ambitious in its Plan, it was obvious that AID and World Bank money would not be forthcoming for the programs to which the GOE had given such strong support publicly.

The fact that the NUPS team was placed in a separate office outside of any ministry; that only other American resident consultants to the Ministry of Development actually had substantive contact with PADCO; and that there was no significant AID support to facilitate better communication between the contractor and relevant GOE ministries seems tragic in retrospect. Unfortunately, the lack of participation by ministry technicians constitutes a lost opportunity for training in urban data collection and analysis which PADCO could have performed, leaving that capability within the ministry.

The most obvious problem at the outset of NUPS' work was the fact that the Ministry of Development was seeking a study to rubber stamp its New Towns Policy. PADCO, the contractor was placed in the untenable position of being hired to examine a plan and present recommendations for action with which it knew the GOE might disagree if it was not an endorsement of the New Towns Policy. AID was well aware of the circumstances, yet the Cairo mission did not insist upon GOE participation in the study, itself, which might have served to bring the Egyptians along in the methodology of the NUPS and allow them to draw

the same conclusions that NUPS did, i.e., if Egypt follows the urban plan it has set out for itself, that:

Even under the optimistic forecast of 7 percent annual real growth in the economy and a substantial increase in domestic saving, there will not be a sufficient capital resource pool to implement all of the urban projects and plans already drawn up or contemplated at their present targets and standards;

The more rapid decentralization of the population across the national space attempted, the higher will be the investment costs per capita and the higher the risk of a slowdown in the rate of economic growth; and

The higher the physical standards adopted in new developments or upgrading older settlements or neighborhoods, the more likely it becomes that substantial segments of the population will receive little or no benefit from the investment available in their lifetime and the less likely it becomes that the government can recover enough of its investment to replenish the investment pool in later years.¹

These dramatic conclusions, especially in black and white, caused considerable discomfort within the GOE. Although the study was translated into Arabic, it is conceivable that this direct, straightforward statement of the NUPS conclusions did little toward opening up discussions on the content of the study. NUPS is very strong on the economic side, but the lack of recognition on the part of the team that its recommendations were a threat to the credibility of established ministerial policy, assured that the study would not be accepted. In fact, the responsibility for such sensitive negotiations on policy reform should have rested with AID, perhaps forming part of its on-going policy dialogue with the GOE. However, as AID mission leadership was in flux and urban was not a priority area anyway, mission support for urban policy reform took lower priority to policy dialogue on energy and food subsidies in which AID had already been exerting considerable pressure.

The information which NUPS collected and analyzed further pointed out the various ministries' deficiencies in analysis and decision-making, which did not endear the NUPS team to the very people whom the study was to serve. The reasons the Ministry of Development had made the decisions on existing urban policy and plans but, more importantly, its inability to reverse some of those decisions in light of new information due to political and cultural sensitivities that would cause embarrassment, were not carefully considered by the NUPS team. By stating the above-mentioned conclusions, the NUPS challenged the recognized authority to rationalize its decisions. The credibility of existing urban plans and policies was called into question and, therefore, the legitimacy of the political actors also was called into question.

The AID criteria of acceptance, impact, and do-ability, in a politically-charged environment such as the contractor found during the study, were not the criteria upon which the NUPS study was based. The long lists of sensitive policy issues, deficiencies in every area of urban endeavor, that PADCO found and put down on paper in voluminous reports, were difficult for the Egyptians to accept. Policy reform recommendations, such as were laid out by the NUPS study, required a high level of support by both AID and the GOE since many of them countermanded GOE policy decisions which had been taken by ministries, and called for a reordering of resource allocation priorities to take into account the cost-benefit analyses which NUPS had done, based upon the Egyptians' own stated objectives. On paper, the NUPS solved the Egyptian problem of interaction between the Egyptians' macroeconomic growth projections and spatial growth. The more crucial problem of how

the GOE would implement some of the suggested policy reforms without causing significant social unrest and possible political disruption was not addressed by NUPS nor by AID with the Egyptians in meetings which should have occurred throughout the duration of the study.

It cannot be expected nor is it desirable that a contracted team of technical experts deal with negotiating politically-sensitive policy recommendations with a host country government. The NUPS policy study is not the same as, for example, a technical study on road construction. Issues of a policy nature, if they are to be accepted by a government, require longer-term continuous discussion and debate at high levels than do technical issues. Collaboration between the NUPS team and those upon whom the study would have considerable impact did not exist. Because those ministries who would be most greatly affected by the implementation of NUPS recommendations did not realize that many alternatives for action were also presented in the study, the document was officially rejected at the ministerial level, but unofficially accepted on the technical level for its enunciation of the various choices for action, which were based on sound technical analyses. The NUPS study calls upon the GOE to make difficult policy choices which would have varying costs and benefits for all competing interests and might not be the optimal choice for any one actor. Total cost consequences of the existing combined set of spatial and sectoral plans; the unrealistic objective of trying to implement them all; and the opportunity costs in pursuing such a strategy, were made clear in the study, the statement of which caused considerable uneasiness for GOE officials.

To summarize, the difficult policy areas of significant consequence where the GOE would have to choose among its objectives are:

National economic growth versus inter-personal or inter-regional equity;

Agricultural versus industrial and urban investment;

Mobilization of international versus domestic public and private sector investment;

Upgrading and maintenance of existing urban structure versus new development;

Maintenance of physical and spatial standards versus individual and national affordability;

Willingness to intervene in urban land markets.²

The major policy modifications that the NUPS study implies do not meet the AID criterion of "do-ability." A three to five-year project timeframe with conditions attached to it that imply policy widespread reforms in such areas as wage structure, cost recovery, standards, or land tenure, is not realistic. This criterion for activities not to be "...overly burdened by policy or institutional constraints that would seriously hinder implementation, ...(yet) contribute to achieving policy reform" is internally inconsistent. If AID desires to finance projects where it will not clash with Egyptian pricing policy distortions, then it cannot expect those very same projects to contribute to policy reform in any significant manner. Equally difficult to accomplish is a frontal attack by the GOE on the deeply-entrenched agriculture policies. The artificially low agriculture prices set by the government are affordable by the population whose wages are, on the main, also set at a very low rate. However, these low prices discourage production and distort resource allocations. The now infamous food riots of 1977, which occurred when the government attempted to raise bread prices, is

indicative of the extreme political sensitivity of these pricing policy issues. A project which does not deal with adjusting prices to farmers, however, is not likely to meet the AID "acceptance" criterion on the U.S. side nor have a significant "impact" in the short-run.

The policy dialogue between the U.S. and Egypt concerns long-term economic health and self-sufficiency. However, the role of AID in Egypt is not like that of the World Bank or the International Monetary Fund. The foreign policy objectives of the Agency, as described in Chapter II, move AID to pursue policy reform with the GOE on a more friendly and persuasive basis than one of confrontation. The AID funded widespread training of economists in every sector of the GOE, in the long-run, will assist the GOE, itself, in reaching appropriate investment decisions. In the meantime, although the ability of AID to exert pressure for policy reform is limited by Congressionally-mandated funding levels. The GOE, however, realizes even though AID has its political objectives, it also has development objectives and it will not fund projects which are uneconomic (such as the New Towns or Desert Reclamation projects). When AID is able, it will seek to assist a recipient country in furthering that country's political objectives, but if technical analysis shows that meeting those objectives is economically infeasible, AID assistance will be placed in more viable investments.

Recently, in an evaluation of "lessons learned" in institution-building, the Cairo AID Mission confronted some important issues head-on. AID's culturally-laden expectations of the manner and speed with which an institution should develop cannot easily be applied across countries, at least not West to East and probably not North to South. The evaluation notes that, aside from timing and approach to

institution-building, there needs to be an agreement between AID and the recipient country as to the importance of any particular reform measure. This problem is exemplified by AID's private sector development policy and AID's push for Egypt to rely on market forces to determine the feasibility of a project. The Mission writes:

...Based on decades of socialism and millenia of centralized, autocratic government, Egyptians often may not perceive the development of private sector institutions and market mechanisms as a desirable or necessary objective. The Egyptian perspective stands in striking contrast to AID's Western perspective, based on a history of several centuries of capitalism and individual initiatives.³

The conclusion the mission draws is that different outlooks on how to accomplish development objectives must be tolerated if incremental change is to be pursued. In addition, since strict requirements for policy reform may not be met by the GOE due to potential social and political disruption, AID should be flexible as to how much change it requires.

The immense problems of management and administration which beset Egyptian institutions will not be solved in the timeframe of a typical AID project activity, especially considering the six areas that have been identified by AID which would increase availability of productive jobs and improve the quality of the labor force:

1. Improving the Functioning of the Urban Markets

reform interest rate policy
improve risk management
improve the working of both formal and informal
credit institutions in urban areas

2. Improving the Functioning of Urban Labor Markets

assist in development of wage policies to aid more
efficient labor allocation

assist government to reduce regulatory practices that hamper private sector activities

improve transportation networks and land use in order to reduce the costs for workers

3. Improving the Working of Municipal Government

assist municipal governments to improve planning capability for infrastructure projects in terms of design, implementation, and maintenance

increase the use of the private sector in the provision of goods and services

set prices of public urban services at marginal costs

improve land-tenure security in informal areas so as to encourage investment and provide collateral

4. Improving the Productivity of the Private Sector

provide infrastructure to maximize output and employment impact

provide access to informal sector activities

5. Improving Human Capital Activities

promote activities in education, health, family planning and vocational training

6. Improving the Overall Allocation of Resources

promote macroeconomic and sectoral policy reforms

bring relative prices closer to relative opportunity costs in such areas as food prices and public services.⁴

The words "reform," "assist," and "improve" are a strong component of these stated areas requiring AID attention. The Agency realizes that it cannot possibly seek to fund improvements in all these areas with its limited resources, so its largest planned efforts focus on infrastructure, improving human capital, and municipal government development. Because the Agency does not have enough influence on

Egyptian policies which distort the economic situation of the country, sticky issues such as user fees for public services are subordinated due to the necessity of completing visible, large water projects which will have significant social impact but, more importantly, have been requested at the highest political levels. AID's criterion of Egyptian acceptance is met here, but it does raise the question of whether, in its desire to avoid conflict in the Egypt program, AID has concentrated too much of its funds in a few non-contentious sectors of lesser priority for overall economic development.

To borrow from Charles E. Lindblom's rational decision model, AID decision-makers, in determining projects to fund, would:

1. Identify problems;
2. Clarify goals and then rank them as to their importance;
3. List all possible means or policies for achieving each of those goals;
4. Assess all the costs of and the benefits that would seem to follow from each of the alternative policies; and
5. Select the package of goals and associated policies that would bring the greatest relative benefits and the least relative disadvantages.⁵

The difficulty with this model for AID decision-makers is that there are so many Egyptians and American problems to deal with, the goals and policies are difficult to clarify and they are not merely those of AID. Decisions are affected by all the political actors and interest groups mentioned in Chapter II, in addition to the recipient government's political actors and interest groups. The problem with this model is that nowhere does Lindblom examine the strong political forces which impact upon this decision-making process. When the various

competing interests are taken into account and national objectives are weighed, one against the other, the situation then becomes one of choosing among the alternatives, or "satisficing."

