

Global Report on Human Settlements

INTERNATIONAL studies on housing remain sparse but the situation has improved markedly in recent years and a significant step forward has been taken with the publication of the *Global Report on Human Settlements 1986* (Oxford University Press for United Nations Centre for Human Settlements, 1987). The 211 page study is in four parts:

- I Human settlements: A strategy for development.
- II Global conditions, trends and prospects.
- III Key policy areas in settlement development.
- IV Conclusion.

The first part offers an outline of theoretical and practical approaches to settlements policy and planning over the past decade, with particular reference to strategies for the improvement of the living conditions of the poor and disadvantaged.

The second part analyses settlement conditions. One chapter analyses population and urbanisation changes, and separate chapters then deal with the position in developed and developing countries. For developed countries the main conclusion is that policy makers have often failed to anticipate events with significant impacts on human settlements, as well as some of the consequences of their policies, and that urban policies have often had the effect of decreasing rather than enhancing the quality of life in human settlements. It is noted that whilst almost all market economy countries have satisfied quantitative housing needs, some qualitative needs have yet to be met.

The chapter on developing countries notes the rapidly growing populations in many of the countries, and, more importantly, the trend towards urbanisation. For example,

the urban population in Africa is expected to increase from 129 million in 1980 to 340 million in 2000 and 776 million in 2020. The chapter illustrates the importance of informal settlements in major cities. In 1980, for example, well over 50% of the populations of the following cities were living in informal settlements: Addis Ababa (Ethiopia), Luanda (Angola), Dar-es-Salaam (Tanzania), Bogotá (Colombia), Ankara (Turkey) and Lusaka (Zambia).

The chapter concludes that basic human settlements needs are being met neither in urban nor in rural communities. There is little evidence to suggest that in the majority of developing countries the negative trends are being reversed, and that human settlements situations are being improved.

The major part of the book deals with policy areas in settlement development. There are eight chapters: National Development, Settlements Management, Settlements Institutions, Settlements Financing, Land, Infrastructure, Building Materials and Construction Technologies and Shelter.

The chapter on settlements financing notes that only 5.5% of international aid goes to shelter and shelter related programmes and projects in the developing countries, and therefore that the central question is how to mobilise internal financial resources to meet investment demands posed by human settlements development.

Infrastructure and services come within the province of the public sector. However, the rapid growth of urban centres and the increasing demand for infrastructure and services often runs ahead of the financial resources available to fund the neces-

sary projects. One of the central issues in this area is that of the division of responsibilities and financial resources between central and local government. In most urban and developing countries local authorities find themselves responsible for a host of services, but with insufficient financial resources at their disposal.

The ability of local governments to generate revenue through taxation is limited because central governments control the tax system and tax rates. It is suggested that central government should encourage local authority efforts to generate revenues, and to strengthen local management capabilities.

The chapter notes that a factor in human settlements financing which has assumed increasing importance is the question of cost recovery on capital investments or subsidies. In the past this was frequently ignored, but this is no longer possible.

The chapter recognises that neither the public nor the private sector is likely to provide long term savings to the financial system. Rather, it is the private household sector which has to provide the pool of long term savings to the financial system. Monetary stability, a real return, and confidence in the security and stability of financial institutions are seen to be important here.

The mobilisation of free savings requires an extensive network of branch institutions to reach out to savers. The Sri Lankan National Savings Bank is cited as an example here. It has 53 branches, and also operates through 4,000 post offices and sub-post offices, and carries eight million separate accounts, a very high figure when seen in the context of a total population of 15 million. → 40

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The chapter argues that implementation of housing finance policies requires efficient institutional arrangements. While many developing countries have established housing finance institutions, frequently with the specific objective of assisting low income groups in financing dwelling units, few have succeeded. Moreover, institutional finance is almost exclusively available to higher income groups. Exceptions to this general picture are noted, for example, the Housing and Urban Development Corporation and the Housing Development Finance Corporation in India, and the National Home Mortgage Finance Corporation in the Philippines.

