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NEW METHODS AND MACHINERY TO INCREASE THE FLOW OF CAPITAL TO HOUSING

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NEW METHODS AND MACHINERY TO INCREASE THE FLOW OF CAPITAL TO HOUSING [1]

THE NEED FOR LONG-TERM CREDIT

1. Although the trend in the less developed countries is toward increasing monetization,[2] this does not necessarily mean that the currency thus generated finds its way into channels that encourage development-oriented investments.

2. In rural areas for example these funds are often held by private moneylenders and indigenous regional banks. The latter process has been termed the "unorganized money market"[3] as opposed to the organized money market, such as commercial banks, savings institutions and stock exchanges. It was estimated, for example, that in India, the unorganized market represented 40 per cent of the total.[4] The particular difficulty this situation holds for the housing sector is that the very nature of these unorganized markets - isolated from the other money markets, and even from each other - impedes the free flow of credit from one region to another, and tends to perpetuate lending practices that are inimical to long-term development finance. Yet as they represent a traditional type of financing, they resist change with a tenacity that is discouraging. As one observer states:

> "The explanation of their existence may be due to the fact, on the one hand, that under the old colonial economy, organized money markets were needed only in the foreign sector, while the necessity of such markets was much less in the agricultural and the domestic commerce sectors. On the other hand, the risk involved in agriculture and home trade was extremely great and there was little room for modern banking practices. [5]"

Even in the organized money markets that they helped develop, the dominance of foreign banks concerned primarily with export trade hindered the development of a domestic banking system that could supply the long-term capital needs of development programmes.

1/ Prepared by the United Nations Centre for Housing, Building and Planning, United Nations Headquarters, New York, in collaboration with UNECA.

2/ For an interesting review of the history of monetization in Africa, see E.E. Jucker-Fleetwood, Money and Finance in Africa, Chap.17.

3/ U Tun Wai, Staff Papers of the International Monetary Fund.

4/ Economic Bulletin for Asia and the Far East, Vol. XIII, No.3

5/ Hideo Kurosaki, The Developing Economies, Vol. I, No. 2, p.39.

3. This in turn has prevented the emergency of a viable capital market, a system whereby many different sources of savings can provide credit of various terms and forms.

4. Recent efforts of many developing countries to establish their own national banking systems have tended to follow the traditional pattern of Western economies, that is, they are based on a central bank with strong reliance on existing or newly established commercial banks. As their generic name indicates, these banks concentrate primarily on loans for commerce and do not engage in long-term lending. On the other hand, the entirely new phenomenon of national and regional development banks and corporations, established largely with the help of international agencies, have assumed the heavy burden of development finance in infrastructure and other capital investments necessary for the development of industry, agriculture, transport and communications. Other savings institutions, such as insurance companies, social security or provident funds and occasionally savings banks, do accumulate funds that can be reloaned on relatively long term. But in most developing countries these institutions still account for only a very small percentage of total savings; their contribution can be greatly increased.

5. It is evident, then, that without acceptable means of canalizing actual savings - to say nothing of potential savings - into institutions that as a matter of policy provide medium - and long-term credit, there can be no real capital market, and those investments not favoured by the existing banking system will go wanting. Housing and related capital investments are among those sectors to which long-term credit will continue to be unavailable. Moreover, as long as there is a general scarcity of capital in the country, there is a national preference for lenders to favour short-term commercial loans over the extension of longer term credit. In this situation the responsibility for causing the establishment of long-term credit institutions (and a market for their debt instruments) almost inevitably falls to the public sector. Whether by design or by default, the Governments of developing countries often find themselves the only powerful agent interested in promoting long-term credit institutions.

