

## Data Sheet

<b>USAID Mission:</b>	South Africa
<b>Program Title:</b>	Housing & Municipal Services
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	674-006
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$4,833,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$4,817,000 DA
<b>Year of Initial Obligation:</b>	1996
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** After 10 years of democracy, almost 10 million historically-disadvantaged South Africans still live in slums that lack basic shelter, drinking water, sanitation, solid waste disposal, electricity, and safe and affordable transportation. USAID addresses these challenges with cross-cutting local government service delivery activities to reach the fast-growing number of slum-dwellers in South Africa. USAID implements three Presidential initiatives: a) the President's Water for the Poor Initiative, b) Global Climate Change Initiative, and c) Clean Energy Initiative; and supports South Africa's new plan to eradicate slums, and aims to provide basic services and shelter to 80%-100% of South Africans by 2010. To achieve program goals, USAID uses technical assistance, training, credit guaranties, and alliances between local governments, private financial institutions, and community-based organizations.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$424,000 DA). Meeting targets for South Africa's basic needs requires leveraging significant private domestic capital. USAID is reserving \$300,000 for Development Credit Authority (DCA) guaranties, to share and manage the risk of large-scale lending to low-income markets. USAID's alliances with U.S. private financial advisory firms and its technical support to a South African public-private deal-making organization, the Municipal Infrastructure Investment Unit, are assisting up to 20 local governments to access fledgling capital markets. USAID is developing new financial products and delivery mechanisms that will strengthen capital markets to increase private investment in basic services for slum-dwellers, which will help South African banks to reach housing and infrastructure investment targets of \$9.8 billion over the next five years. A USAID-sponsored public-private alliance is supporting these investment goals and is assisting in the development of a municipal bond market. Principal contractors and grantees: PADCO/Research Triangle Institute (RTI), Evensen Dodge, and Shorebank International (all prime), and a new contractor to be determined.

Support Democratic Local Government and Decentralization (\$1,006,000 DA). USAID is supporting South Africa's efforts to roll out a new municipal budget process to 75 municipalities, through technical assistance on capital investment planning, improved budget information management, monitoring, and training. Principal contractors and grantees: Institute of Housing Professionals, Cities Alliance, International Youth Foundation, and Megatech (all prime).

Improve Access to Clean Water and Sanitation (\$995,000 DA). USAID is providing technical assistance to three model cities in order to develop partnerships and access credit guaranties to finance improvements, operate systems, and collect tariffs in water and sanitation services. USAID is supporting approximately eight private sector-led and local government-supported water and sanitation projects in support of the President's Water for the Poor Initiative. Principal contractors and grantees: Watery and Megatech (prime) and PADCO/RTI (sub).

Expand and Improve Access to Economic and Social Infrastructure (\$885,000 DA). USAID is providing technical assistance and grants to organizations that provide basic shelter and energy-related services to poor households in up to six municipalities. Clean energy technologies and energy efficiency practices for delivering basic services and shelter are supported by grants and credit guaranties implemented through

partnerships among nongovernmental organizations (NGOs), commercial energy firms, and local governments, in support of the President's Clean Energy Initiative. Principal contractors and grantees: Cities Alliance (prime) and PADCO/RTI (sub).

Reduce, Prevent, and Mitigate Pollution (\$1,523,000 DA). USAID will support three NGOs and seven municipalities to improve environmental conditions in slums, promote water-saving technologies, and develop more efficient service delivery methods aimed at reducing the intensity of greenhouse gas emissions, in support of the President's Initiative on Global Climate Change. Principal contractors and grantees: International Council for Local Environmental Initiatives (prime), PADCO/RTI (sub), and a new contractor to be determined.

**FY 2006 Program:** Strengthen Financial Sector's Contribution to Economic Growth (\$983,000 DA). USAID plans to support the private financial sector's efforts to reach low-income markets through the development of new housing finance products. USAID plans to expand its infrastructure finance activities to an additional 20 municipalities in order to support continued development of a municipal bond market, reserving \$490,000 to support DCA transactions. Principal contractors and grantees: Evensen Dodge and Shorebank International (both prime), and a new contractor to be determined.

Support Democratic Local Government and Decentralization (\$606,000 DA). USAID plans to provide technical assistance to up to 100 additional municipalities to improve capital investment planning and financing strategies. These skills will strengthen their ability to manage municipal finances in a transparent and fiscally sound manner. Principal contractors and grantees: to be determined.

Improve Access to Clean Water and Sanitation (\$1,076,000 DA). USAID plans to continue its support for water and sanitation programs in 10 municipalities and to expand its credit guaranties. Principal contractors and grantees: to be determined.

Expand and Improve Access to Economic and Social Infrastructure (\$538,000 DA). USAID plans to support approximately seven municipalities and NGOs in their efforts to expand access to energy and shelter for the poor, improve energy efficiency practices, and improve community participation in the delivery of housing services. Principal contractors and grantees: to be determined.

Reduce, Prevent, and Mitigate Pollution (\$1,614,000 DA). USAID plans to continue to support efforts to increase energy efficiency and reduced intensity of greenhouse gas emissions in new service delivery interventions. Principal contractors and grantees: to be determined.

**Performance and Results:** The USAID municipal service delivery program has exceeded targets for the last five years, benefiting a total of 3.3 million poor households. In FY 2004, the program developed six municipal service partnerships with a value of \$103.7 million. Since the mid 1990s, USAID technical assistance has been critical to developing new legislation that promotes housing and municipal services responsive to the needs of South Africa's population. In FY 2004, USAID's policy reform support resulted in a new legal framework for municipal borrowing under the new Municipal Finance Management Act. USAID supported 10 community-driven pilot projects across South Africa that showcased approaches to integrating energy efficiency technology into low-cost housing programs. These programs also included demonstrations that incorporate the special needs of the handicapped and the growing HIV/AIDS-infected community into housing and basic services. Environmental management grants integrated emission reduction measures into municipal operations in seven cities. By 2007, 20 cities will have increased their capacity to eradicate slums.

## US Financing in Thousands of Dollars

South Africa

674-006 Housing & Municipal Services	CSH	DA	DCA	DFA
<b>Through September 30, 2003</b>				
Obligations	475	61,801	2,593	41,440
Expenditures	179	52,601	2,883	41,391
Unliquidated	296	9,200	-290	49
<b>Fiscal Year 2004</b>				
Obligations	0	5,528	308	450
Expenditures	26	6,374	18	-33
<b>Through September 30, 2004</b>				
Obligations	475	67,329	2,901	41,890
Expenditures	205	58,975	2,901	41,358
Unliquidated	270	8,354	0	532
<b>Prior Year Unobligated Funds</b>				
Obligations	0	0	0	0
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	0	4,833	0	0
<b>Total Planned Fiscal Year 2005</b>				
Obligations	0	4,833	0	0
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	4,817	0	0
Future Obligations	0	22,702	0	0
Est. Total Cost	475	99,681	2,901	41,890