

James T. Smith
Deputy Assistant Administrator
Bureau for Economic Growth, Agriculture and Trade
U.S. Agency for International Development

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Thank you, Mr. Chairman and Members of the Subcommittee, for the opportunity to appear before you today to discuss housing and urbanization in Africa. The United States Agency for International Development (USAID) recognizes the complexity and importance of these economic drivers to the overall development of the countries in sub-Saharan Africa. I would like to take a little time to elaborate on the implications of current urban growth trends in Africa and how these affect our development objectives of promoting democracy and economic growth in the region. I would also like to highlight USAID's role in promoting these objectives through credit programs, capacity building support, and other technical assistance programs. Reflecting on Administrator Tobias' commitment to focus the US Government's foreign assistance and make it more strategic, I will close with a brief discussion of future priorities.

Introduction

Africa has the highest rate of urban growth in the world at 5 percent per annum. By the year 2025, more than half of the continent's population will be living in urban areas and if current trends persist, the majority of Africa's poor will be living in cities, primarily in slums. The World Bank estimates that 300 million urban Africans who have left rural areas in search of jobs and a better life for their children will be living without access to water and sanitation if the situation does not change. Tremendous demand already exists for adequate and affordable shelter, upgrading of squatter settlements, and access to finance; at this time it is estimated that 30 million families lack adequate housing. The demands and pressures on Africa's cities, however, will only increase with time.

The primary challenges facing African cities and towns are local and national policies that serve to limit private investment, job creation, service provision, citizen participation, and cities' ability to generate sufficient revenue or borrow from private capital markets. For cities and towns to achieve their potential as generators of jobs and engines of both rural and urban growth, national and local governments need to reform policies and increase municipal capacity so that they can better attract and manage trade and investment.

What are the implications of rapid urban growth in Africa? This demographic shift heralds a profound change for Africans as well as their development partners. The region, assisted by donors, must prepare for the demographic changes that are already becoming apparent. High urban growth rates can be linked to political instability, particularly where accompanied by low or negative GDP per capita growth. This is particularly true in countries with youth bulges, where youth make up more than 35 percent of the adult population of a country.

Youth aged 15 to 24 years constitute about 20 percent of the total population, and young people under 25 years make up about 70 percent of the population in most African countries. Increasingly, they comprise the majority of urban populations as well. Youth are potentially Africa's greatest natural resource.

Despite the challenges, the opportunities to achieve sustainable development are very real. If managed well, cities can be engines of growth and can create a better quality of life through access to higher paying jobs, better health care and quality education. Evidence shows that Africa's economic growth in recent decades has primarily been urban-centered.

It is important to build on the positive aspects of urban growth as it is the inexorable future for Africa. Africa's urban growth rates cannot be explained solely by rural migration, and strengthening the agricultural sector or making life in rural areas more attractive will not stem the growth of urban centers. Rather, policies and programs need to be aimed at supporting the development of secondary cities and market towns and at improving services to the informal sector so that the potential of Africa's cities can be realized.

Decentralization, Urban Governance and City Management

Urbanization is not the only major trend changing the face of Africa; decentralization has also been sweeping across the region, dramatically changing the way that governments interact with citizens. For myriad reasons, many African countries have decentralized significant functions to local governments. In some cases, these decentralization efforts have gone beyond simply devolving administration or management of service delivery to include instituting democratic processes by establishing elected mayoral and/or municipal council positions.

Decentralization creates both challenges and opportunities. The challenges include the reality that many local governments have limited financial and human resources and inadequate governance capacity. Decentralization in most countries remains limited to the "deconcentration" of national authority and services to the local level, without the devolution of revenue-generating and decision-making authority necessary for true decentralization. Still, the opportunities to clean up government, improve services, or establish democratic principles in practice can be significant. Decentralization brings

government closer to the people, who can relate local politics and issues to their daily lives. If city and town governments can improve the delivery of key services (e.g., education, community health care, potable water), the tangible benefits that result can demonstrate the value of decentralized democratic governance. In Africa, this means not only the provision of basic infrastructure and social services but also housing.

What conditions are necessary to create more transparent, accountable, responsive and effective local governments? USAID works on both the supply of and demand for good governance: creating the legal and regulatory framework, strengthening civil society and increasing opportunities for participation in the governance process, and improving the capacity of local governments to manage, finance and deliver services. At the end of the day, what matters most is that city and town governments can deliver services to their residents and that citizens have recourse through democratic means should governments be unwilling or unable to deliver those services.