Sharkansky, in discussing Lindblom's model, describes precisely the action that was taken by AID decision-makers with regard to NUPS recommendations. "Administrators define problems, goals, and policies that do not reveal a marked departure from existing activities and that do not provoke challenge from those inside or outside the organization who might object to any explicit goals they had not already learned to tolerate."⁶ Caiden and Wildavsky, portray development policies as being "expressed in financial allocations and project selection ...made through administrative maneuvering, political compromise, and institutional rivalries influenced more directly by immediate pressures and constraints than by long-range planning."⁷ In an ideal world, it is Lindblom's model which one would want to follow. Unfortunately, the reality of the world of development more closely approximates that of Sharkansky and Caiden and Wildavsky.

It is difficult to decide which decision-maker Caiden and Wildavsky more accurately describe -- AID, the GOE, or both. The difficulties faced by AID in attempting to promote Egyptian government policy reform are endless. The Agency has been placed in the unenviable position of having American foreign policy objectives dictate the amount of aid funds being made available to Egypt (as well as many other countries), which gives AID little leverage on policy matters. Highest priority development choices are, perhaps, giving way to political choices for projects of lesser development importance under the Congressional pressures of having to obligate \$1.0 billion per year for Egypt. When

AID is unable to make an impact on policy questions, it does whatever it can that will meet some development objectives, since Congress has authorized the money and the Egyptians realize they will get all the authorized funds in the end, albeit for lesser priority programs such as commodities.

The position AID is taking is that of capturing the positive dynamics which exist in Egyptian society in order to arrive at a solution for spending the money Congress has authorized, while still meeting some basic economic development criteria, rather than being bullish on the policy reform issues. The criteria of acceptance, impact and do-ability may not lead AID to select its highest priority projects for funding; however, the short-run considerations of the political environment, which are rarely openly discussed, must realistically guide the AID decision-making process. The lack of discussion by AID of political issues in its literature may be explained by the fact that politics is an ever-present factor upon which economic and technical considerations are overlaid. That assumption allows AID to proceed with its work of economic development within the political boundaries which have been all but predetermined for the Agency. Of course, field missions do have a modicum of power over the extent to which certain policies will take precedence over others, but the level of autonomy which the Agency has, on the whole, is limited.

In drawing some conclusions about the criteria and the process of decision-making by AID and the amount of control the Agency has over those decisions, examination of the Egypt case directed me toward several major issues that apply across many countries and can be seen across donor agencies. Killick, in his examination of "The

Possibilities of Development Planning," for developing countries encapsulizes those issues:

Decision-making in the face of major social divisions becomes a balancing act rather than a search for optima. The process of conflict resolution in which social tranquility and the maintenance of power is a basic concern rather than the maximization of the rate of growth or some such ...economic objectives, including development, are likely to come lower in the pecking order of government concerns than the case for development planning implicitly assumes...⁸

The use of aid as an American foreign policy instrument, as opposed to a purely economic development tool has, by its very nature, forced the Agency to support projects which, though beneficial to a country in economic terms, have a far higher priority in terms of political impact in a country. My motivation for undertaking this analysis of AID-giving, was to examine the economic, technical and political inputs to the decision-making process in order to determine the roles of those inputs in the process. I found what I had expected that it is impossible to divorce the political from the economic considerations in making aid decisions, which was not a revelation of any major significance. The choice by AID of the path of least resistance on policy reform, however, is a much more interesting finding.

The vast amount of foreign assistance flowing to Egypt from the U.S., places AID in an ideal position to use those resources to encourage significant policy reform. The fact that the Agency has been given extraordinarily high, politically-motivated funding levels provides Egypt with an opportunity to make unprecedented economic gains. The purpose in funding the NUPS study was to determine what urban problems would lend themselves to AID programs. However, Congress has put AID in a position which makes it extremely difficult to use those

funds to promote economic policy reform and to turn around the ailing Egyptian economy. Moreover, since the Egyptians are aware that the funds will be forthcoming whether or not they move to reform economic policy distortions, the Egyptians can continue to implement programs which promote short-run political gain instead of long-run development goals. In addition, AID has tied its own hands by placing time constraints on projects, making it nearly impossible for the Agency to contribute to policy reform.

Under the dual constraints of the Egyptian-American political relationship and the entrenched economic policies of the GOE, it would not be just to judge AID too harshly for emphasizing infrastructure, rather than tackling tougher policy issues. The decision to finance water and sewerage projects assists the GOE in meeting an obvious development need. With water mains breaking regularly in Cairo, the potential for health hazards are widespread. The GOE does, indeed, have to improve its water and sewerage systems if it is to avert a domestic crisis. The proposed Delta Secondary Cities project will seek to improve planning capabilities in areas where the NUPS study determined assistance is warranted, though it remains to be seen to what extent policy reform will be undertaken in this project. Improvements in waste disposal will meet a growing health concern, especially around the major metropolitan regions and, though not a priority area, will contribute to improved functioning of the major cities. One of the most important consequences of having funded the NUPS study, is that there is now a document which lays out for the Egyptians what the impact will be of following their current policies. Some modifications of policy in the Ministry of Planning have already taken place as a

result. Projects by the World Bank, the French, and the German governments have utilized the NUPS study, and it is almost certain that the detailed sector analyses prepared by NUPS will be incorporated into future planning efforts. Most importantly, if the GOE moves forward in incrementally implementing some of the NUPS recommendations, AID and other donor financing will be made available to assist them in carrying out economically viable projects.

My analysis of political/economic-technical balance in the decision-making process has lead me to conclude that if AID's clear objective is economic development, then the Agency is hampered by the fact that it also must serve as an instrument of foreign policy and, thus, must meet political objectives as well. How AID might strike a more acceptable balance in terms of economic development relative to its political mandate is a difficult problem, when funding of the Agency is controlled by those whose primary interest is non-economic. I would support three possible actions which AID could take in order to further the economic development goals of the Agency while, at the same time, fulfilling its political objectives.

The first action would consist of making the case to Congress that the Agency must have more autonomy over its own decisions. This would take the form of a briefing for members of Congress on the economic consequences of AID programs where AID is given little autonomy in funding decisions and, indeed, is required to spend all the funds which are authorized, with economic and technical criteria being secondary. In its draft Strategic Plan, the Agency states that it:

...is in a unique position to enter into policy dialogue with host country governments. Given our commitment to overcoming the worst aspects of poverty and our approach to development we bring a distinct perspective to policy discussions. The point of such dialogue is to achieve agreement on the nature of key policy constraints to basic development and on practical changes that can be made with support from AID and other donors. The adequacy of the policy framework will be an important consideration in Agency funding decisions on program and project proposals.

Special attention also is given to energy supply, pricing and distributional policies because of the linkages between energy uses and economic development and the achievement of basic human needs.⁹

The briefing would make the case the draft Strategic Plan makes for utilization of foreign aid to promote policy reforms where appropriate and, where AID is not given the autonomy to have significant impact on the process for such reforms, it would make the case that direct budgetary support to politically strategic countries should be made. The latter form of assistance would assist the recipient country and, at the same time, remove AID from the position of "encouraging" policy reform without the wherewithal to do so.

Even in cases where policy reform will be difficult to accomplish, studies of the magnitude and importance of NUPS should be undertaken, but only with full participation of host country officials and technical staff. It is important to note that, although beset with problems of acceptance by the Egyptian government, the NUPS study has served as valuable input to the Egyptian decision-making process. It has been difficult for the GOE to ignore NUPS findings that indicate current policies are not entirely rational nor do they make economic sense. Data collection and analysis leading to many of the current policies and plans in Egypt were weak, so the information which NUPS has provided has been important to the Egyptians.

The NUPS team was given the task of not only determining whether the New Towns Policy made sense, but also of laying out for AID and the GOE what the options for an appropriate urban policy would consist of. To the extent that AID has relationships with most ministries, the fact that the mission was not willing to intercede and secure GOE cooperation on the study and concurrence in its results, reflects a lack of commitment which may be attributable to either the priority of the urban sector at the mission level or a sense that the Agency gives limited priority to urban activities as a result of Congressional directives. This, plus the fact that the pressure on the GOE by AID for policy reform in energy and food supports was already quite strong, may have caused the mission to retreat from exerting pressure for reform in yet another sensitive policy area.

The necessity exists for making a stronger case to Congress for urban development projects, especially as defined in terms of the AID priority areas of health and family planning, education and agriculture (with urban dwellers having sufficient access to agricultural outputs at affordable prices). Recognizing that the process of urban development is becoming at least as or more important than rural development in many countries, will be crucial if economic development is to continue in a manner compatible with development reality. The attitude which has been taken, i.e., to permit the World Bank to finance the majority of the urban projects, will not be sufficient once urban problems become so horrendous that they overshadow rural ones. Just as AID expects developing country governments to approach their economic development problems in an integrated fashion with regard to both rural and urban development, so, too, should AID begin to implement its economic

assistance program to more closely reflect that same development balance.

FOOTNOTES CHAPTER IV

1. PADCO, National Urban Policy Study, Volume 1, Cairo, July, 1982, pp. xxiii - xxiv.
2. Van Huyck, Alfred P., "The Primate City: Friend or Foe to National Development," Paper for 9th African Conference on Housing and Urban Development, Dakar, Senegal, April 9-13, 1984, pp. 16-18.
3. Agency for International Development, "Egypt FY 1986 Country Development Strategy Statement Annex I, Institution Building: Lessons Learned from Evaluation," Washington, April, 1984, p.4.
4. Agency for International Development, "Egypt FY 1986 Country Development Strategy Statement, Annex G, Urban Policy and Strategy Update," Washington, April, 1984.
5. Lindblom, Charles E., The Policy-Making Process, Prentice-Hall, Englewood Cliffs, New Jersey, 1968, p. 13.
6. Sharkansky, Ira, Public Administration, Markham Publishing Company, Chicago, 1972, p. 54.
7. Rondinelli, Dennis A., "Rethinking National Development," Journal of the American Institute of Planners, Volume 44, Number 1, January, 1978, p. 85.
8. Killick, Tony, "The Possibilities of Development Planning," Oxford Economic Papers, Volume 41, Number 4, England, October, 1976, p. 360.
9. Agency for International Development, Draft Strategic Plan, Washington, October 19, 1984, p. 16.

ANNEX 1

Table I

TOTAL A.I.D. TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS,
1949-1970

<u>Region</u>	<u>Number Countries</u>	<u>Number Projects</u>	<u>Expenditures</u>
Latin America	18	70	\$33,136,000
Africa	10	22	9,874,000
Near East and South Asia	11	28	9,186,000
East Asia	6	21	4,740,000
Non-regional	-	4	736,000
TOTAL	45	145	\$57,672,000

Source All Tables: Cooley, Stephen W., Agency for International Development Technical Assistance for Urban Development, A Study of Agency Experience, 1949-1970, June, 1971, Technical Assistance Bureau, AID, Washington.