STATE FINANCING SYSTEMS

6. In many industrially advanced, as well as developing countries, the State plays a major role in the provision of housing and particularly housing finance. This may be the result of deliberate social and political policy or merely due to a lack of initiative or ability of the private sector to perform this function adequately or equitably. Whatever the reason, the State has assumed in many cases primary responsibility for the mobilization and allocation of capital funds for housing and related facilities. A more detailed discussion of some of the actions taken by governments on mobilization and allo-

cation in socialist and other state-oriented countries will be taken up later. For the moment, however, it may be sufficient to stress the observed trend towards a specialization of state functions in the housing sector and the primary areas of need for state action in developing countries.

7. It has been said that "the shortage of capital in under-developed countries reveals itself, as a rule, in the form of a shortage of funds at the disposal of the government"[1/] This may, of course, also be said of many governments of developed countries that seem to be perennially in arrears. The difference is - and it is an important difference - that governments of wealthier countries can, in time of war or other national emergencies, resort to a variety of devices for relieving the shortage. The methods used may vary with the strength of the government and the degree of centralization or control over the economy, but generally it takes the special urgencies of war to enable them to break through the resistance of taxpayers and consumers and effect a substantial transfer of real resources.

8. In less developed countries, where the savings of the majority of citizens may be only the equivalent of a few dollars each year, it becomes extremely difficult even in times of national peril to transfer additional real resources from the public. But difficult does not mean impossible. And no matter how difficult it may be, it falls to the government, in the majority of cases, to take whatever steps are necessary to facilitate an increased flow of savings from individuals to prospective investors including the government itself. Whether the investor is public or private need not concern us here. We are concerned, however, with the fact that investment in housing and urban development does not have a dependable flow of credit and this is an absolute inhibitor of progress in this sector.

9. This problem exists whether the economy is centrally planned or free-enterprise or, as is most common, a mixture of both. Government is traditionally responsible for housing the lower-income groups in each case, while the middle- and upper-income groups tend to pursue a more independent course. There are fundamental differences as to means of financing, however. There is greater reliance on the private capital market in free-enterprise economies, even for low-cost public housing. In centrally planned economies, the government generally acts as banker, and very often as builder and landlord as well. But whatever its actual role in the housing sector, the point is that in practically every case government action is necessary to establish the machinery by which capital is accumulated for these purposes. Private individuals in developing countries may establish regional banks or finance houses, but they do not normally establish institutions for collecting and lending

1/ A.K. Cairncross, Factors in Economic Development, p. 160

longer-term funds to finance housing for middle- and lower-income groups. It is, therefore, left to government to establish or cause to be established the institutions and legal and other machinery necessary to develop a true capital market.

10. It has been said that even if the experience and administrative talent necessary to accomplish this were available in developing countries, it would be an empty gesture, since the savings simply do not exist within the country. As already pointed out savings do exist that are not properly utilized and, perhaps as importantly, the potential for further savings exists. But these savings are not translated into credit, especially long-term credit. And they will never be translated into credit, if the means for accomplishing this important and difficult step are not provided.

11. This "institutional" position is stated perhaps in its most extreme form in a recent study on financing in Africa:

> "Far more important, however, is the idea that by establishing an institution, you can create a need for that institution, or use it for some ultimate purpose. The creating of these financial institutions is seen as part of the dynamization of the process of development... They are seen by their very nature as a means to an end.[1/]"

What form this institutional framework should take with respect to the financing of housing and urban development will vary depending on the stage of development, type of economy, customs and other factors. The importance of form should not be underestimated in this regard, however, for the lack of the right form in which to hold savings has hindered capital accumulation in the past.

12. It is clear that specialized institutions are necessary for housing finance. Such specialized institutions are a common feature of the more developed countries of the world. Building societies, savings banks, mortgage companies and special government agencies have been developed over the years to meet every kind of need. By and large, they have evolved through the normal pressure of market, and sometimes political pressure. Where marginal needs have not been met, official agencies have often been established - or private institutions established with official support and encouragement. But developing economies cannot afford the luxury of leaving it to the market. The pressures on them are so great that the creation of specialized agencies for housing finance cannot be left to the process of slow evolution. This need is succinctly summarized in the following statement:

> "The poorer a country is, in fact, the greater the need for agencies to collect and invest the savings of the broad mass of

1/ Jucker-Fleetwood, op. cit., p. 118.

persons and institutions within its borders. Such agencies will not only permit small amounts of savings to be handled and invested conveniently, but will allow the owners of savings to retain liquidity individually but finance long-term investment collectively. 1/

Particular types of agencies are dealt with under Item 7 of the Agenda for this meeting.

