

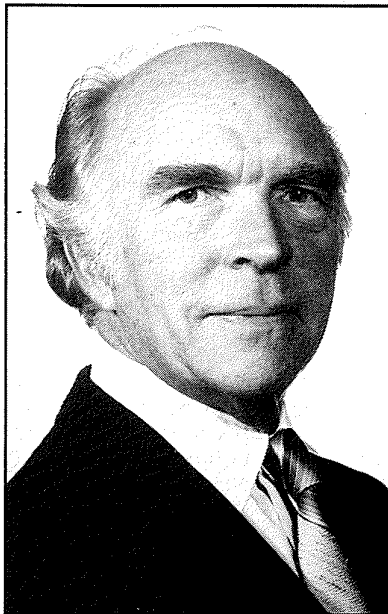
UN Commission on Human Settlements meets in Nairobi

IUBSSA senior consultant, Eric Carlson, reports on the Tenth (Commemorative) Session of the United Nations Commission on Human Settlements

ONE hundred governments were represented and more than 500 delegates, observers and others came to Nairobi for the Tenth (Commemorative) Session of the United Nations Commission on Human Settlements (UNCHS) in April. Their main objectives were to review progress reports on programmes relating to the International Year of Shelter for the Homeless (IYSH) and to discuss proposals for a New Agenda for Human Settlements and A Call to Action on Shelter and Services for the Poor.

The Commission also recalled its establishment following the UN Conference on Human Settlements (Habitat) held in Vancouver in 1976, and the recommendations for national and international action which followed from that event which was attended by representatives of 132 governments.

The setting this time was quite different, with lowered expectations and little optimism. Although all governments were invited to the Commission session, a substantial number did not attend. Others which had formerly been active participants, such as Argentina, Australia, Bangladesh, Brazil, Ireland, the Philippines, Venezuela and Yugoslavia were represented only by their diplomatic missions in Nairobi. Although 33 non-governmental organisations (NGOs) came to the Commission session there was no international representation from the construction industry, housing and town planning, architects, engineers etc. Apart from the International Federa-



tion of University Women, there were no representatives from universities or educational institutions.

Though the lack of housing finance systems and resources were mentioned by some delegations as impeding efforts to develop and produce housing and shelter, only three governments included representatives of housing finance institutions on their delegations: Canada, the United States and Uruguay. Housing finance had no major place on the agenda before the Commission, nor was it recommended for priority consideration in future international action programmes. Nonetheless, the two largest housing finance orga-

nisations in Kenya, the East African Building Society and the Housing Finance Company of Kenya Ltd, did host a major reception for all delegations, NGOs and others present at the Commission session.

The Prime Minister of Sri Lanka, the Hon R. Premadasa, delivered the opening keynote address, with five specific proposals for international action, including the creation of a Global Housing and Shelter Bank. But these proposals received little support from government delegations.

In his welcome speech to the Commission, the President of Kenya, Daniel Arap Moi, though supportive of the IYSH, raised questions regarding the effectiveness of United Nations programmes and wondered whether the costs of large conferences could be translated into the building of houses.

Colombian economist Enrique Penalzoza, who had served as secretary general of the 1976 Habitat Conference in Vancouver, returned to the international spotlight in Nairobi by serving as chairman of Committee I dealing with the IYSH. He presented a message from Colombian President Virgilio Barco regarding the massive programmes for housing and slum eradication being implemented there, involving co-ordination of resources among municipalities, public services, social security funds and external funding. Under new arrangements the Corporations for Savings and Housing will be obliged to invest 12% of their new savings and present resources into a fund for

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low-cost housing upon which they can also draw, but only for provision of housing which is severely cost-limited. Colombia has offered to host a future session of the UNCHS and to assist in developing new strategies and directions for relationships with international financing institutions.