At the national level, the legal and regulatory framework needs to support sound fiscal and administrative functions at the local level. It is the responsibility of the national government to set the parameters. Deciding what level of government is most appropriate for carrying out public functions is a political determination that each country must make for itself. Numerous countries on the path to decentralization have pushed service delivery down to the lowest levels of government. As public sector resources are insufficient to meet all infrastructure investment needs, it is also critical that the legal and regulatory framework supports market-oriented municipal finance.

City and town governments need the capacity to take on new responsibilities and authorities. Sustainable development requires that local institutions function well and are capable of making wise decisions in allocating limited public resources, which in turn requires the development of systems, processes and human resources to plan, budget, manage and deliver services. A good measure of progress is the creditworthiness of a city government. Achieving creditworthiness can be a challenge for many local governments but must be the target if local governments want to access private capital markets. Creditworthiness is not enough though. As far as citizens are concerned, they expect to receive urban services, which require city and town governments to have the right technical and managerial skills to deliver those services.

Achieving creditworthiness and improving city management and service delivery is a long process, but USAID has a proven track-record in helping cities progress. USAID is a leader in providing capacity building support to city and town governments to plan, manage, finance and deliver urban services in a more transparent, participatory and accountable way. Some examples include the following:

- USAID's global CityLinks program supports peer-to-peer learning and technical exchange partnerships between developing country cities and U.S. cities and county governments. Implemented by the International City/County Management Association, the program aims to build the capacity of local governments to manage and plan effectively, promote local economic development, and deliver

water and other key public services. Recent partnerships in Africa include Bamako, Mali which successfully introduced new solid waste management practices as well as an educational awareness campaign for school children. The USAID Mission in Ethiopia is initiating two new partnerships to help cities promote economic development to create jobs.

CityLinks builds upon the successes of a previous program, Resource Cities which had a proven track record of introducing U.S. city management practices to developing country counterparts. One such success was the partnership between Johannesburg, South Africa and the City of Houston, Texas. By bringing practitioners together and helping translate US approaches to solving urban problems to the South African context, the partnership was instrumental in launching a municipality that today is able to access financing directly in the international capital markets.

- USAID continues to strengthen the capacity of decentralized public financial management in Ethiopia. The program builds the capacity of local governments in the areas of accounting, financial management and financial control systems in order to enhance their ability to provide services, improve infrastructure, and promote economic growth.
- In Mali, USAID is strengthening local governments by facilitating collaboration and partnership in targeted municipalities, establishing sound financial management systems, and encouraging women's participation in political life.

In several post-conflict countries, USAID is investing in urban services and governance to promote a culture of democratic participation, provide a democracy dividend, and improve health, education and economic growth outcomes. For example:

- The Municipal Development Program (MDP) in Angola will support a larger, multi-donor effort to assist the Government of Angola in achieving decentralized planning and budgeting at the local government level with broad community-determined needs. The MDP is a product of Global Development Alliance partnerships with the Chevron Corporation and Lazare Kaplan International. MDP combines technical assistance at the national level on policy issues and at the local level to improve the capacity of municipal governments with a Municipal Development Fund (MDF) for financing local infrastructure.
- USAID will implement a new local government capacity-building program in five secondary cities in Mozambique through the Municipal Government Increasingly Democratic (MGID) program. This technical assistance and training program aims to improve the democratic governance process with interventions to: (1) implement local-level citizen participation mechanisms; (2) develop municipal planning and management capacity; (3) strengthen municipal revenue-generation and service delivery; (4) establish local-level anti-corruption mechanisms; and (5) disseminate best practices through existing networks.

Other USAID programs mitigate potential conflicts by implementing innovative approaches to dealing with the specific problems of Africa's youth:

- USAID in partnership with the International Youth Foundation, Nokia, and the Lions Clubs International Foundation launched the "Alliance for African Youth Employability" in 2004. The Alliance promotes employability and employment for more than 35,000 disadvantaged young people aged 14 to 29 living in rapidly urbanizing areas of South Africa, Malawi, Mozambique, and Rwanda.
- In the area of conflict mitigation in Uganda, USAID provided formerly abducted children with shelter, access to clean water and vocational training to facilitate re-integration with their communities. The program helped vulnerable groups such as people living with HIV/AIDS and thousands of children who flee to urban night shelters.