Table II

A.I.D. TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS IN LATIN AMERICA

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
ARGENTINA	510-11-820-035	Housing	6/70	332
BOLIVIA	511-11-890-111	Internal Migration & Hsng.	9/58	45
	511-11-640-319	Urban Schools Construction	7/64	800
	511-11-750-604	Urban Property Reassess.	6/69	219
BRAZIL	512-11-830-011	Housing	6/60	64
	512-11-830-107	Housing	6/65	8
	512-11-830-108	Housing - NE	6/66	35
	512-11-830-264	Nat'l. Hsng. Bank	('71)	973
	512-11-840-264	Self-help Hsng.	'67	21
	512-11-710-039	Sao Paulo Admin.	6/58	12
	512-11-720-122.9	Munic. & State Admin.	('72)	-
	512-15-810-125	Urban Self-help	'70	359
	512-15-830-264	Urban Planning Dev.	-	-
	512-11-310-106	Roads - NE	6/67	1584
	[512-11-520-062	Nat'l. Water & Sewer		
	[512-11-520-062.1	Urban Water & S.Syst.	('72)	3100
BRIT. HOND.	505-11-890-005	Hsng. Dev.	12/64	101
CHILE	513-11-770-217	Pub. Admin. & Urban Dev.	('74)	39
	513-11-830-059	Hsng. Servicio	6/55	150
	513-15-830-026	Housing	6/64	906
	513-15-830-257	Urban Planning & Dev.	-	-
	513-11-750-143	Dev. Planning Org.	10/66	149
	513-11-750-152	Regional Planning	6/67	209
	513-11-320-144	Transportation Planning	-	-
COLOMBIA	514-15-810-154	Decentralized Dev.	('75)	0
	514-11-830-012	Urban & Rural Hsng.	6/59	235
COSTA RICA	515-11-520-915	Munic. Sewerage	6/61	2
	515-11-790-004	Munic. Gov. Admin.	6/61	27
	515-11-720-060	Dev. Planning & Admin.	'70	1998
	515-11-830-063	Hsng. & City Planning	4/64	325

Table II Cont.

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
ECUADOR	518-15-995-074	Town Planning	6/68	383
	518-15-910-048	Dev. Center	12/62	70
	518-15-890-092.3	Urban Dev.	('73)	-
	518-11-660-088	Central Univ. - Quito	'69	2774
	518-11-660-089	Catholic Univ. - Quito	'69	1285
	518-11-660-090	Guayaquil Univ.	'69	1162
	518-15-840-014	Housing	7/54	53
EL SALVADOR	519-11-830-089	Housing Finance	10/65	29
	519-11-720-051	Dev. Planning	6/69	1013
	519-11-840-054	Urban Facilities Planning	5/66	57
GUATEMALA	520-11-760-146	Public Finance & Planning	12/68	821
	520-11-650-139	Urban Educ.	6/56	18
	520-11-690-137	Urban Educ.	6/64	580
	520-11-790-176.2	Public Admin. & Munic.Pl.	('71)	1189
	520-11-830-047	Housing	12/61	430
	520-11-830-081	Housing	6/61	2562
	520-11-830-081	Housing	6/64	1075
	520-11-340-037	Harbor Oper. & Admin.	6/56	6
HONDURAS	522-11-995-039	Public Admin. & Munic.Gov.	('73)	-
	522-11-995-074	Coop. Dev. Savings	('73)	902
	522-11-995-074.3	Coop.Dev.Hsng.	('71)	-
NICARAGUA	524-11-830-039	Comprehensive Phy.Planning	2/63	87
	524-11-870-003	City Planning	3/61	108
PANAMA	525-15-840-045	Assistance for Housing	6/68	241
	525-15-460-105	Urban Dev.Project (Labor)	6/67	141
	525-15-995-095	Urban Master Planning	'68	956
	525-15-899-119	Urban Dev.	('73)	823
	[525-15-810-117	Community Dev.Foundation		
	[525-15-810-121	Nat'l. Community Dev.	('74)	-
[525-15-810-122	Nat'l. Volunteer Service			
PERU	527-11-830-065	Hsng. & Urban Dev.	'70	487
	527-11-540-934	San Marcos Med.School	'68	2280
SURINAM	508-11-810-003	Housing	6/65	241
TRIN. & TOB.	533-11-830-040	Housing & Planning	6/64	178
URUGUAY	528-11-830-014	Hsng.Mortgage Finance Co.	7/67	14

Table II Cont.

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
VENEZUELA	529-15-830-017	Housing & Urban Renewal	'71	470
LA REGIONAL	529-15-830-017	Housing	6/65	30
	598-15-260-440	Nat'l. Markets	'70	798
	598-15-810-114	Approach to Urban Dev.	'66	157
	598-15-830-444	Urban Dev.	12/66	23
			<hr/> <hr/>	
<u>18 Countries</u>	<u>70 Projects</u>			33,136

* As of June 30, 1970

Table III

A. I. D. TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS IN AFRICA

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
CAMEROON	631-11-310-009	Farm to Market Roads	'67	658
	631-11-990-001	Urban Dev.	6/65	311
GHANA	641-11-390-042	Sector Transp. Studies	6/68	5
ETHIOPIA	663-11-810-081	Land Res. & Community Dev.	6/57	56
IVORY COAST	681-11-840-035	Low Cost Housing	'68	147
LIBERIA *	669-11-720-068	Nat'l. Planning Agency	6/66	694
	669-11-920-069	Dev. Banking	6/61	12
	669-11-520-075	Monrovia Sewerage	6/65	45
	669-11-740-083	Public Utilities Mgt.	6/70	887
	669-11-830-019	Public Bldg. & Housing	6/58	175
MOROCCO	608-11-860-025	City Plan: Agadir	6/61	87
NIGERIA	620-11-610-736	Ibadan Tech. College	'68	2280
	620-11-830-711	East Nigeria HHFA	'67	545
	620-11-830-763	Nat'l. HHFA	12/67	91
RHODESIA/NYASA	614-11-120-071	Land-Use Planning	6/60	7
SOMALI REP.	649-11-340-021	Mogadiscio Port	8/67	1597
SUDAN	650-11-310-056	Khartoum-Port Sudan Hwy.	4/67	837
	650-11-660-085	Univ. Khartoum	'71	791
	650-11-520-060	Khartoum North Sewerage Pl.	12/67	90
AFR. REGION	618-11-660-609	Nairobi Eng. Faculty	4/66	120
	698-11-890-101	Conference on Hsng. Fin.	7/67	14
	698-11-890-134	Hsng. Supervisory Inspect.	'67	425
<u>10 Countries</u>	<u>22 Projects</u>			<u>9,874</u>

*As of June 30, 1970

Table IV

A. I. D. TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS IN NEAR EAST/SOUTH ASIA

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
AFGHANISTAN	306-11-680-030	Kabul Univ. Admin.	6/64	245
	306-11-680-013	Kabul Univ. Improvement	('71)	806
CEYLON	383-11-660-006	Univ. Ceylon	6/64	978
	383-11-720-028	Dept. Nat'l. Planning	4/62	5
INDIA	386-11-830-013	Building Materials Dev.	6/61	199
	386-11-840-014	Low Cost Hsng.	6/57	47
	386-11-690-028	New Dehli Regional Health & Sanitation Survey	6/66	12
	386-11-870-373	Reg. Dev. Plan	8/68	20
GREECE	240-11-830-065	Labor Hsng.	6/59	27
IRAN	265-11-710-113	Munic. Mgt.	6/64	354
	265-11-910-109	Ind. Dev. Center	6/65	945
	265-11-520-013	Bandar Abas Water Supply	3/53	50
	265-11-790-239	Village, Town & Province Dev.	6/66	82
	265-11-820-077	Tehran Munic. Dev.	6/57	15
IRAQ	266-11-610-025	Baghdad University	6/68	527
JORDAN	278-15-990-078	Munic. Loan Fund	6/64	2,795
LEBANON	268-15-690-052	Tripoli Community Dev. Sch.	6/54	1
	268-11-520-116	Tripoli Water Supply	4/61	6
	268-11-540-079	Tripoli General Sanitation	6/58	6
PAKISTAN	391-11-220-161	Kanachi Elec. Supply	12/65	2
	391-11-520-079	Munic. Water Supply	6/62	77
	391-11-660-220	Peshawar Univ.	'68	450
TURKEY	277-11-220-243	Istanbul Arterial	6/57	79
	277-11-340-308	Seaport Oper.	6/65	234
	277-11-720-368	Dev. Planning	6/67	287
	277-11-990-362	Cukurova Planning	6/67	150
YEMEN	279-15-810-011	Urban & Rural Dev.	'68	741
NESA REGION	298-11-830-011	Regional Hsng. Office	6/58	<u>46</u>
<u>11 Countries</u>	<u>28 Projects</u>			<u>9,186</u>

*As of June 30, 1970

Table V

A. I. D. TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS IN EAST ASIA

<u>Country</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
REP. CHINA	484-11-830-158	Low Cost Hsng.	9/61	55
	484-11-790-295	Munic. Gov. Admin.	6/58	8
	484-11-810-161	Urban & Ind. Survey	3/57	8
	484-11-340-118	Port Oper. & Mgt.	3/58	3
	484-11-370-574	Modernizing Taipei	5/67	244
INDONESIA	497-11-340-082	Port & Harbor Training	9/56	8
	497-11-830-057	Low Cost Hsng.	6/60	229
KOREA	489-15-320-232	Urban Transit Street Car	6/59	260
	489-11-330-600	Hwy.-R.R. Ports & Harbors	6/69	162
	489-11-830-449	Hsng. Research Dev.	11/61	167
	489-13-830-528	Hsng. Finance Construction Plan	6/62	44
	489-15-830-582	Hsng. Finance Constr. Plan	6/65	15
	489-11-870-653	Urban Dev.	'69	31
LAOS	439-11-290-053	Ind. Dev. Center	6/62	34
PHILIPPINES	492-11-390-087	Transportation Survey	6/57	13
	492-11-270-035	Ind. Dev. Center	6/68	2,021
	492-11-660-070	Univ. of Philippines	6/68	1,350
	492-11-830-214	Urban Planning	('71)	30
	492-11-480-031	Workers Hsng.	6/54	4
THAILAND	493-11-310-154	Bangkok-Nakhon Phanom Hwy.	12/65	11
	493-11-310-155	Korat-Nong Khai Hwy.	12/60	43
<u>6 Countries</u>	<u>21 Projects</u>			<u>4,740</u>

*As of June 30, 1970

Table VI

A.I.D. NON-REGIONAL TECHNICAL ASSISTANCE URBAN DEVELOPMENT PROJECTS

<u>Sponsor</u>	<u>Project Number</u>	<u>Title</u>	<u>Date Completed</u>	<u>Expenditure (Thousand \$)*</u>
OPC	901-11-690-217	Urban Community	11/67	101
TAE	931-17-290-438	Cost of Urb. Infrastructure	'68	244
	931-17-890-416	Relation of Investment in Housing to Econ. Growth	'67	164
	931-17-890-440	Urban Hsng. - Latin America	'70	227
				==
	<u>4 Projects</u>			736

* As of June 30, 1970

Table VII

TOTAL A.I.D. TECHNICAL ASSISTANCE FOR URBAN DEVELOPMENT:

NUMBER OF COUNTRIES BY REGION AND TYPE OF ACTIVITY

<u>Type of Activity</u>	<u>Latin America</u>	<u>Africa</u>	<u>Near East South Asia</u>	<u>East Asia</u>	<u>Total Countries*</u>
Housing	15	3	2	4	24
Planning	9	3	3	2	17
Municipal Administration	5	0	1	1	7
Urban Community Development	5	2	3	1	11
Urban Education	4	2	5	1	12
Urban Transportation	3	4	1	5	13
Urban Services	3	2	4	0	9
Other	<u>4</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>10</u>
TOTAL COUNTRIES*	18	10	11	6	45

*Unduplicated count

ANNEX 2

A. Core UDA (Urban Development Assessment)

[The following should be included in all types of UDAs. The amount of material listed here as essential for a core UDA may seem exceedingly large. However, these Guidelines envisage a limited depth of analysis for these core subjects and issues. Experience to date suggests that, given the availability of a reasonable amount of secondary data from U.S. and in-country sources (including interview information), basic data collection, analysis, and writing for any one of the items below can be done in as little as three person-days. No more than about one person-week need be spent on any single item in a core UDA, unless it is an issue of special focus.]