Problems in financing low income housing, such as the mobilisation of financial resources, the economic viability of finance institutions and housing agencies, the security and recovery of loans, and the reduction of subsidies, emphasise the need for interest rates, requirements of land titles as collateral, protection from the effect of inflation, and efficient financial management. Only high income groups are able to comply with the terms and conditions of conventional housing loans.

Studies of the financing mechanisms of informal investment in housing show that individual savings, particularly of the rental income from letting single rooms, form the main basis of such investment, frequently complemented by loans or gifts from friends and relatives. The main obstacle to institutional financing in this sector is the lack of collateral. Tenure of occupied land ranges from squatting through to various forms of renting, to ownership in illegal subdivisions, and, very rarely, full legal ownership. Under such tenure conditions long term conventional lending of large sums is not possible.

The chapter comes to the following conclusions:

"The development of a housing-finance system capable of financing shelter for the majority of the world's population — the poor in developing countries — requires a

The range of publications covering housing and housing finance at the international level has increased significantly in recent years.

Comprehensive (albeit frequently dated) statistics on housing are available in the *Compendium of Human Settlements Statistics 1983*, published in 1986 by the Statistical Office of the Department of International Economic and Social Affairs of the United Nations Secretariat. This 540 page publication is organised in four general areas: population, land use, housing, and infrastructure and services. The section on housing includes tables on housebuilding, housing tenure and financing housing construction.

The *Global Report on Human Settlements 1986*, comprising 211 pages and published in 1987 by Oxford University Press for the United Nations Centre for Human Settlements, has already been discussed.

National Housing Finance Systems: A Comparative Study (by Mark Boleat, IUBSSA/Croom Helm, 1985) provides the first detailed country-by-country study of housing finance.

The 489 page book includes two theoretical chapters and an overview

three-pronged approach: the mobilisation of resources at the national as well as the beneficiary level; the creation of financial intermediaries with the ability to channel funds into the human settlements sector and to the households most in need of financial assistance; and the development of loan and savings schemes adapted to the needs and financial capacities of low-income groups."

The question of land tenure is considered further in the chapter on land, and the importance of an up-to-date and efficient cadastre system is emphasised.

The book is completed by a detailed statistical annex. This has been prepared to provide updated versions of the tables contained in a 1976 publication, *Global Review of Human Settlements, Statistical*

The International Housing Finance Factbook 1987 (by Mark Boleat, IUBSSA, 1987) updates, in abbreviated form, the information in *National Housing Finance Systems*. The book is also available in Spanish.

Housing policy issues in developing countries are analysed in the comprehensive study *Shelter, Settlement and Development* (edited by Lloyd Rodwin, Allen & Unwin, 1987). The 476 page book comprises a series of papers by the world's leading experts on shelter and settlement issues; all the papers have been subject to review by all the authors and the editorial team, and they provide a consistent analysis across the whole range of shelter issues.

Global Review of Human Settlements, Statistical Annex.

Compendium of Human Settlements Statistics 1983, published in 1986 by the Statistical Office of the Department of International Economic and Social Affairs of the United Nations Secretariat.

Global Report on Human Settlements 1986, published in 1987 by Oxford University Press for the United Nations Centre for Human Settlements.

National Housing Finance Systems: A Comparative Study (by Mark Boleat, IUBSSA/Croom Helm, 1985).

International Housing Finance Factbook 1987 (by Mark Boleat, IUBSSA, 1987).

Shelter, Settlement and Development (Edited by Lloyd Rodwin, Allen & Unwin, 1987).

Annex. In fact, much of the annex is devoted to comprehensive tables on population and urbanisation, areas where statistics are readily available. Table 14 of the annex shows the number of dwellings, the number of occupied dwellings, and tenure of households in conventional dwellings. While the information is useful much of it is very dated.

The publicity literature for the book rightly states that it is the most comprehensive publication yet produced by the United Nations on the topic of human settlements. It will be an indispensable reference book and source of analytical material. It is to be hoped that the opportunity will be taken to update it at a fairly early stage, and also to improve the quality of the statistics, as this is an area which remains very weak in international studies of housing.