13. There is much that governments can do in addition to establishing formal savings and financing institutions. In fact, the phrase should probably be "must do". For example, means of acquiring funds for direct government use must be devised - through various forms of required savings, new forms of taxation (where incomes permit) and public borrowing. All actions, however, are directed toward the same major objective: establishing reliable systems of long-term credit for the purpose of financing long-lived capital assets, that is, housing and related facilities and the means of producing them.

14. In view of the unprecedented scale of the housing problem in developing countries particularly in the rapidly growing urban areas, it may well be necessary for governments to assume a control of the mobilization and allocation of resources in this sector, just as it was considered necessary in the crisis period following the Second World War by most European countries - East and West alike. In fact, this already appears to be the case in many developing countries especially those with strong commitments in the field of welfare.

15. But to exercise control effectively - whether it be direct production and ownership, or indirectly, through the control credit - there must be a comprehensive policy covering such factors as investment, cost-to-income ratios, standards and resource utilization. Moreover, there must be a means for executing that policy, an organization and institutional structure capable of setting targets that are consistent with over-all national development goals and of formulating programmes through which the targets can be achieved. This should be a first consideration of any government which intends to take an active role in meeting general needs in this sector.

16. Following from this, it is clear that one of the important first steps is to establish the institutions and provide the technical and administrative personnel necessary to formulate and carry out comprehensive policies. This does not mean, however, that every country should attempt to establish a full-fleged ministry and a central housing bank before tackling the bricks and mortar programmes. In many instances this could cause unnecessary waste of scarce talent which might better be employed elsewhere. Moreover, there is always the danger of early stagnation and conservatism in an agency created out of whole cloth, ahead of its time.

1/ Edward Nevin, Capital Funds in Underdeveloped Countries, p.75.

17. The type and level of the institutional structure is, therefore, a question to be settled in terms of the needs and resources of each country. The important thing is to establish the principle that it is necessary to begin to develop within government a level of technical competence and leadership which is at least potentially capable of dealing with the problems as defined by national objectives. To fall short of this can only lead to continued dterioration in the housing situation.

PUBLIC SAVINGS PROGRAMMES

18. Although often costly in terms of available administrative resources, public savings programmes may be the only feasible method of getting any popular savings programmes started in particularly backward areas. Already, postal savings systems and government life insurance corporations attract widespread participation in many developing countries. In some countries contractual systems seem to promote more consistent saving habits, but open savings systems apparently reach a wider public especially among the higher income groups. The important ingredient in all voluntary systems, however, is public understanding and confidence. The idea of institutional saving must be firmly implanted in the minds of the potential savers. They must be convinced that saving is easy, profitable and reliable. Unnecessary or unco-ordinated government action can, on the other hand, hinder the development of embryonic private institutions. Unless it is the clear policy of the government to eliminate all private financial institutions, care should be taken to weigh the effects of all government actions that could have direct or indirect repercussions on other institutions. If the principle of conserving scarce resources is to be observed, public savings and financing programmes in this field should supplement and complement private operations and not merely become a substitute. In most cases, the government will have to assume the role of experimenter and pioneer in order to reach new sources of savings - especially among the lower income groups and in areas remote from the major cities. But this is the traditional role of government and it should be pursued with vigour and imagination.