1. Describe the country's demographic and economic development context.
 - a. National population trends (including migration).
 - b. Economic development situation and trends.
 - Economic growth.
 - Sectoral structure of production and labor force.
 - c. National economic development policies.
2. Describe the country's urban structure and trends.
 - a. Urban growth overall and by city.
 - b. Structure of the settlement system.
 - Distribution of urban population by city size.
 - Functions of regions and cities.
 - c. Spatial distribution of the resource base and economic activities.
 - d. Income levels and income distribution of the urban population.
3. Describe the institutional framework for urban policy-making planning, management, and delivery of services and briefly comment on the effectiveness of the various institutions.
 - a. Political/administrative structure.
 - b. Inventory of institutions involved in urban planning, management and services.
 - c. Public finance system.

Source: "Guidelines for Preparing Urban Development Assessment," Office of Housing and Urban Programs, Agency for International Development, Washington, April, 1984.

In reviewing national urban policy-making and programming, particular attention should be given to: (1) whether there are any institutions capable of bridging the gap between national economic planning and spatial investment planning/programming and (2) the extent to which urban development plans prepared at the national level take into account the financial/economic implications and the feasibility of implementation.

Provide suggestions on improving the national-level institutional capacity to carry out urban or spatial planning and on making national urban planning more responsive to financial and institutional realities.

4. Briefly review national urban and spatial policies (explicit and implicit) and comment on the degree to which their objectives are being met. This review should include:
 - a. Aspects of the national economic development plan related to urban areas.
 - b. Industrial development policies.
 - c. Agricultural policies.
 - d. Regional development policies and programs.
 - e. Political/administrative decentralization.
 - f. National transport plans or programs.

5. Assess the general physical conditions of the principal urban areas. Focus particularly on the situation of the urban poor. Examine the roles of the public private sectors (formal and informal). This review should cover:
 - a. Housing: Shelter conditions of the urban population; the main problems of housing supply and affordability
 - b. Infrastructure: Proportion of the urban population served by water supply systems, sanitation systems, electric power, and drainage systems; the main problems of supply and affordability in each category
 - c. Services: Proportion of the urban population served by public transport, health facilities, schools, and solid waste collection; main problems of supply and affordability in each category
 - d. Land: The availability of land for future urban growth and, in particular, lower-income residential development; the major problems

of land availability (e.g., price, tenure, standards, physical unsuitability, etc.); the major problems of urban land management.

6. Review problems and opportunities related to urban employment nationally with particular attention to the following:
 - a. The rate at which national economy is creating urban jobs.
 - b. The trend in urban job growth versus labor force growth.
 - c. The kinds of urban jobs being created.
 - Sectors of employment (industry, services, commerce, etc.).
 - Public vs. private.
 - Formal vs. informal.
 - d. The places (cities or regions) where most urban jobs are being created.
 - e. National economic policies and programs affecting urban job creation.

Provide general recommendations on measures to simulate more urban job creation, especially in the private sector.

7. Assess the availability of public and private financial resources for investment in urban development, focusing on:
 - a. The rate at which investment resources (public and private) for urban development have been growing.
 - b. The rates at which urban investment has been transformed into urban GDP growth and urban job growth.
 - c. The key sources of investment in urban development (e.g., domestic savings, export earnings, taxes, foreign assistance).
 - d. The prospects for additional resource mobilization for urban development.
 - e. Impediments, if any, to private sector investment in urban enterprise or service delivery.

Provide general recommendations on alternative means to stimulate investment resource mobilization for urban development.

8. Review the spatial allocation of national investment (public and private) among urban vs. rural areas and among cities and regions. This analysis should cover:
 - a. Trends in the spatial allocation of investment.
 - b. The policies and objectives these trends have reflected (e.g., primate city dominance, "fair-share" allocation, social or cultural biases, economic efficiency, alleviation of geographical inequities).
 - c. The cities or regions that have benefitted most from past investment allocation patterns.
 - d. Current government spatial investment policies, if any, and the prospects these policies have for achieving their objectives.
 - e. Whether public policies are encouraging or discouraging private investment in certain locations.

Provide general recommendations on a framework for urban investment nationally. Identify cities or regions that should be given priority for investment on the basis of (1) their potential contribution to national economic development or (2) fostering greater geographical equity.

9. Provide an indication of what urban development objectives the nation can realistically hope to achieve given the investment resources likely to be available in the foreseeable future. Focus this analysis on:
 - a. The kinds and levels of urban development investments that can be made over the next five, ten, or twenty years.

OR [AID determines most appropriate focus]
 - b. The degree to which investment can be shifted away from the primate city and allocated to secondary cities as part of a decentralization strategy, without causing an unacceptable decline in national economic growth.

Evaluate the relevance of the following factors on the "affordability" of possible urban development objectives: (1) the costs of job creation in different locations; (2) the opportunity cost and political feasibility of shifting investment resources away from rural areas; (3) the cost implications of varying physical standards for urban development projects; and (4) prospects for growth of urban investment resources.

B. National UDA

[The following are "optional" issues that may be covered in a national UDA, which is essentially an expansion of the core material outlined above.]

1. Review the current national development plan and determine the extent to which it deals with urbanization explicitly. Assess whether the plan allocates a "reasonable" share of productive and supportive investment to urban areas or urban populations. Suggest general approaches to modifying the next development plan to better accomplish national urban development objectives.
2. Assess the measures taken to date to carry out political/administrative decentralization. Give particular attention to:
 - a. How effective the measures have been.
 - b. The urban development objectives that may be furthered by delegation of political/administrative authority to provincial and municipal governments.
 - c. The financial and budgetary reforms that should accompany decentralization efforts.
 - d. The institutional reforms and assistance local governments need in order to take on new responsibilities.

Provide recommendations on the types of policy changes, legal and regulatory reforms and institutional changes needed to implement a coherent decentralization strategy.

3. Evaluate public finance at the national level as it affects urban development, focusing on:
 - a. The extent to which certain sectors of the economy may be under-taxed relative to their size in comparison with other countries.
 - b. Whether there are subsidies to urban populations that should be re-evaluated.

Give suggestions on potential ways of mobilizing more public resources for urban development.

4. Review the ways in which existing policies and institutions limit the effectiveness of urban shelter and infrastructure provision to lower-income groups. Specific attention should be given to:

- a. Strengths and weaknesses of the capital market system.
- b. Adequacy of physical design standards.
- c. The financial status and practices of shelter and infrastructure institutions.
- d. The planning and implementation capacity of these institutions.

Provide recommendations on how the delivery of urban shelter and infrastructure might be improved to accomplish (1) economic development objectives (programming investments where they will make the greatest contribution to economic growth); or (2) equity objectives (supplying lower-income urban dwellers with affordable shelter and infrastructure on a financially sound basis).

C. Regional UDA

[The first three items below should be included in all regional UDAs].

1. Regional profile: briefly describe the following (if not already covered in the core material):
 - a. Population and demographic trends in the region.
 - b. Natural resources and economic base.
 - c. The region's settlement system.
 - Spatial distribution of population in the region.
 - Functions of the main cities and towns.
 - d. Urban infrastructure and services.
 - e. Institutional framework for development in the region.
 - National agencies represented in the region.
 - Provincial-level government structure.
 - Municipal-level government structure.
2. Present an overview of the role of the region in national development, focusing on the following:
 - a. The official development objectives for the region.
 - b. The region's contribution to the national economy.

- c. Comparison of the region's income, structure of production and employment, output, and infrastructure with those of other regions.
 - d. Extent to which the region has benefitted or been hurt by national development policies.
3. Review briefly the strengths and weaknesses of regional institutions with respect to urban development in the areas of policy making, planning, programming and budgeting, public finance, and implementation.

[The following are "optional" issues for inclusion in a regional UDA]

4. Assess the extent to which economic development in the region could be stimulated through investments in urban settlements. If this is feasible, provide recommendations on:
- a. Which cities and towns in the region should be the focus of investments to promote economic growth.
 - b. What types of investments would be most appropriate.
5. Analyze the potential for stimulating rural development in the region by strengthening urban functions in one or more settlements. Provide recommendations on the usefulness of and scope for investments in:
- a. Urban-based agricultural production support facilities (e.g., for marketing and storage).
 - b. Agro-processing facilities.
 - c. Urban-based service facilities (e.g., credit outlets, input suppliers, schools, clinics).
6. Evaluate the potential for generating non-farm employment in the region. Specifically, assess the viability of:
- a. Strengthening institutional support and services for enterprise development (e.g., cottage industry).
 - b. Providing skill training to the local population.

Provide preliminary recommendations for action (programs or institutional development) or further study.

D. City UDA

[The first three items below should be included in all city UDAs].

1. City profile: briefly describe the following based on available data disaggregated to the city level:
 - a. Population trends.
 - b. Economic base and production structure.
 - c. Employment characteristics.
 - d. Shelter, infrastructure and services.
 - e. Institutional structure for city planning, management and provision of services.

2. Present a brief overview of the role of the city in national and regional development, focusing on the following:
 - a. The city's contributions to the national and regional economies.
 - b. The functions the city performs in relation to the nation and the region.
 - c. How the city compares with others in terms of income, structure of production and employment, output, infrastructure and social services.
 - d. The extent to which the city has benefitted or been hurt by national development policies.

3. Review in summary fashion the strengths and weaknesses of city institutions in the areas of policy-making, planning, programming and budgeting, public finance, and implementation. Provide recommendations on technical assistance and training that could be provided to improve city planning and management; also, make preliminary suggestions on institutional changes that should be considered in city management and administration.

[The following are "optional" issues for inclusion in a city UDA]

4. Assess the city's potential for economic development and job generation. Examine in particular:

- a. The structure of city's industrial base, including private and public sector roles, types and sizes of enterprises, and the markets for which they produce.
- b. Apparent bottlenecks for large, medium, and small-scale industrial development including policy questions, labor force, infrastructure, services, managerial skills, credit, training, etc.
- c. Structure and development potential of other productive sectors (commerce, services, government, construction, etc.).

Provide suggestions on how the city can use its comparative advantages to develop economically.

- 5. Assess the adequacy of shelter delivery for the city's lower-income population. Focus particularly on:
 - a. Shelter conditions.
 - b. Shelter financing systems.
 - c. Physical standards and affordability.
 - d. Institutional capacity of the public and private sectors to supply shelter on a financially sound basis to lower-income urban households.

Provide general recommendations on policy, regulatory, and institutional changes needed to improve shelter conditions for the city's lower-income population; also, suggest further studies needed to generate specific action proposals:

- 6. Evaluate the adequacy of infrastructure and services in the city in terms of:
 - a. Constraints on economic development.

OR [AID selects primary emphasis]

- b. Living conditions of the lower-income population.

This review may include water supply, sanitation, drainage, electric power, public transport, health and education facilities, and solid waste collection.

Provide general recommendations on policy, regulatory, and institutional changes needed to improve urban infrastructure and services; also, suggest further studies needed to generate specific action proposals.