Economic Growth and Poverty Reduction

Dysfunctional urban areas deter economic growth whereas well-managed cities stimulate regional economic development. African cities have the potential to generate jobs, increase economic growth and boost rural productivity, thus playing a vital role in poverty reduction and rural development. To reach their potential as drivers of overall economic growth, Africa's cities must have access to finance, investment, and job creation strategies to provide opportunities to their residents. This in turn will benefit peri-urban and rural areas by providing expanded markets, farm inputs, and off-farm employment.

Housing is a particularly important term in this equation. It is well understood that a vibrant housing market is a critical component of developed country economies, as is the case with the housing market here in the United States. A strong housing sector fuels economic growth and contributes directly to job creation through construction and increased demand for related consumer goods. Housing is also important in serving as collateral to start or expand small businesses. In the absence of a mortgage market, housing stock is essentially "dead capital." The formal housing and real estate sector also has the potential to create substantial revenues for local governments to be used for investments in improved infrastructure services. South Africa is an excellent example, as 86 percent of local government revenues come from housing property taxes and related fees.

While the conditions in the United States and Africa are vastly different, the basic principles from the US model can and are being successfully applied to the African context. A functional, commercially oriented housing market requires access to long-term finance, rational land tenure laws, impartial and effective mediation instruments (through the police, alternative dispute resolution centers, and courts), liquidity, and adequate housing stock. While it is difficult to ensure that all of these factors are in place, it is not impossible.

Strengthening the legal and regulatory framework needs to be addressed in order to encourage greater private sector investment in the housing market. Lenders need to operate in a secure environment in which contracts can be enforced, and foreclosure is both timely and cost-effective. Potential borrowers and homeowners need to have access to finance and need secure land tenure and, ultimately, legal title.

Land Tenure & Titling

Land titling is a critical issue that deserves special attention, particularly in relation to the housing needs of the urban poor, who often live in informal settlements without any security. Access to land and legal security of tenure are strategic prerequisites for the provision of adequate shelter for all and for the development of sustainable human settlements. Helping to establish secure land tenure is also one way to break the vicious circle of poverty. With legal title and tenure, potential borrowers can apply for traditional mortgage loans. Households are also more likely to invest in maintenance or home improvements if their assets are secure.

USAID has extensive experience working on these issues with a broad range of alternative solutions.

- Hernando de Soto, director of the Institute for Liberty and Democracy (ILD), argues that transparent and equitable property markets are the keystone of vibrant market economies, strong democracies and healthy environments. Through a long and productive relationship with the ILD, USAID is promoting legal and institutional reforms related to property. ILD's efforts in Peru enabled 6.3 million poor households to receive legal title to their properties, leading to an increase in real estate assets of more than \$2 billion; 380,000 enterprises operating legally; 550,000 new jobs; and additional tax revenues of over \$300 million per year. Tanzania and Ethiopia are prepared to initiate research on the extent of informal property in their respective countries as a first step. A new agreement with ILD will help USAID to respond to these and other sub-Saharan African countries that are struggling to overcome the problems associated with large informal housing markets.
- In support of the US-Africa Mortgage Market Initiative, USAID is providing technical assistance to the Ministry of Lands in Zambia as part of a larger initiative aimed at developing the mortgage market for low-to-medium income households. USAID assistance will include the necessary hardware and software required to ensure safe and timely electronic transfer between the private developer's sales office and the Ministry of Lands. This will facilitate transparent issuance of land title certificates for the 5,000 houses to be built on the Lilayi estate in Lusaka, Zambia. USAID is working in partnership with Overseas Private Investment Corporation (OPIC) as part of an effort to kick-start a viable, sustainable mortgage market in Zambia and to develop a model for low-to-middle income housing development in sub-Saharan Africa.

Role of Private Sector in Housing

In many respects, the time may be ripe to capitalize on the demand and need for housing. Countries like South Africa, Uganda, Ghana and to a lesser extent Kenya, Zambia and other emerging economies like Mozambique have developing financial markets. In some countries, pension funds, provident funds and insurance companies are corporatized or privatized and are looking for alternate, long-term investments. Infrastructure investments are increasingly attractive, as is the emerging housing finance market.

