



UN-HABITAT

**Joint Congress on “Housing Finance in Emerging
Markets — Experiences and Challenges”**

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Opening Statement

by

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Excellencies,

Distinguished Ladies and Gentlemen

I wish to welcome you to this Joint Congress on “Housing Finance in Emerging Markets — Experiences and Challenges”.

First of all I wish to express our appreciation of the efforts made by the European Federation of Building Societies in organizing this conference and bringing together eminent professionals in the field to share their experiences. We are aware that the European Federation is an important organization, which promotes and supports the financing of home ownership in Europe and beyond. We hope to continue and intensify our cooperation in calling on your expertise when supporting the establishment of housing finance institutions in developing countries.

“Adequate shelter for all” is one of the central goals of the Istanbul Declaration on Human Settlements and the Habitat Agenda, adopted in 1996 at Istanbul Turkey. Towards the realization of this goal, the Habitat Agenda, calls for, first:

- Providing legal security of tenure and equal access to land to all people, including women and those living in poverty; and undertaking legislative and administrative reforms to give women full and equal access to economic resources, including the right to inheritance and to ownership of land and other property, credit, natural resources and appropriate technologies; and second,
- Promoting broad, non-discriminatory access to open, efficient, effective and appropriate housing financing for all people, including mobilizing innovative financial resources - public and private - for community development.

Given that the issue of housing finance is pivotal to the realization of the Habitat Agenda goals and recognizing this critical importance, the Habitat Agenda calls for specific actions in this area, including:

- Adoption of policies that increase the mobilization of housing finance and extension of credit to people living in poverty, while maintaining the solvency of credit systems;
- Enhancing the accessibility and effectiveness of housing finance systems and eradication of all forms of discrimination against borrowers;
- Encouragement of the private sector to mobilize resources to meet varying housing demands, including rental housing, maintenance and rehabilitation;
- Encouragement of community mortgage programmes that are accessible to people living in poverty, especially women, in order to increase their productive capacity by providing them with access to capital, resources, credit, land, technology and information so that they can raise their income and improve their living conditions and status within the household.

The five-year review of the implementation of the Habitat Agenda at the special session of the General Assembly in 2001 showed that the need for more easily available housing finance in the developing world was as acute as ever.

The goal of the Millennium Declaration of achieving a significant improvement in the lives of at least 100 million slum dwellers by 2020 is not likely to be achieved without an assured and sustainable availability of resources for housing finance systems.

Availability and access to appropriate and sustainable sources of funds for slum upgrading remains one of the central problems of housing finance in many developing countries. Financing low-cost housing faces the dual problem of funding and of delivering credit to the urban poor, who are not regarded as bankable by housing finance institutions. Here, perceptions need to be corrected and new avenues have to be found.

I hope that the experiences of countries that have implemented social housing systems will be useful to other countries with respect to how such systems were financed. I also hope that the conference will review experiences of innovative and non-conventional housing finance approaches, strategies and mechanisms, including community mortgage programmes. Such mechanisms have been designed to respond more adequately to the needs of households, especially the urban and rural poor and other disadvantaged groups, particularly women. It is hoped that any experiences with these systems and related mechanisms would be shared at this conference.

The recognition of the crucial importance of housing finance explains why UN-HABITAT is exploring systems and models that could effectively contribute to making more financial resources available for the production of more and better shelter for the growing world population and accessible to low-income and poor segments of population.

This Joint Conference continues a series of conferences and meetings dedicated to exchanging experiences and successful practices in housing finance. This series started in Gävle, Sweden in March last 2001 and continued at the United Nations General Assembly Special Session on the Implementation of the Habitat Agenda (Istanbul +5), moved forward at the Monterey Conference on Financing for Development, at the International Conference on Financing Social Housing, Baotou, China and most recently in Nairobi with an expert group meeting on Community-based Housing Finance. These seminars allowed UN-HABITAT to review experiences in a number of countries across the regions and to disseminate findings and conclusions on specific topics. These seminars and conferences emphasized that the goal of “adequate shelter for all” requires widely available credit for housing. The Monterrey Consensus, for instance, cites the critical need to reinforce national efforts in capacity-building in developing countries in such areas as, mortgage finance, financial regulations and supervision.

Excellencies, Distinguished Participants,

I am pleased to see that this Conference has brought together high-level policy-makers, managers of housing finance institutions, administrators, practitioners, and researchers in the field of housing, in general, and housing finance, in particular.

Sharing your experiences in the design and formulation of policies in countries with economies in transition and raising the financial resources for housing finance programmes will help to promote a better understanding of the various housing finance systems and could possibly provide guidance for developing countries.

I hope that lessons drawn from experiences presented here, would be helpful in developing better housing policies as well as more targeted programmes and projects in various countries. However, such policies and strategies should be designed to allow housing finance systems to reach out to the low-income groups, which constitute the majority of the urban population in the developing world.

Building on the experiences and consensus reached at the Dialogue on Sustainable Financing of Housing Finance Systems in Monterrey, Mexico, the Conference may also

wish to explore the potential of an international guarantee fund, which could support financing shelter and sustainable urban development and, in particular, slum-upgrading programmes.

In this context I would like to recall that the United Nations Habitat and Human Settlements Foundation (UNHHSF), managed by UN-HABITAT, had originally been set up as an international fund or financial institution with the primary goal of strengthening of human settlements programmes. Its objectives were originally to provide seed capital and to extend the necessary technical assistance to permit an effective mobilization of domestic resources for housing and the environmental improvement of human settlements. It has, to this date, hardly been able to live up to these goals.

UN-HABITAT is however currently engaged in the revitalization of the Foundation. We believe that a successfully revitalized Foundation would support the implementation of the Habitat Agenda and the shelter-related Millennium Declaration goals through:

1. The provision of seed capital for financial mechanisms for shelter development for the middle and low-income population;
2. The extension of necessary technical assistance to promote the effective mobilization of domestic resources for housing;
3. The provision of guarantees to leverage international funding for housing;
4. The environmental improvement of human settlements.

The Foundation is envisaged to provide a complementary but distinct financing window for investments in pro-poor housing and slum upgrading. These credit operations, including guarantees and grants, would be separate from the endowment funds or other core financing for UN-HABITAT itself.

Mr. Chairman, Excellencies, Distinguished Ladies and Gentlemen,

I invite you to consider the possible ways in which we might strengthen housing finance systems in all countries with the goals of (a) mobilizing more savings for housing purposes and (b) making housing credit more widely and easily available to all socio-economic and gender groups. I look forward to the contribution that this conference could make towards realizing these goals.

I thank you very much for your attention.