Among other developing countries making strong presentations dealing with housing finance were Costa Rica, Uruguay, India and Zimbabwe. The Costa Rican delegate pointed to the creation of a new mortgage bank for housing as a fundamental element of strategy for meeting housing needs in this country. India circulated its draft national plan for housing which calls for development of a national housing bank. The president of Uruguay's National Mortgage Bank described the immense difficulties of obtaining loans or resources for housing and infrastructure through existing institutions. Zimbabwe described the various approaches to increasing resources for housing, including government guarantees, the extension of building society loans to low-income beneficiaries, allocation of National Housing Fund loans to all local authorities, and generation of new funding through 9% tax free paid-up permanent shares (PUPS) in building societies.

Perhaps the most impressive national report was that of the People's Republic of China. In addition to multiple IYSH activities in 1987 China would build some 2.7 million flats in urban areas and four times this number in the countryside, so that 50 million people will move into new homes. During the past five-year plan 16 urban dwelling units per thousand population had been completed annually and 11 per thousand in the rural areas. The government was now encouraging the purchase and construction of houses by individuals, supplying land, granting loans, and providing building materials at low cost, with tax exemption for dwellings bought by individuals.

Several delegations pointed out that only a small proportion of aid now flowing to developing countries is directed to projects to improve shelter and living conditions of the poor. In 1982 less than 5% of concessional aid (including grants) and some 6.5% of official non-concessional aid was allocated to housing, urban and community development, water supply, solid-waste disposal and the production of building materials. The annual average for such aid in past years was some \$3 billion, small in relation to the size of the problem. In some developing countries one-third of the population is living in slums and squatter settlements; an even higher proportion in the large cities.

By the year 2000 eight out of 10 people will be living in developing countries, which must meet the new needs created by a world population growth of some 80 million per year, or 1.2 billion between 1985 and the year 2000. The majority of this new population is likely to be poor and two-thirds of the population increase will take place in the urban areas, an average of 51 million people per year or 140,000 per day during the rest of the century. By the turn of the century 18 of the expected megacities with more than 10 million people will be in developing countries. In the light of the above conditions, recommendations before the Commission were that bilateral and multilateral funding organisations and regional development banks should consider as a first step to increase their grants and lending for shelter and services to at least 10% of their total assistance.

The amounts pledged by governments at the Commission's session, for the IYSH and its follow-up and for the UN Habitat and Human Settlements Foundation for the work programme of the Habitat Centre, were modest. A few were notable because they represented a break from the previous lack of commitment in this field.

For example, for the first time the USSR made a pledge of \$300,000, and for the second time the USA made a pledge of \$400,000. Other pledges included: Italy, \$350,000; Finland, \$1 million (for a three year programme); Canada, \$1 million (for continuing support of information programme); Sweden, \$350,000; Japan, \$500,000. The Netherlands had contributed \$750,000 for IYSH projects and Sri Lanka had paid in \$1 million.

Some countries, including France and West Germany, stressed their support for international housing through bilateral government or non-governmental channels. But in all, the pledges for the IYSH programme remained several million dollars short of the targets originally established.

The representative of the Habitat International Council, David Hall, president, representing non-governmental organisations, expressed strong dissatisfaction at the inadequacy of the voluntary contributions by many of the member states, especially the industrialised countries. It is truly shameful, he said, that many wealthy countries make only very small contributions or none at all . . . especially when some of them benefit indirectly through contracts for parts of the work programme going to firms in their respective countries.

As IUBSSA's representative to the Commission session, I recalled the long-standing supportive posture of IUBSSA for international work in the housing finance field. IUBSSA had actively participated in the project on housing finance carried out by the former UN Committee on Housing, Building and Planning, which had resulted in the 1968 proposals for establishment of an International Housing Finance Corporation or other international financing facility.