<u>The unorganized money markets</u>

19. One of the most promising areas in which public effort can be expended is in that of the so-called "unorganized money markets". It is estimated by the United Nations Economic Commission for Asia and the Far East, for example, that "in most ECAFE countries the organized capital market is only a part of the entire capital market - the larger segment being the unorganized market".[8/] The chief characteristic of this unorganized segment of the capital market may be

1/ Economic Bulletin for Asia and the Far East, Vol. XIII, No.3.p.23.

described as its separateness. It is really a series of more or less unconnected and highly imperfect markets. Found mainly in rural areas and made up primarily of individual lenders, these markets, or sources of funds, do not contribute to the national credit supply. It is only by extending the connexion to the organized markets that this significant source of savings can be utilized in the most productive manner, for even though the greatest part of these savings is needed in the agricultural sector, there is always a potential surplus that can be channelled into the main credit stream for use in other sectors.

Special purpose bond issues

20. Another popular method of mobilizing savings for direct public investment in a particular sector is through the sale of public bond issues for special purposes. This form of debt ownership appeals most readily to institutional lenders and investors such as trust funds, provident funds and universities. In some cases government housing agencies or corporations are given statutory authority to market bonds directly or it may be done by the central monetary authority. One of the primary benefits from this type of financing is that the proceeds of the issue are previously earmarked for a special purpose such as housing, and the question of priority is eliminated. It has been said that there is a net benefit to the economy only if the savings that are invested in these bonds represent additional savings and are not merely siphoned off from some other investment use. This would hold true if all other uses of existing savings had at least as great a benefit to the economy as investment in housing. This is, of course, a question of each country's scale of national priorities. But many governments of developing countries would probably welcome a shift of some savings into housing investment as well as net additional investment if a method for effecting the shift could be found. In some cases, governments have instituted measures designed to encourage, sometimes quite forcefully, the purchase of government bonds or other securities by private financial institutions such as insurance companies and trust funds, in order to raise additional capital for public investment programmes. Again, this is a question that requires the most careful and understanding treatment. Nevertheless there are examples of considerable success through the use of tax benefits (or penalties) and other methods of reward and punishment.

Compulsory savings programmes

21. One way of ensuring a steady flow of savings is to introduce compulsory contributions - usually deducted from payrolls - or simply to increase taxes. The desirability of obtaining savings for housing programmes in this way is a question of economic and political

philosophy that can only be settled within the context of each country's own situation. Once decided on, moreover, the ability of governments to impose and collect such contributions and taxes is subject to all the constraints of limited administrative resources, tax evasion, political power, etc. Nevertheless, compulsory saving is one sure method of transferring real resources to the public sector. Special payroll deductions, preferably with employer contributions based on profits to be used for government housing and related programmes, are also a promising methods of ensuring a steady flow of capital into this sector and are currently in operation in a number of both developed and developing countries. The limiting factors here are usually employer resistance and the problem of how to set priorities in deciding what sectors are to benefit from existing special contributions such as social security or provident funds or whether to establish new special-purpose deductions as for housing. One method would be to deduct a certain amount from each worker's payroll towards the purchase of housing bonds, the revenue-yielding certificates of which would be given to each subscriber. This is simply forced investment but it is feasible that it could be promoted without too much resistance, if other special-interest groups could be persuaded to agree.

MEASURES TO INCREASE PRIVATE INVESTMENT

22. As in the case of government action to encourage private purchase of government bonds, there are also indirect methods available to governments to promote greater direct investment in mortgages, residential construction and the production of building materials. These would include:

1) Tax incentives and penalties. In developing countries legislation has been enacted that provides for substantial tax benefits (up to 100 per cent depending on the type and per unit cost) to builders who engage in the production of "housing of social interest". This device could also be extended to the producers of building materials if there is a critical supply shortage or a desire to increase production capacity.

2) Property taxation. Based on social objectives, this can also be a potent means of encouraging residential development of desirable land held in an undeveloped state. This approach has been used with success in many countries where national or local governments have adopted a broad land-use policy.