7. Review the city's public finance situation, focusing on:
 - a. The authority of the city to collect revenue for locally-determined uses.
 - b. The effectiveness of municipal revenue collection.
 - c. The degree to which the city is financially dependent on the national government and the amount of municipal control over the use of national funds.

Provide preliminary suggestions on policy, legal, and institutional changes which would allow the city to mobilize additional public revenue. Also, suggest further studies needed to generate specific proposals.

8. Analyze the city's land use problems, which may include: [AID selects primary focus]
 - a. Availability of land for urban growth.
 - b. Availability of land for lower-income residential development.
 - c. Controlling the location and type of urban land development.
 - d. Loss of agricultural land to urban development.

Include in this analysis a brief review of land prices, development standards, tenure, physical characteristics, and land use regulations. Provide recommendations on subjects for further study.

II. An Overview of the Methodology and Its Major Components

The basic structure of the NUPS methodology is presented in Figure I. The framework for analysis shown in Figure I consists of five major components:

- (1) An Aggregate Demographic and Economic Module (ADEM);
- (2) A Settlement Allocation/Costing Module (SACM) with two major sub-components: (a) Investment for Employment; and (b) Investment for Shelter and Infrastructure;
- (3) A Control, Feasibility and Risk Module (CFRM);
- (4) An Evaluation of Strategic Alternatives Module (ESAM); and
- (5) A "Preferred Strategy Recommendation Module" (PSRM).

Source: "Analytical Methodology for Preparing Urban Policy Recommendations," PADCO, Washington, January 1984.

The following is a brief description of each of the modules.

A. The Aggregate Demographic and Economic Module (ADEM)

The ADEM provides estimates of total urban population and its change over a given time period -- that is, an estimate of the population likely to need urban jobs, shelter and services. It also provides estimates of the total investment resource pool (i.e., the total investment generated by the economy which will be available to finance different sectoral programs) over the planning period to achieve a given rate of economic growth. This module provides sectoral detail on the distribution of total investment among economic sectors.

The ADEM total urban population estimate is used as a control total in the Settlement Allocation/Costing Module (SACM). The estimate of the total resource pool is used as a control total in the Control/Feasibility/Risk Module (CFRM). The sectoral costs per job are used as inputs to the Investment for Employment sub-component of the SACM.

B. The Settlement Allocation and Costing Module (SACM)

The Settlement Allocation and Costing Module builds on the national population and aggregate economic projections developed in the ADEM module. Specifically, it allocates investment in employment and shelter and urban infrastructure at the settlement level. As such, it consists of two subcomponents:

- The Investment for Employment Subcomponent, and
- The Investment for Shelter and Urban Infrastructure Subcomponent.

The two and their inter-relationships are discussed below.

1. Investment for Employment

The Investment for Employment sub-component of the SACM is implemented once total urban population and sectoral costs per job are calculated by the ADEM module. Here, investment is allocated among the urban settlements to generate enough jobs to support the total urban populations. This allocation procedure is one of the most innovative elements of the NUPS methodology.

The SACM provides the basis for establishing population targets by settlement in each of the settlement alternatives to be tested. Specifically, a functional relationship is established between the employment growth rate of each settlement and investment costs per job. Settlement population targets are determined by the rate of growth of employment.

A variety of alternative distributions of population among urban areas can be generated by changing the manner in which investment for job creation is allocated. A given allocation determines simultaneously the expected cost per job created for each settlement and the rate of employment growth in the settlement. Population growth in each settlement is then derived from employment growth.

This sub-component of the SACM produces three analytic outputs that are used later in the methodology:

- Population targets by settlement, which are used to estimate required shelter and infrastructure levels and costs in the Investment for Shelter and Infrastructure sub-component;
- Total employment and population, and
- Total direct investment in employment generation.

The settlement population targets provide the direct link in the methodology between the Investment for Employment and Investment for Shelter and Infrastructure sub-components of the SACM.

2. The Shelter/Infrastructure Component

The "Investment for Shelter/Infrastructure" component of the "Settlement Allocation/Costing Module" takes the settlement population distributions derived from the "Investment for Employment" subcomponent. It then calculates the total and per capita costs of the shelter and urban infrastructure needed to support the demand for these services created by the population targets.

This step in the methodology requires a substantial amount of empirical information about the stock, condition, and capacity of shelter and infrastructure in the major settlements. The cost of future investment plans will hinge on the degree to which existing stock can be used or upgraded to handle projected population growth rather than adding new capacity.

The implementation of the "Investment for Shelter/Infrastructure" component provides information on the total and per capita costs of each

alternative and additional information on the sensitivity of these costs to future standards, prices, and demand. The aggregation of the costs from it and the "Investment for Employment" subcomponents provides a means of assessing the financial feasibility of alternatives when compared with the estimated total resource pool (derived in the ADEM Macro-Module).

The sensitivity analysis provides a means of proposing alternative standards, pricing, and cost recovery mechanisms to alter the projected financial exposure resulting from the choice of any particular set of population distribution targets. Finally, the empirical analysis, within a sector, provides decision-makers with information needed to determine which kinds of sectoral choices have the best chance of being cost-effective elements of future development projects.

C. THE CONTROL/FEASIBILITY/RISK MODULE (CFRM)

The sectoral and total costs for the alternatives becomes the major input links between the SACM and the financial feasibility element of the CFRM.

The employment and infrastructure costs resulting from the SAEM module are used to establish whether or not a given settlement strategy is likely to be affordable within the investment resource pool. An alternative is judged to be more or less risky depending upon the degree to which its implementation:

- Requires supplementation of domestic resources with foreign resources (the danger of increased dependence or a foreign resource gap);
- Requires substantial shifts of resources from one sector to another, e.g., from agriculture to urban housing and infrastructure; or
- Requires more total resources than are likely to be generated from both domestic and foreign sources at a feasible rate of economic growth.

The administrative/legal feasibility element of the CFRM relies less on quantitative analysis than the other parts of the methodology. It relies heavily on information developed on the current legal framework for urban development, the administrative structure and practices, allocation of decision making authority among national ministries and between the national, governorate and local authorities, as well as some of the empirical analysis described so far.

Places which will require substantial increases in the allocation of industrial, shelter and infrastructure investments in order to reach population targets will pose heavy requirements for planning, project identification and evaluation, as well as management and supervision of project implementation. Thus alternatives with high requirements for growth in areas where administrative support is lacking pose the risk of being costly to implement because the management skills needed to implement those strategies may not be forthcoming.

Finally, alternatives that imply substantial redistribution of the urban population may necessitate restructuring of administrative responsibilities and authority, the possible creation of new institutions, and revised procedures for staffing in places which receive priority attention.

D. THE EVALUATION OF STRATEGIC ALTERNATIVES MODULE (ESAM)

This module is designed to provide an evaluation of the alternatives developed and costed in the preceding analysis. Alternatives that turn out to be financially and administratively feasible may differ considerably in the degree to which they contribute to different national development objectives and in the relationship between their expected beneficial results and costs. This portion of the methodology, therefore, assesses in both quantitative and non-quantitative terms the relative value of the alternatives in achieving national development objectives and benefits relative to costs.

NUPS analysis, as well as urban policy analysis in other countries, has made it clear that no single settlement strategy is simultaneously the best way of achieving all of the multiple objectives of development policy.

The Government of Egypt, for example, had four major national objectives which were likely to be more or less fully achieved depending upon the spatial and sectoral strategy adopted. These were:

- Achievement of a high rate of national economic growth;
- The maintenance of social justice through inter-personal and inter-regional equity;
- Reduction of the adverse consequences of population concentration in Cairo; and
- Protection of arable land to contribute to the production of food and the growth of agriculture-oriented industry.

The approach used in NUPS is to assess the relative value of the settlement alternatives was to:

- To develop performance data (from the preceding analysis) for each alternative and compare them;
- To estimate the quantitative income benefits of each alternative and the net benefits (income benefits minus financial costs).

To perform this analysis, the ESAM module consists of two subcomponent, a non-quantified ranking of alternatives according to the degree to which they meet

development objectives and a quantification of the relative economic benefits and costs of alternatives. The non-quantified ranking of alternatives is based on establishing performance criteria on which an alternative is judged according to how it ranks vis-a-vis other alternatives in meeting development objectives. The quantification of economic benefits and costs shows the degree to which a settlement alternative is likely to lead to national economic growth. An alternative with low net benefits (i.e., the difference between total economic benefits and costs) is less likely to contribute to national economic growth than one with higher net benefits.

1. Aggregate Economic Benefit/Cost Estimate

Any attempt to quantitatively estimate aggregate benefits of all kinds and costs of alternative national urban policies should be treated with caution. This is true for many reasons, including the difficulty of treating benefits on multiple criteria (such as both social, distributional and economic) as if they were commensurable (i.e., subject to a common set of measurements); and that the incidence of benefits and costs (i.e., who receives the benefits and who pays the costs) is often at least as important as their overall magnitudes. That is why the overall benefits described above were not aggregated into a single benefit measure.

Given these caveats, however, an important but limited set of commensurable economic benefits and costs can be calculated to illustrate aggregate economic benefits and costs associated with different urban development alternatives. The primary purpose of these calculations is to demonstrate the direction of effects on net benefits of moving from relatively regionally concentrated strategies to an interregionally dispersed strategy. Thus, the exact magnitude of the calculated benefit streams is not as important as the relationship between the streams associated with different strategies.

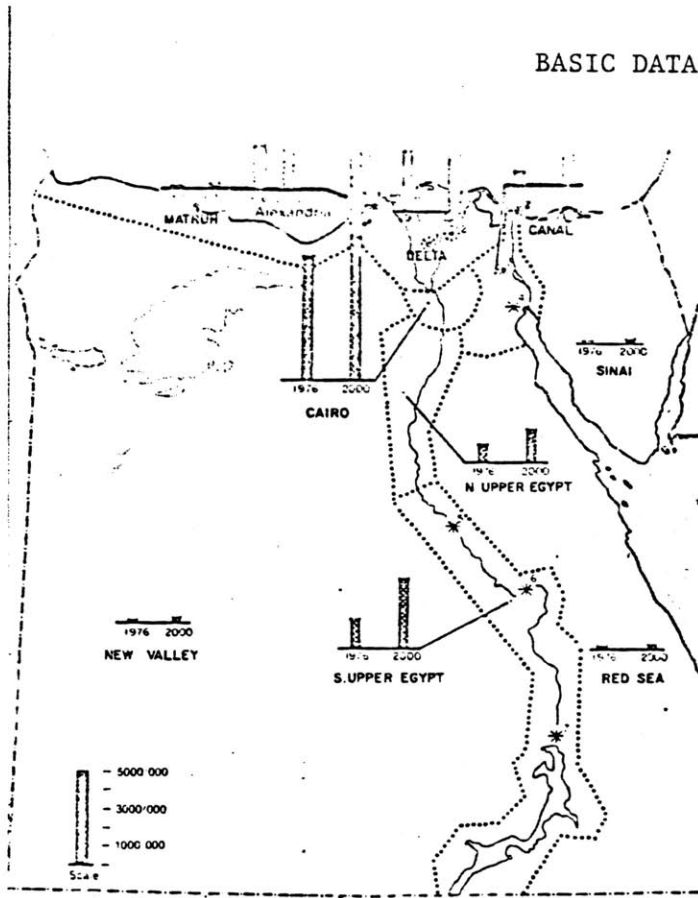
E. PREFERRED STRATEGY RECOMMENDATIONS

The final component of the methodology is the "Preferred Strategy" recommendations. Ideally, the preferred strategy recommendations should grow out of the analysis of previous modules whereby desirable elements of different alternatives are combined into a single set of policy recommendations which can be adopted by government. At the very least, the Preferred Strategy recommendations should contain the following:

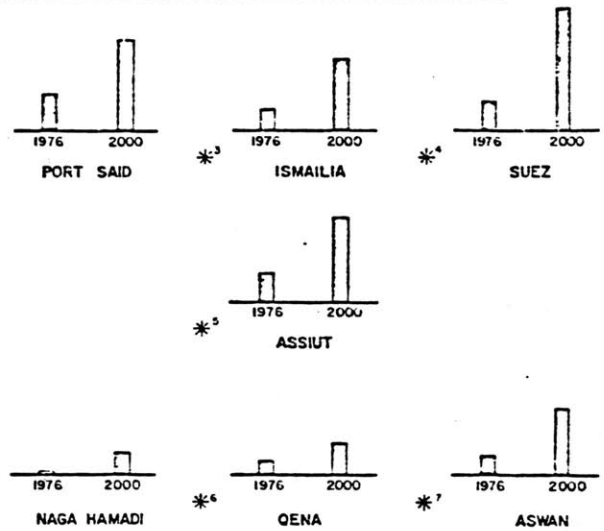
- Spatial priorities, population targets and investment costs across the settlement system.
- Sectoral priorities standards, service levels investment costs and cost recovery procedures, and

- **Summary costs of the Preferred Strategy, performance characteristics, benefit costs analysis showing its desirable characteristics and permitting evaluation of the strategy as it is being implemented.**

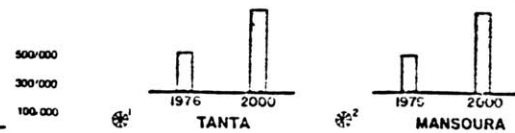
BASIC DATA FOR SPATIAL RECOMMENDATIONS



* SPECIAL EMPHASIS CITIES FOR GROWTH EMPHASIS



* SPECIAL EMPHASIS CITIES FOR GROWTH MANAGEMENT

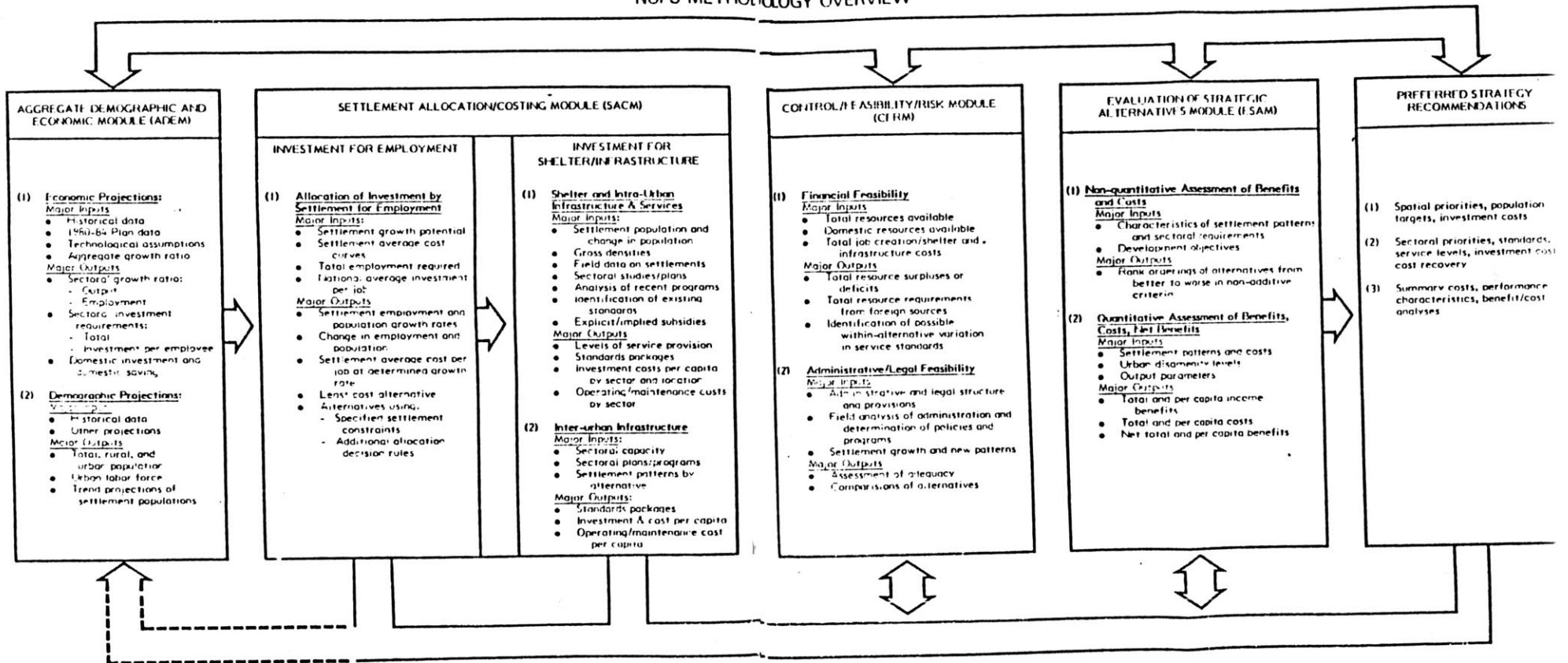


SPECIAL EMPHASIS CITIES (POPULATION 1976-2000)

SETTLEMENT ZONE	TOTAL URBAN 1976	TOTAL URBAN 2000	URBAN CHANGE 1976-2000
CAIRO	6,843,000	16,500,000	9,657,000
ALEXANDRIA	2,319,000	5,500,000	3,181,000
CANAL	630,000	2,089,000	1,459,000
DELTA	3,668,000	6,952,000	3,284,000
NORTHERN UPPER EGYPT	983,000	1,821,000	838,000
SOUTHERN UPPER EGYPT	1,488,000	3,748,000	2,260,000
REMOTE AREAS			
RED SEA	56,400	110,000	53,600
NEW VALLEY	34,400	100,000	65,600
SINAI	10,000	100,000	90,000
MATRUH	51,000	90,000	39,000
REMOTE AREAS TOTAL	151,800	400,000	248,200
TOTAL URBAN	16,062,800	37,010,000	20,927,200

SETTLEMENT ZONE	URBAN POP. 1976	URBAN POP. 2000	CHANGE 1976-2000
SPECIAL EMPHASIS FOR GROWTH ENCOURAGEMENT (EXCLUDING ALEX.)			
PORT SAID	262,600	650,000	387,000
ISMAILIA	147,000	500,000	353,000
SUEZ	190,200	850,000	659,800
ASSIUT	213,900	600,000	386,100
NAGA HAMADI	19,800	175,000	155,200
QENA	93,800	225,000	131,200
ASWAN	144,400	450,000	305,600
SPECIAL EMPHASIS FOR GROWTH MANAGEMENT			
TANTA	285,000	575,000	290,000
MANSOURA	259,000	550,000	292,000

FIGURE 1
NUPS METHODOLOGY OVERVIEW



Source: "Analytical Methodology for Preparing Urban Policy Recommendations," PADCO, Washington, January, 1984.

دراسة السياسة القومية للتنمية الحضرية NATIONAL URBAN POLICY STUDY

NUPS PERFORMANCE DATA:

POPULATION PARAMETERS YEAR 2000

TOTAL	URBAN	LARGE URBAN
67.5	37.0	31.9

(in millions of inhabitants)

المجموع	الحضر	حضر ضخم
٦٧.٥	٣٧.٠	٣١.٩

(بالمليون نسمة)

معطيات الأداء بالدراسة
معالم السكان سنة ٢٠٠٠

ECONOMIC PERFORMANCE:

ANNUAL GDP GROWTH RATE	: 6.9 - 7.0%
1980: L.E. 267	2000: L.E. 640 - 650 PER CAPITA GDP
TOTAL RESOURCE POOL *	: 105.8
(in L.E. billions)	
TOTAL URBAN DEVELOPMENT COSTS	: 101.1
(in L.E. billions)	

* Total investment less agriculture and petroleum investment pool

معدل النمو القومي للناتج المحلي (بمليارات ل.م.ع.)	٦.٩ - ٧.٠ %
حجم الموارد المتاحة للتنمية الحضرية (بمليارات ل.م.ع.)	١٠٥.٨
مجموع تكاليف التنمية الحضرية (بمليارات ل.م.ع.)	١٠١.١

(*) مجموع الاستثمارات ناقصاً حصص الاستثمارات المتوقع توزيعها في قطاعات الزراعة والنفط

الأداء الاقتصادي

COST COMPARISON:		PREFERRED AS A PERCENTAGE OF OTHER ALTERNATIVES		
of A	of B ₁	of B ₂	of C	
98%	83%	89%	77%	

مقارنة التكاليف الاستراتيجية المقترحة إلى البدائل الأخرى			
ح	ب _١	ب _٢	ج
٩٨%	٨٣%	٨٩%	٧٧%

PERFORMANCE OF ALTERNATIVES:

- INVESTMENT SURPLUS OR DEFICIT VS. RESOURCE POOL				
NUPS	A	B ₁	B ₂	C
- 4.7	+ 0.4	- 7.5	- 9.0	- 25.4

(in L.E. billions)

النقص أو العجز في الاستثمار مقارن بأجمالي حجم الاستثمارات المتوقعة			
الدراسة	ب _١	ب _٢	ج
٤.٧ -	٠.٤ +	٧.٥ -	٩.٠ -

(بالمليارات ج.م.ع.)