I also pointed out that there had been an enormous growth and development of financial technologies in the past decade. One result was the greatly increased interna-

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tional capital flow for investment in housing bonds and mortgage securities. Three main areas now deserved special attention: (1) the provision of resources for housing improvement through small-scale credits and loans through credit unions, co-operatives, housing associations and civic groupings of various kinds; (2) the development of special techniques

The role of NGOs

OF THE 100 governments represented at the Tenth (Commemorative) Session of the UNCHS, only two or three included representatives of non-governmental organisations as members of their delegations. But the NGOs themselves took part in several events to sharpen their role and image with respect to human settlements improvement. These included an International Seminar — NGOs: Their Role in Shelter, Services and Community Development — from 30 March to 1 April; the Global Conference of NGOs on Human Settlements, from 2 to 4 April; and board meetings for the Habitat International Council on 5 April.

The International Seminar included participants from 45 third world-based NGOs, 12 international NGOs and 16 multilateral, bilateral or private donor agencies. They issued a Declaration, Working Principles and Recommendations. The Declaration asserted the right of all people to adequate shelter and opposition to forced eviction as well as the role of low income people as city builders and governments as enablers. It stressed the unmet needs of women and children, and the importance of a multisectoral approach. It endeavoured to define the relationship between NGOs and community based organisations (CBOs) which do so much of the building in developing countries.

It also defined the relationships between governments and NGOs and set out a strategy for international donor-NGO relationships for the future. It prepared a plan of action and developed a resolution regarding

for enlisting the co-operation of housing finance institutions in housing and shelter improvement efforts; (3) development of capacities and instruments to enable more countries to participate in the vast international markets for mortgage securities. This meant that, where feasible, countries

networks and coalitions, which *inter alia* would transform the Habitat International Council into a global coalition, changing the composition of its board, designating a developing country representative as secretary general, and changing its name to "Habitat International Coalition — NGO Alliance on Human Settlements." The HIC subsequently accepted in principle the recommendations for its change of name and internal reform, subject to membership ratification.

The Global Conference sponsored by the HIC featured reports of many case studies from different countries in the following areas: shelter, services, construction, employment, legislation, land, finance, research and education, training and information. Detailed plans of action for NGOs to work in each of these areas was developed. Grassroots NGOs were urged with respect to finance, to organise income generating activities, particularly in building materials production, to raise capital for shelter and to increase self-reliance. Support NGOs would provide information to the grassroots about how financing works; train in proposal writing; lobby finance institutions to develop conditions which suit the poor; and help the poor organise income generating activities, particularly in building, and to pay for building.

Copies of the report of the International Seminar of NGOs are available from the Mazingira Institute, PO Box 14550, Nairobi, Kenya or from the Habitat International Council, 41 Wasenaarseweg, 2596, The Hague, Netherlands.

should first endeavour to develop their own secondary markets for mortgage securities, thereby providing a lead-in for future international developments in this field.

I stated that the above three approaches offer possibilities for future financing of housing and human settlements going far beyond that available through public sector budgeting for this sector, or that available through the United Nations, World Bank and Regional Development Banks, or other international organisations.

At the Commission session there was marked ambivalence, as between public and private sectors, regarding the concepts, policies and responsibilities for the provision of housing. The recommendations of the Second International Shelter Conference, held in Vienna in September last year, stressing the importance of public-private sector partnership in the housing field, were referred to by several governments and the report was circulated to delegations.

The Indonesian delegation, for example, drafted a resolution drawing upon the Vienna recommendations, calling upon all countries to develop housing finance policies and institutions which stimulate development of capital markets by mobilising household savings from all income groups and to provide loan opportunities for all such groups. The African Union of Building Societies and Housing Finance Institutions had convened a special workshop in Mangochi, Malawi, from 27 to 29 March, funded by the US Agency for International Development, to review and consider the Vienna recommendations in the light of African country experience. The Vienna recommendations were amended to meet African needs and were forming the basis for further dialogue between public and private sectors in Africa.

