

**TESTIMONY OF
HABITAT FOR HUMANITY INTERNATIONAL**

**Given by:
Jonathan Reckford
Chief Executive Officer
Habitat for Humanity International**

**Senate Committee on Foreign Relations
Subcommittee on African Affairs
United States Senate**

May 4, 2006

Introduction

Good afternoon, Mr. Chairman and members of the Committee. I appreciate this opportunity for Habitat for Humanity to share with you the plight of millions of people in Africa who are without adequate shelter and to make recommendations on policies and actions to address this growing crisis.

Before I begin, I want to acknowledge my fellow panelists from the U.S. Department of Housing and Urban Development, the U.S. Agency for International Development, and UN-Habitat. With operations in the United States and nearly 100 countries around the world Habitat for Humanity has been privileged to partner with HUD and USAID in many shelter programs around the world.

In addition, we have a strong and growing relationship with UN-Habitat, including an Agreement of Cooperation signed in September 2004 to work together to upgrade slums, improve housing conditions, and provide basic human services, particularly in countries ravaged by political unrest and natural disaster.

Regarding Habitat for Humanity's own work, we have been supporting families in Africa to increase assets through affordable housing for 30 years. In fact, the first Habitat for Humanity house was built in Zaire – now the Democratic Republic of Congo – in 1976.

As of January 2006, more than 35,000 affordable houses have been built in 21 African countries in partnership with our national organizations and branches and through 235 local affiliates. A successful housing delivery model has been built based on a community-based approach, mutual help, sweat equity through labor provided by volunteers and homeowners, inflation-linked housing finance, and appropriate housing design

While I am here today to speak mostly about housing in urban settings, I do want to emphasize that programs with a rural focus remain an extremely important part of Habitat for Humanity's mission. However, in recent years, Habitat for Humanity has begun to

strategically focus on urban housing in response to the rapid growth in slums at the periphery of every major African city.

I had the opportunity to see some of our rural and urban projects last year when I visited Habitat for Humanity programs in Ghana, South Africa and Egypt. In Ghana, I met Bernard Botwe and his wife Joanna. They and their two children were the first Habitat for Humanity homeowners in the country. Now, 18 years after their humble beginnings in their Habitat for Humanity home, Bernard is an administrator at a hospital and rising in his career -- a shining example of the difference that secure tenure and decent and affordable shelter can make in the lives of families.

From Ghana I traveled to Johannesburg, Cape Town and Durban and on to Cairo, where I saw first-hand the rundown, ramshackle and decrepit conditions people live in near the heart of what are otherwise beautiful cities.

And this is why I am pleased to be with you today, to talk with you about housing and urbanization issues in Africa and to work with you and my fellow panelists to identify solutions.

Specifically, I want to spend my time with you to address three broad issues: the growing problem of urbanization in Africa, the ramifications of urbanization on those who live in the informal settlements, and Habitat for Humanity's recommendations on how the United States and the international community can help address these challenges.

Africa's Urban Housing Crisis

While it can be acknowledged that substantial numbers of people in the developing world now benefit from better health and education, and from attaining personal wellbeing in a more prosperous world, significant numbers have been left outside of the development process. African economies have been growing by close to five percent over the last decade and democracy has been gradually taking root, according to the United Nations Development Program. Yet at the current rate of progress, poverty in Africa will increase over the next 10 years instead of being halved. This makes African countries unlikely candidates for more conventional forms of development cooperation in the new US foreign aid framework.

Within this century, Africa will shift from a predominately rural continent to an urban one. More than half of Africa's nearly 750 million people will live in cities within 20 years. And as nearly 70 percent of the rural population is expected to migrate to cities, the combined population of African cities is expected to double every 14 to 18 years, according to the United Nations. Because most of these people are coming into the city from poor rural regions to find work, opportunities, and a better life, they bring very little with them but their hopes and dreams. As a result, the systems that have traditionally held cities together are failing.

What does poverty look like in the cities? I think we have all witnessed it. For the most part, the urban poor are left outside of the progress in the cities. In the few cases that land is provided by the governments for the masses of people entering the city each day, it is poorly located, out of the range of social services and employment and too expensive for the poor to acquire. The majority of people who need housing in urban areas in Africa, therefore, settle in informal settlements that are closer to possible employment and public transportation, but often unsuitable for human habitation. They do not have legal property rights. They do not have basic services. They usually do not even have proper building materials. They build shelters using the materials they can obtain.

It has been reported that households generally allocate 10 to 15 percent of their income to shelter – whether it’s a tent, a hut or collection of discarded materials or an abandoned car. They settle wherever they can find space – on pavements, ravines, garbage dumps or drainage channels – as long as the site is marginal enough to deter displacement and close enough to transportation and employment opportunities. Even if their incomes rise, they won’t increase their allocation to shelter above 15 percent unless they have some security of occupancy as owners or renters.¹

These informal settlements soon became established communities – communities of families living in poorly constructed houses, in overcrowded conditions, and with inadequate infrastructure services. And the number of these communities continues to grow each day.

Ramification of Urbanization

There are numerous ramifications to this rapid growth of urban poverty – from the individual level to the global.

Densely populated urban settlements with poor sanitation, vermin and poor shelter from the rain are ripe breeding grounds for illness and disease. An Emory University research study on Habitat for Humanity’s work in Malawi provided evidence of the impact of improved housing on social indicators. Children under five living in Habitat for Humanity houses showed a 44 percent reduction in malaria, respiratory or gastrointestinal diseases compared to children living in traditional houses. The researchers concluded that the effect of improved housing on the health of young children was as high as that of water and sanitation programs.²

With irregular incomes, food is sometimes scarce; yet there are rarely opportunities for self-sustaining urban agriculture. As residents of informal settlements, these families lack access to social facilities such as schools, clinics, libraries and recreational facilities. This often leads to a survival of the fittest mentality, with communities competing for scarce opportunities and resources.

