

Data Sheet

USAID Mission:	South Africa
Program Title:	Housing & Municipal Services
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	674-006
Proposed FY 2004 Obligation:	\$500,000 CSH; \$5,452,000 DA
Prior Year Unobligated:	\$480,000 DCA; \$450,000 DFA
Proposed FY 2005 Obligation:	\$5,352,000 DA
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2007

Summary: Despite South Africa's successful and continuing transformation to democracy, a significant percentage of South Africans remain under-served in basic shelter and municipal services. USAID will increase the access of historically disadvantaged households to these services and support policies that leverage resources for service provision and which lead to sustainable urban management. The program provides technical assistance and training to increase the capacity of local authorities to deliver services and mobilizes partnerships between non-governmental organizations (NGOs), the private sector, and the national government. USAID uses Development Credit Authority (DCA) funds and other alliances to leverage private sector resources in this area. Program resources in FY 2004 and FY 2005 will focus on energy-efficient housing, water, sewage, electricity, solid waste management, and transportation infrastructure services. The program is divided into four focus areas as well as four Presidential Initiatives: Water for the Poor; Global Climate Change (GCC); Clean Energy; and HIV/AIDS. The four areas support national legislation and policies as well as local government structures now mostly in place.

Inputs, Outputs, Activities:

FY 2004 Program:

Capacity building in municipal finance (\$763,000 DA). USAID will assist municipalities to improve financial management, capital investment planning, and access to capital markets. The program will provide technical assistance and training to 30 municipalities to implement legislation and policies on municipal borrowing and housing finance. USAID technical assistance will support capital investment programs in 10 municipalities, primarily focusing on historically disadvantaged areas. Principal contractors: Megatech and Research Triangle Institute.

Capacity building for basic service delivery (\$3,710,000 DA; \$450,000 DFA recoveries; \$480,000 prior year DCA). USAID will assist 10 municipalities to improve operations and cost recovery of basic municipal services in water/sanitation, transportation, and electricity. Prior year DCA funds will be used to leverage private sector resources through the Municipal Infrastructure Investment Unit (MIU) to provide partial credit guarantees that will allow municipalities to improve the quality and sustainability of essential municipal services, particularly water supply. Using DA and DFA recoveries, and in support of the President's Water for the Poor Initiative, USAID will provide technical assistance to mobilize resources for the South African government's municipal infrastructure unit to implement a new water/sanitation service delivery program. In support of the President's Global Climate Change and Clean Energy initiatives, USAID will provide technical assistance through a grant to facilitate clean technology and energy efficiency practices in six cities. Principal contractors: Megatech, Chemonics, ICLEI, and PADCO.

Urban planning and housing (\$670,000 DA). USAID will train 90 participants from local NGOs to establish effective urban and community planning and housing finance systems that expand access to shelter for impoverished communities. The program will focus exclusively on effective planning for informal settlements. USAID will continue to support a grant to provide housing finance to low income families. Principal contractors/grantees: Megatech.

Urban and local economic development (\$309,000 DA; \$500,000 CSH). USAID will provide technical assistance and training to at least five municipalities to develop and implement strategies that boost local economies. USAID will use CSH funds to train these same municipalities to reduce the negative impact of HIV/AIDS, and will use DA resources to develop the capacities of urban youth through public-private alliances. USAID's City Links program, which forges partnerships between cities in the United States and other countries, will work to assist three South African cities to better address local economic development and the HIV/AIDS epidemic among vulnerable groups. Principal contractor: Megatech.

FY 2005 Program:

Capacity building in municipal finance (\$919,000 DA). USAID intends to continue existing activities in municipalities and will focus technical assistance on capital planning. Principal contractors: Megatech and Research Triangle Institute.

Capacity building for basic service delivery (\$3,687,000 DA). USAID plans to support South African national and local governments in expanding water, sanitation, and transportation services to 10 cities and to incorporate energy efficiency in the delivery of these services. USAID will establish public-private partnerships to improve management of and investment in these services. USAID may award grants to NGOs to provide services to vulnerable groups as well as to institutions working to build the capacity of municipal officials responsible for service delivery. Principal contractors: Megatech and PADCO.

Urban planning and housing (\$427,000 DA). USAID plans to support the efforts of the South African government to integrate planning principles into housing and community development and to improve the quality of housing and associated infrastructure delivered to low income families. Principal contractors/grantees: Megatech.

Urban and local economic development (\$319,000 DA). USAID plans to support municipalities' efforts in the areas of youth development and one activity in HIV/AIDS. Principal contractor: Megatech.

Performance and Results: USAID continued to deliver impressive results in FY 2003, exceeding targets at least four years in a row in terms of policy development and municipal services delivered to historically disadvantaged households. During FY 2003, 197,473 households benefited from USAID-supported programs. Historically disadvantaged households benefited from receiving new houses and services to upgraded housing and solid waste removal in communities previously not served. USAID partners generated a capital investment value of \$74.5 million, including \$53 million leveraged by USAID's principal partner, the South African government's municipal infrastructure investment unit. USAID-financed technical assistance led to the implementation of the last cornerstones of housing and municipal policies that better serve the majority population. Specifically, both the implementation of the National Assembly's Municipal Finance Management Bill and the introduction of standardized contract provisions for public/private partnerships are enabling national, provincial and local governments to provide basic infrastructure and services such as power, water and sanitation for their most underserved citizens. Additionally, USAID supported the establishment of legislation that will direct capital investment into municipal infrastructure and services.

USAID relied heavily on partnerships in providing policy and service delivery assistance. USAID's support of a public-private alliance using a DCA guaranty attracted other investors, including the Overseas Private Investment Corporation, which provided a further \$250 million guaranty to the program. This program is supporting 35,000 homeowners against loan default and loss of their homes due to HIV/AIDS incapacitation. Successful climate change interventions led to the integration of energy efficient practices into housing and municipal service delivery in eight cities and to the promotion of public awareness through partnerships with 13 environmental groups. USAID sponsored the second conference on women in local government in an effort to highlight gender issues related to managing municipalities, and commissioned a working paper on the role of women in housing development.

By 2007, 20 cities will have increased their capacity to access capital for infrastructure and to manage municipal services and/or housing. They will implement systems and mechanisms to improve the quality and/or quantity of priority services for over three million households. Financial instruments will be in place

to enable a larger percentage of the population, particularly vulnerable groups, to access credit and banking services.

US Financing in Thousands of Dollars

South Africa

674-006 Housing & Municipal Services	CSH	DA	DCA	DFA
Through September 30, 2002				
Obligations	200	56,244	2,882	41,440
Expenditures	179	43,629	1,871	41,018
Unliquidated	21	12,615	1,011	422
Fiscal Year 2003				
Obligations	275	5,605	0	0
Expenditures	0	8,972	1,011	373
Through September 30, 2003				
Obligations	475	61,849	2,882	41,440
Expenditures	179	52,601	2,882	41,391
Unliquidated	296	9,248	0	49
Prior Year Unobligated Funds				
Obligations	0	0	480	450
Planned Fiscal Year 2004 NOA				
Obligations	500	5,452	0	0
Total Planned Fiscal Year 2004				
Obligations	500	5,452	480	450
Proposed Fiscal Year 2005 NOA				
Obligations	0	5,352	0	0
Future Obligations	0	12,000	0	0
Est. Total Cost	975	84,653	3,362	41,890