In their country reports, some governments gave special attention to how they were encouraging housing production by self-help building methods and group organisation. The private sector and NGOs, espe-

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cially at community level, account for much of the planning, construction and financing of housing and shelter. But in Nairobi few governmental representatives gave recognition to these basic factors. Both the Netherlands and Sweden did, however, stress the important role of NGOs in their statements to the Commission, as did the USA and Canada in advocating public-private sector approaches toward meeting housing and shelter needs.

The executive director of the UNCHS, Dr Arcot Ramachandran, in his address to the Global NGO Forum held from April 1 to 4 in Nairobi, underscored the importance of NGO participation and involvement in dealing with all aspects of the shelter problem. He said that given the sheer numbers involved in the shelter crisis new and creative ways have to be found to fully mobilise the resources of the private sector.

He suggested that in the first instance building societies and savings and loan associations by their very nature and function must assume a central role in meeting the challenge. Mechanisms should be found to bring together low income groups and housing finance institutions which would allow for greater generation of resources for the construction and improvement of shelter. He added that there are already a number of examples in developing countries where partnerships between private housing finance systems and low income communities are successfully under way. These views were not reflected in the draft work programme of the UNCHS for the next biennium, as housing finance was not listed as a priority area.

It does not appear likely that housing finance institutions as such will have any major role within the present United Nations structure. Judging from the recent experience of the UN Commission in Nairobi, governments generally are not ready to release their control of resource mobilisation and other significant housing finance measures so as to permit any significant specialised development in this field. Moreover, judging from the Tenth (Commemorative) Session, governments there seemed content that the present UNCHS-Habitat Centre remain a minor entity in the United Nations system.

The recommendations of the Commission will now pass to the UN Economic and Social Council for consideration at its July session in Geneva, and then to the UN General Assembly's 42nd Session convened for New York in October. ■

Generation of financial resources*

‘On the domestic side, it is clear that countries will have to mobilise financial resources from internal sources more than they have in the past. Human settlements finance must not be conceived only in terms of housing finance. It should be clear that resources mobilised for settlements development are resources mobilised for redevelopment: the two are indistinguishable. Beyond this, rather than rely on taxation mechanisms to raise capital for investment, governments should make use of their regulatory and legislative powers to provide incentives and opportunities for the formal and informal private sector, to contribute its resources to key settlements development objectives.

International financing should be seen as an important component of human settlements programmes. Since it will always be minute in comparison with total programme needs, it should be reserved for special development-priming, and prototype purposes, based on strict replicability criteria and aimed at the support of local initiatives rather than the

satisfaction of aid-agency priorities. All allocation of financing should be based on the contribution the expenditure will make to economic development.

Developing countries typically show a low aggregate propensity to save because they lack the institutional infrastructure to mobilise domestic savings. However, most developing countries possess an untapped potential of domestic household savings which, without an effective financial system, tend to flow into non-monetary assets and other stores of value that are counted as consumption rather than savings in national income accounts. By giving attention to human settlements as a leading sector for investment, economic development can be promoted, and economic development goes hand-in-hand with financial development. Increased activities in human settlements can, in particular, help to develop effective housing-finance institutions. The possibility to offer access to long-term credit for housing can provide an additional inducement for households to transfer funds from cash holdings and hoards

into deposits with formal-sector financial institutions. By mobilising these under-utilised funds, the domestic capital pool can be increased and used for economically productive investment.

The discussion of financial-resource mobilisation has, for too long, been confined to arguments about the distribution of public budgets between central and local governments, and the financial viability of low-income mortgage institutions. The issue has to be seen as one of capturing all the sources of governmental, commercial and private funds, and devising the mechanisms for channelling all funds into appropriate investment avenues. It has to be approached as a complex exercise in business management and resource accumulation, rather than as a competition over sectoral allocations of a finite resource pool.’

*From "A New Agenda for Human Settlements," Report of the Executive Director, UN Commission on Human Settlements, presented at Tenth (Commemorative) Session, 6-16 April, 1987, Nairobi, Kenya.