3) Combined commercial-residential development. It has often been found advantageous to promote a commercial industrial-residential package development in order to encourage private capital to invest in residential development. This

may involve the sale or lease of publicly owned land to private developers with a proviso that a certain number of residential units be constructed. In situations where the commercial industrial investment is publicly owned, the profits could be earmarked for community development purposes including residential construction.

4) Seed-capital operations. In addition to the by now familiar approach of providing seed-capital loans to incipient savings and lending institutions, governments might also consider the desirability of providing individuals or co-operative groups with developed home-sites to be paid for either in cash or with a medium-term loan. The home-sites would in turn provide the owner with both an incentive to save (that is to repay the original loan and to invest in the structure itself) and the asset with which to obtain further credit from the capital market. Such programmes have proved successful not only in promoting more investment in this sector but have increased total savings and provided governments with an additional source of income in the form of new taxes on the improved land.

5) Interest-supplement schemes. In connexion with any of the above measures and other efforts to increase either direct private investment or portfolio investment (bonds, mortgages) the question of yield can never be overlooked. No matter what the system of incentives and penalties, there is a minimum yield the private investor will voluntarily accept. An alternative approach that can produce high returns for a minimum government investment is through interest (or yield) supplements. Essentially this is a scheme whereby the government makes up the difference, if any, between what borrowers or renters can pay and the minimum yield demanded by investors. An important element in this operation is the stream-of-income necessary to provide the differential over the life of the loan or investment. It is essential that the government agency responsible for the operation be assured of a supply of funds for this purpose. This can be provided in a number of ways, including: direct appropriations from either central, regional or local governments, earmarked taxes, income from existing projects, income from new or planned projects, international sources.

6) Mandatory legislation. Where the various forms of inducement listed above do not produce a reasonable increase in private investment, government may choose the option of obtaining legislation that requires appropriate financial institutions or corporations to allocate a certain percentage of reserves or profits to housing programmes. This can be combined with any or several of the other methods to produce the type of construction most desired.

7) Rental housing. In countries with inflationary problems it may be found that the form of housing investment most acceptable to private investors is direct or equity investment in rental units. This permits short-term readjustment of yields as general price levels rise. In these situations care should be taken to avoid the self-defeating effects of inflexible rent controls. If controls are necessary it may be more advisable to attach them to profits than to the rents themselves. Where broad and outdated rent control laws are in effect consideration should be given to gradual elimination, at least on new construction.

EXTERNAL SECTOR

23. The Secretary-General's report on international financing for housing and community facilities[1/] covered in considerable detail the principles and problems connected with the use of external funds for housing and related programmes in developing countries. These principles can be summarized as follows:-

(a) The allocation of external funds to the housing sector can only be justified in so far as its use contributes to overall economic and social objectives of the recipient country in a degree at least equal to alternative uses in other sectors;

(b) Given (a) above great care must be taken to ensure that external funds are either actually required for essential imports (that is, those goods and services that are essential to housing production but which could not possibly be produced domestically) or else will serve to set in notion processes and activities that will generate benefits to the society sufficiently great to warrant the cost of the addition to the country's external debt.

24. There can be little doubt that any analysis of the case for external funds for housing, based on the principles described above, can only reach the conclusion that external funds will necessarily bear a minor relationship to the total volume of capital applied in this sector. However, the total volume of funds required assumes formidable proportions indeed. It becomes particularly formidable when compared to the actual volume of external capital now flowing into this sector. While the exact volume of additional external capital requirements and the most productive allocation of such funds may be subject to considerable debate, the fact cannot be denied that there must be a substantial increase over the current rate, if the minimum objectives outlined in the model are to be achieved. The following discussion presents a summary of some possibilities for increasing the flow of external capital to this sector.