USAID's experience in the housing sector is extensive, going back more than forty years. From 1961 to 2002, USAID issued close to 200 guarantees in 39 countries around the world through its \$2.8 billion Housing Guarantee program. Today, USAID continues to focus on housing finance through its Development Credit Authority. USAID has mobilized \$48.5 million in local capital financing for housing purchase, construction, and upgrades as well as for related infrastructure services. USAID's worldwide experience ranges from helping to deepen mortgage lending at the middle- and low-income segments by mobilizing capital to establishing financing mechanisms for slum dwellers. A few examples can illustrate how USAID has employed partial credit guarantees to mobilize local capital in Africa:

- To increase access to housing and environmentally sound urban services for historically disadvantaged groups in South Africa, USAID provided a Development Credit Authority guarantee for ABSA Bank to reduce the perceived risk of lending to municipal governments. Under the \$25 million guarantee, the Greater Johannesburg Municipal Council (GJMC) prepared a project delivery plan that established project selection criteria for water and electricity services, roads, storm water and waste management, housing and urban redevelopment, and health clinics rather than selecting individual investments. USAID's technical support and partial guarantee helped the city improve its credit rating and access long-term private financing for municipal infrastructure. By further developing and demonstrating adequate planning and budgeting to the local commercial banks as well as establishing a history of repayment, GJMC strengthened its access to private financing for future projects.
- Also in South Africa, USAID provided a five-year, rand-denominated, portable guaranty to help finance a subsidiary of the Infrastructure Finance Corporation (INCA). The purpose of the \$20 million guaranty was to partially cover Investec Bank in purchasing existing municipal debt from local governments experiencing repayment problems. Investec then repackaged the debt, reselling it to investors in the capital market.
- In Nigeria, USAID worked with the Federal Mortgage Bank to produce draft legislation that improves the enabling environment for the Nigerian mortgage market. Discussions are now underway to establish the Mortgage Finance Program to support the purchase of homes by low- and middle-income

households in four regions: Abuja, Lagos, Port Harcourt and Kano. The program will complement the efforts of the Nigerian government and others to address the significant housing deficit. Provision of strategic lending into housing and supporting industries will help foster ancillary skills in construction, create employment and reduce poverty. This guarantee will provide confidence to financial institutions to invest and support sectors that have been neglected in the past but are now beginning to show signs of opportunity. USAID/Nigeria proposes a guarantee period of 10-12 years to enable low- and middle-income Nigerians to invest in the ownership of their own primary residences, to facilitate the development of the mortgage sector in Nigeria. The guarantee will enable banks to fully address the most pressing financing needs for housing and also build their internal capacity to continue to play an active role in supporting the target group continuously and in a sustainable manner.

The US-Africa Mortgage Market Initiative was mobilized following President Bush's speech in Abuja, Nigeria in 2002 encouraging a targeted reengagement in the housing finance sector to foster real asset growth and wealth among poor people. USAID has joined forces with OPIC and the local private financial sector to enhance, via the housing sector, the positive political and economic signs currently emerging in Zambia and other countries in the region.

- USAID and OPIC are working with the private sector in Zambia to expand investment in local businesses and infrastructure by increasing the availability of financial instruments for the productive sector and improving transparency and integrity in the public sector to address corruption and improve governance. USAID has proposed using the Development Credit Authority facility to partially guarantee construction loans issued by Stanbic Bank Zambia Limited for low-to-middle income housing in Lusaka. The Lilayi Housing and Community Economic Development Project (Lilayi Project) will provide home mortgages, land tenure, and municipal services that are not presently available to this segment of the population. OPIC will facilitate mortgage financing for 5,000 households to be built on the privately owned estate in Lusaka. In addition to the credit guaranty, USAID will provide technical assistance to the Ministry of Lands to pave the way toward a more effective and efficient transfer and registration of land titles to homebuyers.

USAID's potential role in this sector is not limited to its credit guarantee tool. Rather the Agency utilizes a range of tools including the Global Development Alliance to tap into the vast and valuable resources of the private sector. By partnering with organizations that are not our traditional partners, USAID is able to bring the private sector perspective into our development assistance. This is essential in order to begin harnessing the private sector financing necessary to meet the substantial demand for infrastructure and housing investment.

- Building on the success a Global Development Alliance with Evenson Dodge International in Mexico, USAID entered into a strategic partnership to provide

technical assistance to South African municipal, sub-national, and national governments. The goal is to help improve the ability of South African local governments to finance municipal infrastructure by accessing domestic capital markets through the issuance of municipal bonds. In December 2005, Evenson Dodge assisted the City of Tshwane (formerly Pretoria, the capital of South Africa) in issuing the local currency equivalent of a USD100 million Request for Proposals for long-term funding. This funding will be used to refinance other debt under more favorable conditions thereby making more resources available for infrastructure improvements. Six proposals were received in February of this year and are under consideration by the City. Evenson Dodge also anticipates assisting the City of Tshwane with a \$380 million refinancing in 2007 and a \$500 million refinancing for Durban in 2008.

