

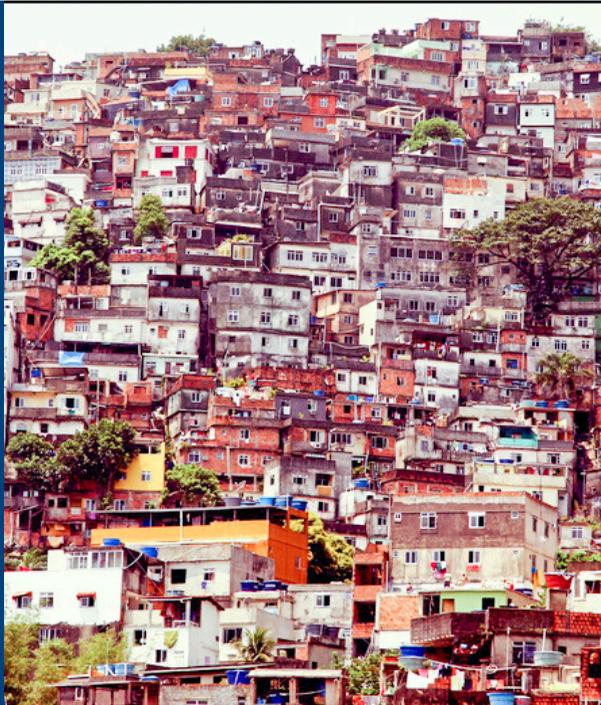


USAID
FROM THE AMERICAN PEOPLE

URBAN DEVELOPMENT AT USAID

PAST, PRESENT, AND FUTURE





When USAID was founded in 1961, roughly 34 percent of the world's population lived in urban areas. By 2030, that figure will rise to over 60 percent as cities and towns become home to more than 1.4 billion additional people. Nearly all of this growth will take place in the developing world. Every single country where USAID has a presence is experiencing growing urban populations.

Rapid urbanization is one of the most important demographic trends of this century. USAID's success in achieving our core development objectives—eliminating extreme poverty, reducing hunger, improving health, addressing climate change, and fostering democratic, resilient societies—will greatly depend on how we respond to urbanization. Urbanization creates challenges, but it also offers unparalleled opportunities

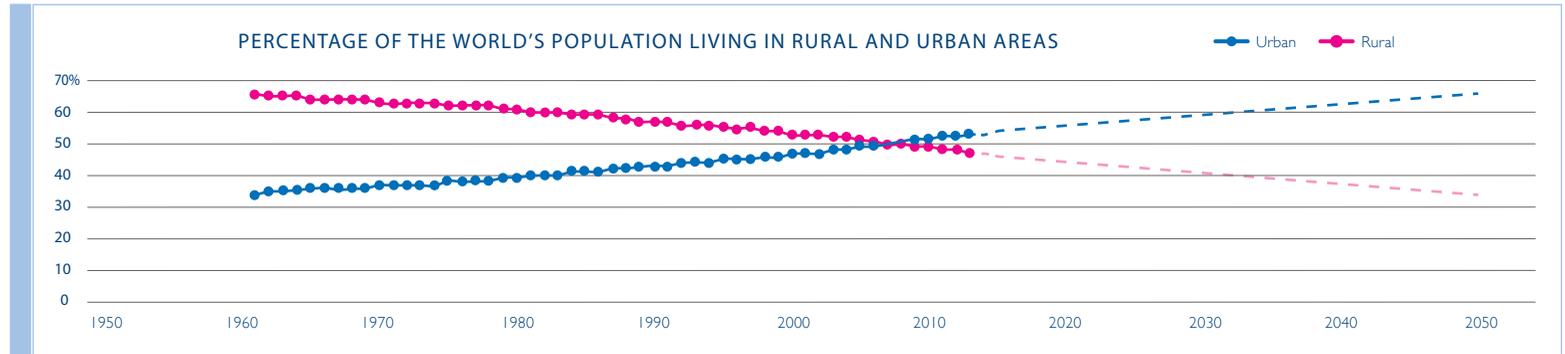
for inclusive growth, innovation, and prosperity.

USAID has a long history of addressing urban development, though the focus and intensity of urban programs have varied over time. From the early 1960s through the late 1990s, our urban work focused primarily on public housing programs, later expanding to address urban poverty, health, environment, and governance.

Now, USAID is entering a new era of sustainable urban programming. The adoption of the 2030 Agenda for Sustainable Development and the New Urban Agenda, along with USAID's Urban Policy and the repositioning of a central Urban unit in the Bureau for Economic Growth, Education, and Environment offer new platforms to provide technical guidance and leadership throughout the Agency, and signify commitment at the global and Agency level to respond to this new context. This new era will focus on systems-based, holistic approaches to development that integrate food security, economic growth, health, education, climate change, and resilience programming in a context of urbanization. Partnerships, access to financing, local capacity building at the municipal government level, good data and technology will be central to our efforts. We will also focus on recognizing and improving linkages between cities, towns, and rural communities as part of an interconnected system.

