

Habitat for Humanity International  
Washington Office  
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September 30, 2004

Public Comment  
Millennium Challenge Corporation  
1000 Wilson Blvd., Suite 1411  
Arlington, VA 22209

**Re: FY 2005 Eligibility and Methodology Criteria Report, Request for Public Comments**

Mission of Habitat for Humanity International

Habitat for Humanity International (HFHI) is a non-profit organization with over 2300 affiliates worldwide, operating in 100 countries. Habitat for Humanity's mission is to build or rehabilitate simple, decent, affordable homes with people in need of housing and to eliminate substandard housing from the face of the earth. HFHI is operating in 12 of the 16 countries selected for participation in the Millennium Challenge Account for FY 2004. The need for decent housing around the world is staggering. An estimated 25 percent of the world's population, more than a *billion* people, live in substandard housing or have no home at all. It is impossible to address poverty reduction without providing families with a roof over their heads. HFHI has built more than 175,000 houses around the world, providing some 875,000 people in more than 3,000 communities with safe, decent, affordable shelter.

The "Investing in People" Indicators

HFHI recommends the addition of one new indicator to this category. HFHI recommends that a country's commitment to programs that strengthen and build capacity to provide decent, affordable housing be added as an additional indicator to the category of "*Investing in People*." HFHI recognizes that MCC in its preamble indicated that it does not intend to make far-reaching changes this year, since continuity for the countries is considered important to the selection methodology. However, HFHI believes that housing is a vital area that is missing from the indicators at present.

Further, HFHI feels that the "Investing in People" category, surely one of the most important categories to achieve the goal of poverty reduction, has been under-emphasized by only having four indicators for that category, whereas the other two categories of "Ruling Justly" and "Entrepreneurial Environment" each have six. The House Committee Report on the original bill, H.R. 2441 (H. Rpt. 108-205), expressed the concern of the Committee on International Relations that only four indicators were

included in the Administration version of the Bill in the “Investing in People” category. The Report states that:

[T]his imbalance in the number of criteria ...likely skews the outcome: In dry runs of the data by researchers outside of government most countries that just miss qualifying fail in the category of ‘Investing in People.’ Furthermore, to the extent that the criteria are an important signal as to what is important and in which areas countries should concentrate in order to qualify for MCA assistance, the bias is against these important social indicators. Resource strapped countries may find it difficult to reach targets in the area of spending on health and education, so it is important to add other criteria that can capture government commitment and efforts to reach poor people.

HFHI strongly believes that housing should be one of those indicators. Surely a country cannot address poverty reduction without providing families with shelter. It is just as crucial to long-term survival as food and water.

HFHI also agrees with the comments of the Center for Global Development that this category needs changes, and that MCC should begin work now on any new indicators that are being considered for FY 2006 so that they will be ready on time.

#### Rationale for Adding Housing as an Indicator

The Millennium Challenge Act of 2003, (see section 602 of Title VI of P.L. 108-199, January 23, 2004) states that its purpose is “to provide ... assistance in a manner that promotes economic growth and the elimination of extreme poverty and strengthens good governance, economic freedom, and investments in people.” The House Committee Report on the original bill, H.R. 2441 (H. Rpt. 108-205), in its analysis of section 201 of the bill (regarding Findings: Statement of Policy), states:

The Committee recognizes that economic growth is essential for poverty reduction. However, the experience of recent years suggests that economic growth, while necessary, is not sufficient to reduce poverty. For long-term sustainable and equitable economic growth and poverty reduction, developing countries should invest in sectors that improve the lives and productivity of the broadest segment of society, particularly the poor. Critical sectors include basic health, education, access to clean water and sanitation, and rural development and smallholder farming.

HFHI believes that having a country provide decent, affordable housing for the poor is crucial to carrying out Congress’ intent to have countries invest in sectors that “improve the lives and productivity of the broadest segment of society, particularly the poor.”

The Report goes on to say that it is the Committee’s belief that the assistance under the Millennium Challenge Account should be utilized to achieve the UN Millennium

Development Goals established in 2000, which aim to, among other things “eradicate extreme poverty and hunger...” Again, providing shelter for one’s citizens is a critical factor in eradicating extreme poverty.

Representative Tom Lantos, when making a speech on the Floor of the House on July 21, 2004, speaking in “strong support of this legislation,” stated:

Mr. Speaker, half of the world’s population still lives on less than \$2 a day. What this means is that approximately 3 billion men, women, and children, or a population 10 times the size of ours, awake each morning to little food, dirty water, **inadequate shelter** [*emphasis added*], and no health care. Alleviating this crushing poverty around the globe is a moral imperative, but it is also related to our national interests...Effective poverty reduction requires investments in education, health, and other sectors which directly contribute to building the human capacity of these countries. It demands policies that close the gap between the rich and the poor in developing nations by providing equal access to assets such as land, and real poverty reduction requires that special attention be paid to poor farmers and to women who bare [*sic.*] a disproportionate burden under poverty.

It is clear from all of the above legislative history that providing adequate shelter for the country’s poorest people was within the intent of Congress as a means of eradicating extreme poverty under the Millennium Challenge Act.

### Conclusion

Habitat for Humanity International strongly recommends that MCC add “programs that strengthen and build capacity to provide decent, affordable housing” as an additional indicator to the category of “*Investing in People.*”

Sincerely,

A handwritten signature in black ink that reads "David Williams". The signature is written in a cursive style and is positioned to the left of a vertical red line.

David Williams  
Executive Vice President and Chief Operating Officer

cc: Thomas L. Jones, Vice President  
Carole Kolstad, Director of Government Relations and Housing Policy