Efforts by developing countries

25. Without going into the actual uses of external funds in national housing programmes it would be worth while to consider here measures that might be taken by prospective recipient governments to create or improve the conditions necessary to promote an increased flow of external funds for housing and related programmes. For it is not likely that the potential sources of capital, faced as they are with far greater demands than can feasibly be accommodated, will spontaneously proffer very significant additional amounts to a sector which has heretofore been considered a low priority alternative. The conditions necessary include a stated choice of housing policy by African governments, integration of housing in economic development planning, formulation of a programme based on estimated needs, availability of land, and technical and administrative machinery competent to implement the programme.

Regional activity

26. One of the major obstacles to industrialization in the production of building materials in many developing countries (in addition to the general shortage of capital) is that the potential domestic market does not warrant the heavy capital expenditure necessary for investment in certain operations. For example the production of cement, certainly one of the most useful and flexible of building materials, may entail such a heavy initial capital investment that smaller developing countries are forced to import this commodity at great expense in scarce foreign exchange. However, it may well be the case that a group of neighbouring countries working in concert might be able to set up their own cement production plant - possibly with an external loan - at a much less individual initial cost. Sub-regional economic groupings and sub-regional groupings for different industries has been the strategy of the Economic Commission for Africa for some time past. Specific industries have been identified as being suitable and some projects, including building materials are in motion. Details of the strategy may be seen in the report on the Eight Session of the Commission [1].

27. In the field of housing finance an extremely interesting and ambitious programme has recently been established under the Central American Bank for Economic Integration (CABEI). This programme, is the Home Loan Department of the Central American Bank. At a meeting between the Presidents of five Central American countries and the United States in San Jose, Costa Rica, in 1963, to discuss economic and social development in the region it was proposed inter alia that in order to give further support for these national housing efforts, a regional home loan department, which would be a secondary source of

1/ Eighth Session Report of the Commission, Doc. No.E/CN.14/393.

home mortgage funds, should be created as a division within the Central American Bank for Economic Integration. This proposal became a reality in November of the same year when an agreement was concluded between CABEI and the United States Government whereby the United States agreed to lend $10 million to CABEI at a minimal interest rate of 3/4 of 1 per cent with a ten-year grace period on principal repayment over a thirty-year period. The purpose of the loan was:-

> "To assist in the financing of the operations of a Home Loan Department with CABEI which will act as a source of subsidiary financing for home mortgage institutions in member countries; retaining or selling the portfolio accumulated; and selling participations in this portfolio."

National development banks

28. National development banks have come to play an important role in economic development, especially with respect to allocations of external funds for development purposes. These banks differ from commercial or savings banks in that their terms of reference and over-all investment policy is directed primarily toward projects or programmes that serve the long-term interests of the developing country but may not be bankable in orinary commercial terms. The expansion of the building materials and construction industries certainly falls within the scope of activities of such banks. There has been no real effort to date, however, to co-ordinate the investment programmes of these banks with national housing plans. It may well be that an investment possibility in, say, metal tubing and related light metal fabrication that is being held back because of insufficient market outlets may be quite justified when co-ordinated with a proposed housing programme or related community facility project. This is the task of the central housing authority: to pursue every possibility that exists to co-ordinate development plans in the housing sector with the other developing sectors toward mutually complementary goals. If nothing else is to be gained from the experience of the past, it should be that housing cannot compete on its own for scarce capital resources, both domestic and international. It can and does receive recognition and support, however, when it is demonstrated that it can make a definite contribution to the success of other investment programmes, or the lack of it can hinder their success. Hence the need for integrating housing in national economic development planning.

Regional development banks

29. Regional development banks also represent a major service of financial and technical assistance to developing countries. These banks which have recently been established to serve the needs of

developing regions can play a vital role, especially in assisting member countries to set us their own home financing systems and institutions. There are now development banks in each of the major developing regions. To date, only the Inter-American Development Bank (IDB) has carried on an active programme of assistance for the housing sector.