- USAID awarded a cooperative agreement to the International Housing Coalition to promote a private sector approach for provision of housing and housing finance to the poor in developing countries. Habitat for Humanity International, the National Association of Realtors and the Canadian Real Estate Association are the key members of the coalition. The coalition aims to mobilize needed resources for housing in support of the goal “Housing for All.” USAID Missions can tap into the coalition’s network to carry out research, provide policy advice, and carry out targeted technical assistance related to housing sector issues. One of their first activities is to promote the housing agenda at the third annual World Urban Forum to be held in Vancouver, June 17-23, 2006. Through its many partners, International Housing Coalition is sponsoring research and networking events aimed at elevating the discussion on housing.

Lastly, in support of the US-Africa Mortgage Market Initiative, USAID continues to play a role in providing targeted technical assistance. While the initiative is only modestly funded it is a strategic intervention by USAID and its partners to carry out a series of assessments on mortgage market development in key countries (Ghana, Uganda, Zambia, Tanzania, South Africa and in conjunction with OPIC, Kenya) to develop baseline data on the state of play on a country-by-country basis.

Informal Sector and Slums

Achieving the Millennium Development Goal of improving the lives of at least 100 million slum dwellers will be a major challenge. There is no simple solution to the problem of slums, the problem must be addressed both directly and indirectly. USAID’s support to the formal sector is relevant as the development and expansion of formal housing systems has implications for broader economic goals and is a necessary prerequisite for sustainable financing and provision of housing to the informal and/or low-income sector. Given that the majority of the poor live and will continue to live in informal settlements and increasingly in urban slums, strategies also need to be designed and implemented that address their specific needs through slum upgrading.

- USAID, along with UN HABITAT and 12 other donors, sponsors the Cities Alliance cities without slums strategy. USAID has provided \$1.5 million for core funding to the Cities Alliance Trust Fund as well as \$2 million for the establishment of a Community Water and Sanitation Facility. The Cities Alliance supports and works with the Union of Cities and Local Governments to help city governments improve services and strengthen local economic development for the betterment of their citizens, particularly the urban poor. Cities Alliance aims to improve security of tenure for slum dwellers; upgrade slums and improve housing; expand citywide infrastructure and services; create jobs; provide alternatives to slum formation and carry City Development Strategies. Grants awarded by the Cities Alliance since its inception in 1999 have been linked to \$6 billion in investments worldwide.

Within the Cities Alliance framework, USAID, along with Norway and Sweden, helped to kick-start the “Cities without Slums Facility for Africa” with seed money in 2002. The Africa Facility is supporting City Development Strategies and poverty reduction activities in Ethiopia, South Africa, Ghana, Nigeria, and Swaziland. Plans are underway in numerous other African countries including activities to “scale up” pilot activities through the development of innovative financing options.

USAID’s Urban Programs Team provides technical support to USAID Missions and host country counterparts through a contract with an 8(a) firm in preparing applications to the Cities Alliance.

As the majority of poor households live in informal settlements that they have constructed themselves, traditional housing finance often does not address their real needs. Recent experience in the microfinance sector has demonstrated that housing microfinance has the potential to provide affordable, reliable and appropriate financing to support the shelter needs of the poor through home improvement loans. Whether housing microfinance is offered as a stand alone service or is linked to other microenterprise services or savings schemes, housing microfinance can be financially viable and does have a positive impact on low and middle-income households. Due to the nature of microfinance (usually shorter term, small loans) institutions are primarily offering products that can be used for home improvements and upgrading of existing housing which matches the needs of the informal sector.

While this is a very new area for USAID, the potential is already evident, particularly in a number of fragile states with nascent capital markets. Through complementary technical assistance and the strategic use of the credit guarantee tool, USAID is already demonstrating that microfinance for housing could be the wave of the future.

- USAID through its partner Shorebank International is providing technical assistance to microfinance institutions and private sector banks in South Africa in order to increase housing opportunities for low-income families. Shorebank is assisting microfinance institutions to develop the processes and

procedures necessary to demonstrate to commercial banks that they can properly service and collect housing finance loans to low-income households. If the microfinance institutions succeed with this demonstration they will seek additional financing from traditional banks to expand the new housing finance services.