USAID has been a driver of progress on urban issues for over 50 years. Our success in meeting the most pressing development challenges of this century will be measured in large part in our ability to achieve even greater progress in an increasingly urbanized world.

URBAN DEVELOPMENT TIMELINE



1961: USAID founded. The Foreign Assistance Act aims to “enable the urban poor to participate in the economic and social development of their country” and authorized a Housing Guarantee mechanism that allowed developing countries to better access capital markets to finance affordable housing programs.

1962: Using the Housing Guarantee, USAID’s Office of Housing and Urban Development (HUD) begins to create mortgage markets and authorizes over \$4.6 billion in loan guarantees over the 40 years, supporting more than 200 projects in over 40 countries. Many of the housing finance institutions created with USAID support are still in existence today.

1971: The first Regional Housing and Urban Development Offices are created, allowing Missions and host country partners to easily access USAID’s urban services experts. The HUD Office also managed grants for related technical assistance, research, and training. Projects were guided by more detailed analyses of local legal, regulatory, and institutional frameworks.

1973: USAID establishes the Office of Urban Development and expands research capacity on urban issues, training, and centers of excellence in the U.S. and in developing countries. USAID launches the Urban Functions in Rural Development Project and a series of projects in “market towns” throughout Africa and South America.

1976: USAID’s focus moves beyond housing to initiatives that benefit the urban poor, including employment generation, urban planning, and social programs. USAID launches its Integrated Improvement Programs for the Urban Poor program to foster synergies between different USAID sector areas, such as sanitation, citizen engagement, and assistance to micro-enterprises.

1980s: Market-oriented reforms move USAID toward a greater focus on public-private partnerships in the housing and infrastructure sectors, deemphasizing support to governments for low-income housing.

1990s: Recognizing the critical need for policy reforms in financial management, property rights, and other key sectors to ensure long-term sustainability of urban programming, USAID’s urban work moved toward a greater focus on legal and policy reform.

1998: USAID phases out the Housing Guarantee (it ends in 2000). Partially to maintain private capital access for urban development, USAID creates the Development Credit Authority, which is not focused explicitly on urban areas, but is often used to support housing, infrastructure, and other urban development programs.

2000s: USAID’s new urban strategy, Making Cities Work, encourages adopting an “urban lens” across development sectors to integrate urban programming across USAID’s broader portfolio. New partnerships begin to emerge to integrate urban programming through climate change, urban agriculture, land tenure, urban sanitation, crime prevention, and other sectors.

2013: Recognizing the growing importance of secondary cities and the interdependence between urban and rural areas, USAID launches an Urban Policy that deemphasizes rural-urban dichotomies in favor of a more holistic, systems-based approach to urban and rural development with an emphasis on building local capacity at the municipal level.

2016: USAID repositions a new urban unit in the Bureau for Economic Growth, Education, and Environment (E3). This new E3/Urban team provides technical leadership to the Agency and research, analysis, and advisory services to Missions and developing country governments to improve sustainable urban service delivery.

1960

1970

1980

1990

2000

2010

GLOBAL TRENDS IN URBAN DEVELOPMENT

- Green revolution and development of rural infrastructure accelerate urbanization
- There is a greater focus on slum upgrading, often with land tenure and socioeconomic elements including micro-credit
- Habitat I conference held as urbanization gains recognition as a key development issue

- Increasing migration to secondary cities
- Renewed confidence in the private sector: free markets; deregulation; trade liberalization
- Policy-based sectoral or programmatic approach emerges with increased emphasis on housing and infrastructure finance and secondary cities and market towns

- Development programs focus on sectors: economic growth, environment, democratic governance, disaster mitigation
- Civil society organizations grow stronger and more capable
- More private partnerships in urban services; official aid flows and support for urban programs decline
- Habitat II conference held

- Urbanization accelerates, particularly in Africa and Latin America. A majority of the global population lives in urban areas
- City-to-city exchanges diffuse successful urban management models—donors focus more on creating alliances with municipal leaders and businesses
- Local capital markets emerge for housing and infrastructure finance

- Major global agreements, such as the 2030 Agenda for Sustainable Development and the Paris Climate Agreement, recognize the importance of addressing urbanization.
- Small and medium cities continue to grow rapidly.
- Sub-national municipal leaders are increasingly recognized as essential to achieving progress.
- Habitat III conference held (2016)



PRIORITIES FOR THE FUTURE:

Integrating programming across sectors: Leveraging urbanization demographics and trends to geo-focus food security, health, education, democracy and governance, environment, and resilience programming resources where they can have the greatest impact.

Access to financing: Supporting domestic resource mobilization, access to private capital markets, and technical assistance to improve capacity to mobilize and manage financing for infrastructure, sanitation, transportation, and climate resilience.

Improving rural-urban linkages: Fostering the sustainable development of secondary cities and market towns in a holistic approach to rural and urban development.

Science and technology: Improving planning and decision making through futures scenario planning, geospatial analytics, good data, and rigorous evaluations.

For more information about USAID's urban programs, contact us at urban@usaid.gov or visit www.urban-links.org