أداء البدائل المختلفة

- JOB GROWTH SUPPORTABLE BY RESOURCE POOL		
NUPS PREFERRED	B ₂	C
7.7	6.3	5.4

DIFFERENCE FROM NUPS : - 0.8 (in millions of jobs)

حجم العمالة التي تؤدي إليها الاستثمارات المتوقعة		
الدراسة	ب _٢	ج
٧.٧	٦.٣	٥.٤

حجم العمالة التي تؤدي إليها الاستثمارات المتوقعة

- NET ECONOMIC BENEFITS					
CUMULATIVE 1966-2000		CUMULATIVE PER CAPITA		RATIO: NUPS TO C	
NUPS	C	NUPS	C	CUM.	ANNUAL
160.3	123.5	665.3	846.7	1.43	1.27

L.E. billions L.E. per capita

صافي المنفعة الاقتصادية			
مقارن		الفترة السنوية	
١٩٨٦ - ٢٠٠٠			
الدراسة	ب _٢	الدراسة	ج
١٦٠.٣	١٢٣.٥	٦٦٥.٣	٨٤٦.٧

أداء البنية الأساسية الحضرية

PHYSICAL PERFORMANCE:

LOCATIONAL CHARACTERISTICS OF URBAN POPULATION (1,000'S OF PERSONS)				
NUPS ZONE	ARABLE LAND (in urban boundaries)	URBAN INFILL (some arable land loss)	ARABLE LAND (low productivity)	DESERT SITES
GREATER CAIRO		3,645		6,316
GREATER ALEXANDRIA	416		1,713	1,141
CANAL				1,459
DELTA	3,284			
NORTH UPPER EGYPT	838			
SOUTH UPPER EGYPT		1,418		842
REMOTE AREAS				249
TOTAL	4,538	5,063	1,713	10,006

المميزات الخاصة لمواقع التنمية الحضرية			
مناطق الدراسة	المناطق الحضرية	المناطق الحضرية	المناطق الحضرية
مناطق الدراسة	٦٣١٦	٣٦٤٥	٦٣١٦
الأماكن الحضرية	١١٤١	١٧١٣	٤١٦
القناة	١٤٥٩		
الدلتا			٣٢٨٤
شمال الوجه القبلي			٨٢٨
جنوب الوجه القبلي	٨٤٢	١٤١٨	
المناطق النائية	٢٤٨		
المجموع	١٠٠٠٦	١٧١٣	٤٥٣٨

دراسة السياسة القومية للتنمية الحضرية

NATIONAL URBAN POLICY STUDY

التوفير في الاراضي الزراعية في الدلتا اقترح الاستراتيجية المفضلة

ARABLE LAND SAVINGS IN DELTA UNDER THE PREFERRED STRATEGY

	1976	1985	2000	ARABLE LAND CONSUMED		السكان الحضرية		
	URBAN POPULATION (000's)	URBAN POPULATION (000's)	URBAN POPULATION (000's)	(hectares)	(feddans)	1976	1985	2000
						عدد سكان	عدد سكان	عدد سكان
I. Arable land loss if trend population growth occurs 1/	3,668	5,023	8,014	20,079	47,806	٤٧٨٠٦	٢٠٠٢٩	٨٠١٤
II. NUPS Preferred Strategy								
II.1 Land loss if density patterns observed through Landsat analysis occur	3,668	5,023	6,952	15,172	36,124	٢٦١٤٤	١٥١٧٢	٦٩٥٢
II.2 Land loss if NUPS recommended densities are achieved 2/								
(1976-1985)	3,668	5,023		٤,260	14,905	١٢٩٠٥	٦٤٦٠	٥٠٢٢
(1986-2000)		5,023	٤,952	92٤	2,204	٢٢٠٤	٩٢٦	٦٤٥١
TOTALS				7,186	17,109	١٧١٠٩	٧١٨٦	١١٦٧٣
SAVINGS OF ARABLE LAND (I - II.2)				12,893	30,697	٢٠٦٩٧	١٤٨٥٧	١١٦٧٣
1/ Populations projected using growth rates experienced between 1960 and 1976.	١ - التنبؤات السكانية معتمدة على معدلات النمو السكاني التي حدثت بين عامي ١٩٦٠ و ١٩٧٦.							
2/ Land consumption based on rates of arable land consumed in Delta settlements between 1972 and 1976 noted from Landsat analysis (i.e., roughly 11 feddans consumed per 1,000 additional urban population).	٢ - استهلاك الاراضي الزراعية في الدلتا يعتمد على معدلات استهلاك الاراضي الزراعية التي سجلت في الدلتا بين عامي ١٩٧٢ و ١٩٧٦ (تقريباً يستهلك ١١ فدانا لكل الف شخص إضافي من السكان الحضرية).							
3/ Land consumption assumes that trends noted in footnote 2/ above will continue up until 1985, after that time it is assumed that a program to encourage vertical expansion of existing built areas can absorb 60 percent of the new urban population and that the remaining 40 percent will be accommodated in planned settlements having urban gross densities of 350 persons per hectare (147 persons per feddar). See NUPS Tanta Illustrative Project Report Table A.5 for a full analysis of this assumption.	٣ - استهلاك الاراضي الزراعية يفترض ان معدلات النمو السكاني التي سجلت في الدلتا بين عامي ١٩٧٦ و ١٩٨٥ ستستمر حتى عام ١٩٨٥. بعد ذلك يفترض ان برنامج لتشجيع التوسع الرأسي للمناطق الحضرية القائمة، يمكنه استيعاب ٦٠٪ من سكان الدلتا الجدد. والبقية ٤٠٪ من سكان الدلتا الجدد (١٤٧ شخصاً للفددة) سيتم استيعابهم في مستوطنات مخططه ذات كثافة سكانية عالية تبلغ ٣٥٠ شخصاً للفددة (١٤٧ شخصاً للفددة). انظر تقرير المشروع التوضيحي لمدى الدلتا القومية للتنمية الحضرية، جدول ٥ أ، وادعه لتحميل تحليل هذا الافتراض.							

دراسة السياسة القومية للتنمية الحضرية

NATIONAL URBAN POLICY STUDY

التوفير في الاراضي الزراعية في الدلتا (اقتراح الاستراتيجية المفضلة)

ARABLE LAND SAVINGS IN DELTA
UNDER THE PREFERRED STRATEGY

	1976	1985	2000	ARABLE LAND CONSUMED		السكان الحضر			معدل الزيادة السنوية		
	URBAN POPULATION (000's)	URBAN POPULATION (000's)	URBAN POPULATION (000's)	(hectares)	(Feddans)	١٩٧٦	١٩٨٥	٢٠٠٠			
I. Arable land loss if trend population growth occurs 1/	3,668	5,023	8,014	20,079	47,806 2/	٢٧٨٠٦	٤٠٠٢٩	٨٠١٤	٥٠٤٣	٣٦٦٨	١/ العاقد في الاراضي الزراعية مع استمرار معدلات النمو في السكان الحالية
II. NUPS Preferred Strategy											٢/ الأثر نتيجة المصنعة للمدينة الضيقة - تنمية حضرية
II.1 Land loss if density patterns observed through Landsat analysis occur	3,668	5,023	6,952	15,172	36,124 2/	٢٦١٤٤	١٥١٧٢	٦٩٥٢	٥٠٤٣	٣٦٦٨	١/ العاقد في الاراضي الزراعية إذا استمرت نمط الكثافة السكانية الحالية الملاحظة من خلال تحليل بيانات القمر الصناعي
II.2 Land loss if NUPS recommended densities are achieved 3/											٢/ العاقد في الاراضي الزراعية إذا طُبقت الكثافات المقترحة بواسطة الدراسة القومية للتنمية الحضرية
(1976-1985)	3,668	5,023		6,260	14,905	١٢٩٠٥	٦٤٦٠		٥٠٤٣	٣٦٦٨	(١٩٨٥ - ١٩٧٦)
(1986-2000)		5,023	6,952	926	2,204	٤٤٠٤	٩٢٦	٦٩٥٦	٥٠٤٣		(٢٠٠٠ - ١٩٨٦)
TOTALS				7,186	17,109	١٧١٠٩	٧١٨٦				المجموع
SAVINGS OF ARABLE LAND (I - II.2)				12,693	30,697	٢٠٦٩٧	١٤٨٩٣				التوفير في الاراضي الزراعية (٢٢ - ب)
1/ Populations projected using growth rates experienced between 1960 and 1976.	١- التنبؤات السكانية مع معدلات نمو السكان التي حدثت بين ١٩٦٠-١٩٧٦.										
2/ Land consumption based on rates of arable land consumed in Delta settlements between 1972 and 1976 noted from Landsat analysis (i.e., roughly 11 feddans consumed per 1,000 additional urban population).	٢- حسابات استهلاك الاراضي الزراعية طبقاً للمعدل الذي سجلت في القرى والمدن في الدلتا بين ١٩٧٢ و ١٩٧٦ (تقريباً ١١ فدان لكل ١٠٠٠ شخص إضافي في المدن والقرى في الدلتا)										
3/ Land consumption assumes that trends noted in footnote 2/ above will continue up until 1985, after that time it is assumed that a program to encourage vertical expansion of existing built areas can absorb 60 percent of the new urban population and that the remaining 40 percent will be accommodated in planned settlements having urban gross densities of 350 persons per hectare (147 persons per feddar). See NUPS Tanta Illustrative Project Report Table A.5 for a full analysis of this assumption.	٣- استهلاك الاراضي الزراعية يفترض ان المعدلات المذكورة في الفقرة السابقة (٢) سوف تزداد حتى عام ١٩٨٥ وبعد ذلك ستمتص مساحة إضافية من الاراضي الحضرية القائمة في الدلتا من خلال التوسع الرأسي للمناطق الحضرية القائمة ، وانه سوف يستوعب ٦٠٪ من سكان المدن والقرى في الدلتا المتبقية من سكان المدن (١٤٠٠) الذين يستوطنون مستوطنات محيطة ذات كثافات سكانية حتى تبلغ ٣٥٠ شخصاً للفدان (١٤٧ شخصاً للفدان) . انظر تقرير المشروع التوضيحي لمدينة طنطا للدراسة القومية للتنمية الحضرية - جدول ٥ أ ، والذي لتوفير تحليل لهذا الافتراض										

TABLE I-2
 PREFERRED STRATEGY - DIRECT INVESTMENT COSTS, ZONE TOTALS¹
 (L.E. MILLIONS)

<u>ZONE</u>	1986 - 1990		1991 - 1995		1996 - 2000		TOTAL 1986 - 2000	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
Caïro	4,572	52.7	6,906	53.1	11,892	53.0	23,370	53.0
Alexandria	1,538	17.7	2,409	18.6	4,296	19.2	8,243	18.7
Delta	830	9.6	1,112	8.6	1,761	7.9	3,703	8.4
North Upper Egypt	280	3.2	364	2.8	588	2.6	1,232	2.8
South Upper Egypt	684	7.9	975	7.5	1,595	7.1	3,254	7.4
Canal	672	7.7	1,061	8.2	1,971	8.8	3,704	8.4
Remote	113	1.3	157	1.2	318	1.4	588	1.3
TOTAL	8,689	100	12,984	100	22,421	100	44,094	100

¹ Direct investment costs are for gross investment in mining, manufacturing, construction, and services industries. They are, therefore, job creation and contribution investments.

SOURCE: NUPS Estimates.

TABLE I-3
KEY FEATURES OF THE PREFERRED STRATEGY

ZONE	2000 POPULATION (000)	1986-2000 EMPLOYMENT CHANGE (000)	AVERAGE COST PER JOB (L.E.)	TOTAL COST (L.E. MILLION)	INVESTMENT (%)	SHARE OF POPULATION INCREASE
Cairo	16,500	3,653	6,397	23,370	53.0	53.9
Alexandria	5,500	1,327	6,216	8,243	18.7	19.5
Delta	4,470	597	6,203	3,703	8.4	8.9
North Upper Egypt	990	172	7,163	1,232	2.8	2.5
South Upper Egypt	2,030	436	7,463	3,254	7.4	6.4
Canal	2,000	523	7,082	3,704	8.4	7.6
Remote	400	81	7,259 ¹	588	1.3	1.2
TOTAL	31,890	6,789	6,495	44,094	100	100

¹ These figures are considerably below the average costs per job in the Northwest Coast Plan, the Red Sea Governorate Regional Plan and the Sinal Development Study. They could only be kept at these low levels by financing only high payoff projects. The costs per job in the Sinal, Red Sea Governorate and Northwest Coast Plans are 57,032; 93,700; and 26,700, respectively.

SOURCE: NUPS Estimates.

