

MEDIUM-TERM STRATEGIC AND INSTITUTIONAL PLAN 2008–2013

Focus Area Policy and Strategy Paper Summary

Focus Area 5: Strengthening Human Settlements Finance Systems



▲ Women in Solo, Indonesia, carrying materials for upgrading their housing.

In Brief

In 2007, for the first time in history, half of humanity was living in towns and cities. By 2030 this figure will likely rise to two-thirds. The cities growing the fastest are those of the developing world. In many countries, slums and informal settlements provide most urban housing. The lack of adequate urban services and infrastructure is a major challenge for human settlement development.

UN-HABITAT uses lending and credit enhancement programmes to finance improvements in infrastructure and housing in emerging and frontier economies, and to mobilize public and private investment in shelter and basic services. The agency promotes urban economic development strategies and policies, and systematic reforms in local government finance and housing finance systems.

Strategy

Focus Area 5 has two strategic objectives: to develop innovative pro-poor mechanisms for financing housing and urban services and infrastructure, and to become a catalyst and knowledge centre in creating innovative financing mechanisms for affordable housing and basic urban infrastructure and services.

Specific urban economy, urban finance, and social development goals include examining economic and financial conditions, issues, challenges, policies, and systems and developing tools and mechanisms to strengthen local government finance systems and housing finance systems. The agency also focuses on improving access to market-driven finance and increasing the supply of formal low-cost housing, as well as attracting large-scale funding sources and encouraging well-targeted, efficient subsidies.

Actions

These goals are being implemented through the development of knowledge and tools in local government finance and housing finance, and publications on human settlements finance systems, financing tools, and best practices. Other activities include the Experimental Reimbursable Seeding Operations Revolving Loan Fund Programme, the Slum Upgrading Facility Programme, and governance and institutional capacity building.

Our Approach

Working in collaboration with the World Bank, the International Finance Corporation, and other major international finance players, UN-HABITAT can fill a vital niche in producing excellent knowledge on local government finance and housing finance systems and tools, and in taking up key early-stage investment and credit enhancement roles.

It is also developing prototype lending structures and setting lending programme eligibility standards to encourage environment- and public health-minded design for affordable and social housing. The agency is financing progressive homebuilding and documenting job creation resulting from investments in urban housing and infrastructure.

UN-HABITAT has the potential to become a catalyst and knowledge centre of global significance in financing affordable housing, urban regeneration, and community development.

Expected Accomplishments

The expected accomplishments of Focus Area 5 are as follows:

1. Improving knowledge and awareness in local government finance and housing finance
2. Raising financing for affordable and social housing and related infrastructure, and increasing sustainable housing and urban development
3. Increasing activity in municipal finance and affordable housing finance sectors globally

Getting It Done

The Experimental Reimbursable Seeding Operations Trust Fund supports investment in over 50,000 housing units globally with domestic bank, microfinance institution, international financial institution, and commercial bank partners.

Work continues on facilitating slum upgrading through community finance. Technical assistance activities are being undertaken with banks, microfinance institutions, and community groups in housing finance. These include the preparation of client-oriented training materials and guidelines and the training of low-income community groups or individuals in financial management.

Additionally, special training is offered to loan officers of private or public financial institutions or microfinance institutions in credit counselling for low-income borrowers. Support is also given in the recruitment of credit counsellors for low-income borrowers.

Working Together

The key partners for Focus Area 5 are national governments, local authorities and utilities, domestic and international financial institutions, and other organizations involved in financing affordable housing and basic infrastructure.



▲ A newly finished housing project for low-income families in Lilongwe, Malawi.



▲ A man in Dhirkot, Pakistan, assisting with the improvement of his house.

ENHANCED NORMATIVE AND OPERATIONAL FRAMEWORK PRIORITY COUNTRIES

UN-HABITAT's work in the following countries is specifically related to Focus Area 5.

GHANA | INDONESIA | KENYA | MOZAMBIQUE
NICARAGUA | SRI LANKA | TANZANIA | UGANDA

For more information or to obtain a copy of the full Medium-Term Strategic and Institutional Plan Focus Area Policy and Strategy Paper, contact us.

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UN-HABITAT is the United Nations body mandated to promote socially and environmentally sustainable towns and cities and to provide adequate shelter for all.

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