30. The regional development banks will have good reason to give due priority in the housing sector if there is a clear presentation of the role of housing and related activities in integrated economic development plans. There has been a tendency, as in the case of the Inter-American Development Bank to consider housing activities as primarily a social activity, (hence the name Social Progress Trust Fund which accounted for the bulk of the funds provided through the IDB). In addition, there has not been a sufficient understanding of the ways in which external capital might best be used. The greater part of external capital actually provided has been used to directly finance housing projects instead of to finance the "producer goods" of the housing industry, i.e., building materials plants, construction firms and financial institutions. There is obviously a great deal that Regional Development Banks can do in this field once the impact of housing and related programmes is understood; and clear policies regarding the use of international capital are formulated. To this end, the participation of the African Development Bank in the current inquiry being carried out by the United Nations Headquarters and the Regional Economic Commissions in the whole field of housing finance, would be a major step forward.

CURRENT UNITED NATIONS PROGRAMMES IN THE FIELD OF HOUSING FINANCE

31. In its continuing efforts to increase the availability of capital for investment in housing and related programmes, the United Nations Headquarters in collaboration with United Nations Economic Commission for Africa and the other regional Economic Commissions, has undertaken a number of measures designed to achieve this end.

32. Most recently, it has established a Task Force on Housing Finance whose membership is drawn from staff experts in the fields of housing finance, economics, public administration and law. Under the general direction of the Centre for Housing, Building and Planning, (CHBP) the United Nations body with primary responsibility in this field, the Task Force is currently evaluating a proposal to establish a new international financial institution which would foster and support specialized credit and savings institutions in developing countries. This proposal was formulated in response to ECOSOC resolution 1170; which calls upon the Secretary-General to formulate new approaches, methods, forms and institutional facilities which would serve to increase the volume and effectiveness of funds for housing and community facilities.

33. In carrying out the directives of the resolution, the CHBP has held discussions and advisory meetings with individuals and officials representing a wide variety of both public and private financial institutions from many different regions. The proposal now under consideration represents the combined thinking of these groups, and is supported by successful experience of similar programmes in several developing countries in recent years.

34. Fundamental to the proposal is the conviction that capital for housing and related facilities must be mobilized domestically - with international assistance, primarily in a catalytic role. It was also concluded that, as with other development sectors, capital - mobilizing institutions designed to meet specific needs and conditions are necessary to transfer individuals' savings into long term credit. With these ideas in mind, and after reviewing the experience of other international finance programmes, it has been recommended that there be established within the U.N. system an International Housing Finance Corporation (IHFC) which would have three principal functions:

1) The establishment, through the use of seed capital and technical assistance, of appropriate savings and credit systems and institutions in developing countries, with primary emphasis on home financing.

2) The provision of marketing assistance through the use of international insurance and reinsurance programmes to facilitate the resale of mortgage securities domestically and internationally.

3) The provision of specialized advisory services and technical assistance in the field of housing finance to requesting governments.

Discussions with governments of member states on this important issue are expected to take place in the near future.

35. The United Nations also currently provides, through its programmes of technical assistance (UNDP, and regular TA programmes), advice and regional and special advisers) and long-term projects. The United Nations through its Regional Economic Commissions, the UNDP, and the Centre for Housing, Building, and Planning provide substantive support for these programmes and, in addition, is continuously examining new possibilities for both international and domestic action. Technical assistance has been provided on nearly every aspect of housing, finance, including such subjects as:

1) Determining institutional requirements

2) Managing savings and credit programmes

3) Co-operative housing societies, savings and financing
4) Housing market analysis
5) Legal and legislative aspects of home financing
6) Savings programmes for low income families
7) Public financing in urban development
8) International funds and home financing
9) Financing self-help housing schemes

Further information on United Nations programmes in this area can be obtained from the Director, Industry and Housing Division of the Economic Commission for Africa, the Resident Representatives of the United Nations Development Programme, and the Director, Centre for Housing, Building and Planning, United Nations Headquarters, New York.