TABLE I-8
COMPARISON OF BENEFIT AND COSTS
(Large Urban Areas Over 50,000 Plus Remote Areas)

	1986-2000 Population Change (Thousands)	Average Annual Income Benefit Capita (L.E.)	1986-2000 Total Income Benefits (L.E. Millions)	Growth Management Cost (GMC) (L.E. Millions)	Intra-Urban Cost-Infra- structure Plus GMC (L.E. Millions)	Direct Investment Job Creation (L.E. Millions)	Net Urban Benefits (L.E. Millions)	Average Annual Net Benefits Per Capita (L.E.)	Net Benefits Total (L.E. Millions)	Net of Inter- Urban Infrastructure Costs* Per Capita (L.E. Millions)
Preferred Strategy										
Cairo Region	6,793	1,264	128,758	4,618	21,994	23,370	83,374	818	98,687	521
Alexandria Region	2,458	1,130	41,649	1,762	9,835	8,243	23,571	639		
Canal	969	916	13,311	856	4,504	3,704	5,103	351		
Delta	1,123	863	14,531	464	7,063	3,703	3,765	224		
North Upper Egypt	322	842	4,068	195	2,506	1,232	310	67		
South Upper Egypt	809	859	10,419	657	2,515	3,254	4,650	383		
Remote	149	753	1,682	235	1,704	588	-610	-273		
Totals	12,623	1,132	214,418	8,787	50,121	44,094	120,203	635		
Alternative A										
Cairo Region	6,712	1,263	127,183	4,777	20,456	23,909	82,818	873	100,725	540
Alexandria Region	2,736	1,133	46,508	2,095	12,039	9,217	25,252	615		
Canal	546	899	7,360	307	2,799	1,902	2,659	325		
Delta	1,888	865	24,489	1,110	9,552	6,354	8,583	303		
North Upper Egypt	181	835	2,267	71	1,746	682	-161	-59		
South Upper Egypt	355	834	4,443	150	1,593	1,309	1,541	289		
Remote	19	854	243	25	797	165	-719	-2,523		
Totals	12,437	1,139	212,493	8,535	48,982	43,538	119,973	643		
Alternative C										
Cairo Region	5,293	1,256	99,736	3,212	16,441	18,422	64,873	817	54,119	291
Alexandria Region	1,358	1,114	22,625	596	6,438	4,104	12,153	597		
Canal	1,133	919	15,619	1,331	9,676	4,326	1,617	95		
Delta	1,539	856	19,755	812	11,436	5,230	3,089	134		
North Upper Egypt	731	858	9,407	739	6,580	2,912	-85	-8		
South Upper Egypt	1,299	858	16,728	1,338	6,303	5,152	5,273	271		
Remote	1,049	952	14,987	5,009	16,964	6,070	-8,047	-511		
Totals	12,402	1,069	198,927	13,037	73,838	46,216	78,869	423		

Notes:

- Column 1: From NUPS estimates of zone population in 2000 minus 1985 population.
Column 2: Calculated on basis of 1992-3 population, by settlement, using the relationship $\text{Income Per Capita} = a(\text{population})^b$ where $a = 976.97$, Population in Millions.
Column 3: Calculated as Column 2 times Column 1 times 15 years.
Column 4: Calculated as difference between average cost per job times change in jobs at settlement growth rates specified in the strategy and average cost at zero growth times change in jobs.
Column 5: Sum of growth management cost and intra-urban infrastructure cost.
Column 6: Total direct investment cost in job creation.
Column 7: Column 3 minus the sum of Columns 5 and 6.
Column 8: Calculated as Column 7 divided by Column 1 times 15 years.

* The inclusion of inter-regional infrastructure costs reduces total benefits shown in Columns 7 and 8 to the figures shown.

TABLE I-10
SUMMARY OF COST/BENEFIT ANALYSIS

SETTLEMENT ALTERNATIVE	Intra-Urban Annual Average Net Benefits Per Capita		Annual Average Net Benefits with Inter- Urban Infrastructure Included	
	<u>Total</u> (L.E.)	<u>As Percent</u> <u>of Preferred</u> (%)	<u>Total</u> (L.E.)	<u>As Percent</u> <u>of Preferred</u> (%)
Preferred Strategy	635	100	521	100
Alternative A	643	101	540	104
Alternative C	423	67	291	56

SOURCE: NUPS analysis.

TABLE II-1
POPULATION OF THE SETTLEMENT ALTERNATIVES

	<u>POPULATION (IN THOUSANDS)</u>						<u>ANNUAL GROWTH RATE (%)</u>						
	<u>1990</u>						<u>1985 - 1990</u>						
	A	B ₁	B ₁	B ₂	B ₂	C	A	B ₁	B ₁	B ₂	B ₂	C	
	EFFICIENCY		EQUITY		EFFICIENCY		EQUITY		EFFICIENCY		EQUITY		
Cairo	11,457	11,066	11,066	11,115	11,115	11,029	3.8	3.1	3.1	3.2	3.2	3.0	
Alexandria	3,809	3,867	3,637	3,440	3,440	3,440	4.6	4.9	3.6	2.5	2.5	2.5	
Delta	3,857	3,728	3,739	3,771	3,767	3,767	2.9	2.2	2.2	2.4	2.4	2.4	
Canal	1,187	1,624	1,624	1,483	1,412	1,382	2.7	9.3	9.3	7.3	6.3	5.8	
North Upper Egypt	716	727	799	879	902	412	1.4	1.7	3.7	5.6	6.2	6.4	
South Upper Egypt	1,322	1,342	1,460	1,613	1,657	1,668	1.6	1.9	3.7	5.7	6.3	6.4	
Remote	238	239	271	291	308	405	1.0	1.0	3.6	5.1	6.3	12.3	
TOTAL	22,586	22,593	22,596	22,592	22,601	22,603							
		<u>1995</u>						<u>1990 - 1995</u>					
Cairo	13,750	12,899	12,899	12,998	12,998	12,862	3.7	3.1	3.1	3.2	3.2	3.1	
Alexandria	4,727	4,640	4,190	3,890	3,890	3,914	4.4	3.7	2.9	2.5	2.5	2.6	
Delta	4,466	4,250	4,253	4,355	4,347	4,283	3.0	2.7	2.6	2.9	2.9	2.6	
Canal	1,368	2,550	2,550	2,002	1,850	1,761	2.9	9.4	9.4	6.2	5.6	5.0	
North Upper Egypt	780	767	913	1,113	1,167	1,149	1.7	1.1	2.7	4.8	5.3	4.7	
Remote	254	249	311	361	402	724	1.3	0.8	2.8	4.4	5.5	12.3	
TOTAL	26,785	26,781	26,778	26,762	26,781	26,782							
		<u>2000</u>						<u>1995 - 2000</u>					
Cairo	16,419	14,999	15,001	15,200	15,200	15,000	3.6	3.1	3.1	3.2	3.2	3.1	
Alexandria	5,778	5,258	4,630	4,400	4,400	4,399	4.1	2.5	2.0	2.5	2.5	2.4	
Delta	5,175	4,864	4,869	5,111	5,113	4,861	3.0	2.7	2.7	3.3	3.3	2.6	
North Upper Egypt	849	795	9,899	1,374	1,456	1,398	1.8	0.8	1.8	4.3	4.5	4.0	
South Upper Egypt	1,581	1,482	1,813	2,526	2,639	2,525	1.9	0.8	1.8	4.3	4.4	3.9	
Canal	1,577	3,999	3,999	2,596	2,342	2,165	2.9	9.4	9.4	5.3	4.8	4.2	
Remote	270	253	341	438	502	1,300	1.2	0.3	1.9	3.9	4.6	12.4	
TOTAL	31,649	31,650	31,652	31,645	31,652	31,648							

SOURCE: NIPS analysis.

TABLE II-2
SUMMARY OF URBAN DEVELOPMENT COSTS 1986-2000
(L.E. Millions)

SECTOR	A	B ₁ EFFICIENCY	B ₁ EQUITY	B ₂ EFFICIENCY	B ₂ EQUITY	C	NUPS PREFERRED STRATEGY ²
<u>1986-1990</u>							
INDUSTRY	8,423	8,891	9,030	9,134	9,929	9,531	8,689
URBAN INFRASTRUCTURE	12,429	13,728	15,528	14,646	16,226	17,803	10,078
INTER-URBAN INFRASTRUCTURE	4,883	5,117	5,280	5,192	5,279	6,071	5,071
TOTAL	25,735	27,736	29,838	28,972	30,784	33,405	23,838
<u>1991-1995</u>							
INDUSTRY	12,826	13,493	13,598	13,236	13,360	13,620	12,984
URBAN INFRASTRUCTURE	13,200	16,394	17,129	15,474	17,551	21,884	10,023
INTER-URBAN INFRASTRUCTURE	6,375	6,016	3,877	7,199	5,949	8,212	8,891
TOTAL	32,401	35,903	37,604	35,909	36,860	43,716	31,898
<u>1996-2000</u>							
INDUSTRY	22,247	23,010	23,157	22,268	22,475	23,051	22,421
URBAN INFRASTRUCTURE	14,818	18,357	19,523	17,469	19,675	23,127	11,324
INTER-URBAN INFRASTRUCTURE	7,990	8,285	8,496	9,044	9,136	10,468	11,702
TOTAL	45,055	49,652	51,176	48,781	51,286	56,646	45,447
<u>1986-2000</u>							
INDUSTRY	43,496	45,394	45,785	44,638	45,074	46,202	44,094
URBAN INFRASTRUCTURE	40,447	48,479	52,180	47,589	53,492	60,441	31,425
INTER-URBAN INFRASTRUCTURE	19,248	19,418	20,653	21,435	20,364	24,751	25,464
TOTAL	103,191	113,291	118,618	113,662	118,930	131,394	101,182

¹ The methodology for estimating direct investment costs in industry is described in Appendix II.C.

² Includes telecommunications in urban infrastructure other standards similar to Estimate 1.

SOURCE: NUPS analysis.

**TABLE II-3
EVALUATION SUMMARY
AVERAGE SCORES AND AVERAGE RANKS¹**

EVALUATION CRITERION ²	A		B1 EFFICIENCY		B1 EQUITY		B2 EFFICIENCY		B2 EQUITY		C	
	Av.	Av.	Av.	Av.	Av.	Av.	Av.	Av.	Av.	Av.	Av.	Av.
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
1. Social Effectiveness	4.0	3.0	5.1	3.5	4.8	3.3	4.1	2.8	4.4	3.3	5.9	4.8
2. Economic Efficiency	2.1	1.5	3.1	2.2	4.7	3.4	4.6	3.2	6.7	4.6	8.6	6.0
3. Management & Implementation	2.2	1.7	4.5	3.5	5.5	4.0	4.1	2.8	5.2	3.6	8.2	5.7
4. Risk	3.2	2.1	4.4	2.4	5.3	3.5	4.8	3.0	6.2	4.2	8.3	5.3
5. Cost ³	-	0.1	-	2.0	-	4.0	-	3.0	-	5.0	-	6.0

¹ Numerical values are shown to help provide a sense of the relative differences among alternatives as judged by NUPS professional staff. Judgments of others may differ or individual criteria may be weighted differently than the equal weighing used to derive the average values. There is no technical or scientific basis for adopting particular weighing system. Average scores and average ranks are both shown in this table. In the procedure used an alternative could be assigned a score of 1 to 10, with a score of 1 best and 10 worst. The numerical values of the scores are a rough guide to not only which alternatives rank highest but how great the differences are among them. The average rank is simply the sum of the ranks assigned by all evaluation staff divided by their number.

² See complete list of sub-criteria under each of these general headings in Appendix II-B.

³ These ranks are derived from cost estimates rather than the evaluation procedure described in footnote 1.

SOURCE: NUPS analysis.

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