¹ The Center for Urban Development Studies, Harvard University Graduate School of Design, *Housing Microfinance Initiative*, May 2000

² Wolf et. al., *The Effect of Improved Housing on Illness in Children Under 5 Years Old in Northern Malawi: Cross Sectional Study*, BMJ 322; May 19, 2001

The lack of secure tenure also contributes to the inhabitants' inability to invest privately, in their own home or in public infrastructure. Thus the potential for social stabilization and wealth creation is absent.

For the United States, helping the world's poor develop has become a national security issue as well. As is stated in the 2002 National Security Strategy and reinforced in the 2006 strategy, "A world where some live in comfort and plenty, while half of the human race lives on less than \$2 a day, is neither just nor stable. Including all of the world's poor in an expanding circle of development—and opportunity—is a moral imperative and one of the top priorities of U.S. international policy."

And yet housing – a stabilizing force in its own right - remains an underserved and often ignored area in the field of international aid and development. While education, health, the environment, good governance and economic growth -- all sectors that are critically connected to and dependent on adequate housing – are addressed in bilateral, multilateral and nongovernmental organization strategies for development, housing is not.

Let me give you a few examples.

- None of the eight Millennium Development Goals (MDGs), adopted by a majority of the world's countries at the UN Conference in 2001 and all of the leading development institutions, directly address the critical issue of lack of affordable housing. Although Goal 7 Target 11 of the MDGs focuses on improving the living conditions of at least 100 million slum dwellers by 2015, the development of new or improved housing is not mentioned as a method to meet that goal.
- Housing is not one of the major sectors identified by the African Development Bank, and they made no loans or grants in the area of urban development between 2001 and 2003.
- The focus given to housing by US foreign assistance has dramatically declined in recent years. For many years USAID had a housing guaranty program that provided \$100 million or more each year in loans to developing countries and a network of regional offices that provided assistance in housing policies and programs with particular attention to the needs of lower income groups. These programs have essentially been eliminated.

With the increasing needs, both in Africa and globally for improved housing and the specific challenges faced with the rapidly increasing population of urban poor, an increased focus on housing is a critical need.

The inhabitants of these informal settlements possess focus, talent and enthusiasm. The rise in the large informal sectors in urban areas of the developing world, including Africa, is evidence of the abundant entrepreneurial capacity of those who reside in these areas. And they have an astonishing ability to wring a profit out of very little.

The value of savings and assets they have accumulated is immense – calculated to be as much as 40 times the foreign aid received throughout the world since World War II.³ Unfortunately, these assets and resources are held in defective forms – such as houses built on land with no recorded ownership rights, that are unserviced, poorly managed and with little appreciable value.

Housing, however, presents a key instrument for generating wealth and stability in Africa and thereby alleviating urban poverty. For example:

- Housing provides a fundamental precondition to personal wealth creation. It provides the collateral necessary for credit and the development of local and national financial institutions.
- Housing provides a nexus for economic development by providing access to an array of construction jobs, which enables recent migrants' entrance to the urban economy. It also provides a stimulus to the production of construction materials, construction services and housing related to enterprise development.
- Finally, housing is the locus of individual, familial and community stability. And it can be the catalyst for social and democratic development.

The success story of the first homeowner in Ghana, as I mentioned earlier, provides anecdotal evidence of these facts.

In addition, World Bank policy research indicates that strengthening poor people's land rights and easing barriers to land transactions can set in motion a range of social and economic benefits including improved governance, empowerment of women and other marginalized people, increased private investment, and more rapid economic growth.⁴

Critical Needs and Recommendations

These findings and Habitat for Humanity's experience in Africa leads me to point out three critical changes that can impact urban poverty housing:

- First, we must improve land tenure and property rights systems for the poor so they have security of occupancy and the ability to collateralize these assets to obtain loans for education, enterprise creation and other life-enhancing pursuits.
- Second, local governments must provide services and infrastructure to poor communities in informal settlements and slums.
- Third, it is critical to secure affordable urban land in appropriate settings so Habitat for Humanity and organizations like ours can build communities of low-income housing that allow people to become healthy, contributing members of society.

³ DeSoto, Hernando, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books (2003).

⁴ World Bank; *Land Policies for Growth and Poverty Reduction*, Volume 1; June 2003

With these broad goals in mind, Habitat for Humanity recommends the following two significant actions this committee can take to address the issue of poverty housing in Africa.

1. Reestablish housing and shelter issues as a major priority of the US government foreign aid package by allocating more funding to USAID and other agencies for programs that address affordable housing, city planning, service delivery, financing – especially micro-financing for the poor, and local economic development.
2. Create a commission to study the critical issues of affordable housing, especially urban poverty and slums, and seek ways to improve the lives of the millions of people worldwide in need of adequate and affordable shelter. With funding support, Habitat for Humanity is prepared to lead both this comprehensive study of the impact of housing on poverty reduction and a monitoring process to support policies that encourage increased access to affordable shelter.

Conclusion

Mr. Chairman, this hearing is an important step in what could be a significant and successful effort to address poverty housing in Africa. Your invitation for this panel to present recommendations is evidence of this committee's recognition of the critical role housing plays in international development.

I thank you again for this opportunity to share these recommendations. And Habitat for Humanity looks forward to working with this committee to ensure that people in Africa and around the world have access to safe, decent and affordable homes. I would be happy to take any questions you might have.