Shorebank is providing complementary support to the commercial banks to educate them on the positive business case for expanding their product lines to include low-income borrowers. Shorebank is providing technical assistance on how to properly assess the risk for this segment of the housing market and is highlighting the role that both banks and microfinance institutions can play in servicing those loans.

The support that Shorebank has provided in South Africa to a commercial bank, ABSA, and two microfinance institutions, Kuyasa and SOHCO, has led directly to the issuance of a \$900,000 loan from ABSA to Kuyasa to expand their housing microfinance operations. To provide further comfort and encouragement to ABSA to take on the risk of this new scheme, USAID will provide a 50% credit guaranty through the Development Credit Authority. No such incentive, however, was needed for ABSA to take a \$10,000,000 equity/long-term debt position in SOHCO for expansion purposes. ABSA was sufficiently impressed by SOHCO's current operations that the technical assistance from Shorebank was enough to help bring this deal to fruition.

The Future

I hope these many examples amply illustrate USAID's long and rich history of work on housing and urban issues in sub-Saharan Africa. Drawing from the experience of the United States and other developed countries, it is clear that the housing sector is vital to the development and urbanization agenda. Housing provides the single most important multiplier effect to economies and can be the highest source of revenues to local governments through the form of property taxes and related fees. Housing is also a viable mechanism by which to deliver water, sanitation and electricity and other urban services to households and provides sustainable, tangible evidence of US foreign assistance.

To promote housing and urban development in Africa, USAID will use strategic and focused technical assistance interventions, application of the credit guarantee tool to leverage resources from the private sector, Global Development Alliances to partner with the private sector, and collaboration with other U.S. Government agencies.

- In recognition of Africa's demographic realities, USAID has made urbanization a cross-cutting theme in its new Strategic Framework for Africa, which guides the strategies for USAID's sub-Saharan Africa missions. The Africa Bureau is working closely with other USAID

Bureaus and Offices and potential private sector partners to address the urban and youth challenges facing the continent.

- Through its existing and planned Mission programs in Africa, USAID will continue to provide technical assistance and capacity building to city and town governments to improve service delivery and move towards the development of sustainable human settlements.
- USAID is proposing to launch the Africa Housing and Infrastructure Facility in 2007. USAID has requested dedicated funds to cover the budget cost of providing partial credit enhancement in support of private sector financing for housing and related infrastructure in Africa. The proposed facility will increase USAID's capacity to deliver on the President's goals in a cost-effective manner that is fully supportive of and focused on mobilizing private sector resources for infrastructure development in Africa.
- The Microenterprise Development Team is conducting a study of Microfinance for Housing to provide a short and accessible study that recounts the current achievements in the housing sector, lessons learned, constraints and limits, and most importantly, how housing microfinance can enhance and support USAID activities. In addition, this study will assess how to bring together urban development strategies, slum upgrading models, and assistance to micro-lenders. This study will help serve as a roadmap for future potential activities in this emerging microfinance market.
- USAID will continue to explore Global Development Alliances, such as a proposal currently under discussion from Habitat for Humanity International's Africa division which represents a shift in the organization's traditional shelter approaches.
- USAID will continue to collaborate with other U.S. Government agencies such as OPIC and the Departments of Treasury and Housing and Urban Development. It is hoped that the Zambia pilot effort and the assessment studies on mortgage markets in select African countries will pave the way for expanded support to the housing sector as an entrée to sustainable development.
- USAID plans to enhance its partnership with Cities Alliance to promote innovative solutions for the millions of slum dwellers in Africa and elsewhere if funds are available to carry out our commitment.
- USAID is exploring the potential of a direct partnership with the Union of Cities and Local Governments (UCLG) a powerful umbrella organization combining the World Federation of United Cities, the International Union

of Local Authorities and Metropolis into one international body. Its membership includes cities and national associations. The organization strengthens the role of local governments in tackling urban problems and addressing housing problems in the developing world.

- In support of the Water for the Poor Act, USAID will promote the approach of “making cities work for the poor” by working with municipal governments and the private sector to tap into capital market financing for infrastructure investments. Potential partners include the UCLG which presented the “Local Government Declaration on Water” at the recent World Water Forum in Mexico.

In Ambassador Tobias’ recent testimony to the House Appropriations Committee, he outlined a new approach to improve the effectiveness of the U.S. Government’s overall foreign assistance. USAID will contribute to the overall objectives to achieve peace and security; improve governance and democratic participation; promote investments in people; and engender economic growth. Addressing the challenges of urbanization and housing in sub-Saharan Africa will support these key objectives.