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**UNITED NATIONS
ECONOMIC
and SOCIAL
COUNCIL**

ECONOMIC COMMISSION FOR AFRICA

**Distr.
GENERAL**

**E/CN.14/ 530
E/CN.14/HOU/90
5 July 1971**

Original: ENGLISH



DOCUMENTS OFFICE

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**REPORT OF THE WEST AFRICAN SUB-REGIONAL MEETING
ON SPECIFIC ASPECTS OF HOUSING FINANCE**

(Lome, Togo, 21-26 June 1971)

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ANNEX I. List of Participants at the Meeting

occupation. If undue regard was paid to this question and reliance was placed on government sources of supply, this would mean that the inflow of capital to housing would be restricted. In present conditions in the financial world, a moderate rate of interest between six and ten per cent per annum charged on money to housing was in his opinion reasonable.

10. The Secretary on his present mission had visited four African countries, namely, Senegal, Liberia, Ghana and Togo in connexion with the Housing Quarenty Programme of his Government which was now operating on a world-wide basis. He explained the opportunity and possibilities of operating the scheme in African countries. The main objectives of the scheme was to assist in providing capital and expertise for the purpose of establishing long-term housing credit facilities. He went on to say that Mrs. F.M. Freeman who had been accredited by his Government to the meeting at the invitation of the United Nations Economic Commission for Africa, would in her statement be able to give details and answer enquiries from the participants. In conclusion, he expressed thanks to the Director of Cabinet for the kind reception he had received in Togo and felt sure that the deliberations of the Working Group would result in good recommendations being made in the final report.

11. Mr. Juan Blanch-Soler of the United Nations Development Programme on behalf of the Resident Representative of the UNDP in Togo referred to the collaboration between the Government of Togo, the United Nations Economic Commission for Africa, and the United Nations Development Programme, which had resulted in satisfactory arrangements being made to hold the Working Group in Lome. He drew attention to the UN resources which had been used in establishing the Centre for Construction and Housing at Cacavelli. This was an important step taken to improve standards of housing through all forms of research activities and particularly activities for the development and use of local building materials. Good work had been accomplished in this sector and it was intended through the provision of UN expertise to extend the activities of the Centre into other sectors.

12. He felt sure that by holding the Working Group on Housing Finance in Lome, this would provide valuable material for the Centre in these other sectors. He expressed the wishes of the United Nations Development Programme for a successful outcome to the Group.

13. Mr. R.E. Fitchett, UNECA Director for the Meeting, conveyed greetings for a successful meeting from Dr. R.K.A. Gardiner, Executive Secretary, United Nations Economic Commission for Africa. He said that this West African Sub-regional Working Group followed a similar meeting for East Africa held in Kampala, Uganda, in June 1970. Some of the principal documents contained the same issues and referred to the same problems existing in all African countries. The problems of adequate and proper urban planning; the need to develop the use of local building materials; the provision of land on which to build houses; the need to look for methods of mobilizing local savings; the need to institute extensive training schemes; and the implications on housing operations of the steadily increasing population growth, were all important matters on which study and action were required.

14. He emphasised the action-oriented objectives of the Meeting and hoped that participants would discuss the establishment of suitable projects in the field of housing finance on which Governments of Member States could consider taking action. He stated that the Economic Commission for Africa, in collaboration with interested United Nations bodies and authorities responsible for bilateral technical assistance programmes, would be prepared to assist and to act as a catalyst in any arrangements made for such projects. He hoped therefore that concrete recommendations would be forthcoming from the Group to this end.

Attendance

15. The meeting was attended by delegates from the following member States of the Commission: The Gambia, Ghana, Ivory Coast, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo and Upper Volta.

16. A representative of the United Kingdom, Associate member State, was present, together with the representatives of the Government of the United States of America, the African Development Bank, the United Nations Development Programme, and the Germany Foundation for Developing Countries.

17. A full list of participants is given as Annex I.

Election of Officers

18. The Meeting unanimously elected Mr. G. Freitas (Togo), as Chairman of the Working Group, Mr. Y.A. Opeku (Ghana), as Vice-Chairman, and Mr. O. N'Diaye and Mr. S.M. Sissoko as Rapporteurs of the Working Group.

Agenda

19. The Meeting examined the annotated provisional agenda prepared by the secretariat. After discussion, the agenda was adopted comprising the following Items :

1. Opening addresses
2. Election of officers
3. Adoption of the Agenda

4. Investment in Housing

- (i) Factors Concerning Current Housing Problems and Government Policies : Introductory Note by Secretariat (HOU/WP/14)
- (ii) Review of Sources and Methods of Financing and Recommendations (E/CN.14/HOU/64)
- (iii) Statements by Representatives of Governments and African Development Bank
- (iv) Slums and Uncontrolled Settlements: Investment and Development Policies (E/CN.14/HOU/62)
- (v) Some Aspects of Housing Mortgage Market in African Countries (E/CN.14/HOU/89)
- (vi) Mortgage Operations and Mortgage Securities in Housing (E/CN.14/HOU/27)
- (vii) Pricing and Costing in the Programming and Construction of Infrastructural Works and House-Building (HOU/WP/15)

5. Measures to Increase Inflow of Capital

- (i) Proposals for Action on Finance for Housing, Building and Planning - Report of the Secretary-General (E/C.6/106/Rev.1)
- (ii) Organization and Development of Savings and Loan Associations (Building Societies (E/CN.14/HOU/53, E/CN.14/HOU/54)
- (iii) Organization and Development of Housing Finance Companies (E/CN.14/HOU/50)
- (iv) Mobilization of Domestic Savings in West Africa (E/CN.14/HOU/84)
- (v) Credit Schemes to Promote Small-Scale Industries for Local Building Materials (E/CN.14/HOU/52)
- (vi) The Roof Loans Scheme in Ghana (E/CN.14/HOU/68)
- (vii) Non-Profit Housing Enterprises in the Federal Republic of Germany (E/CN.14/HOU/69)
- (viii) The German Saving-for Building System: A Pattern to Encourage Private Financing of Housing (E/CN.14/HOU/67).

6. Establishment and Development of Housing Banks

- (i) Establishment and Development of Housing Banks and their Role in Africa (E/CN.14/HOU/85)
- (ii) Housing Finance in Liberia (Towards establishing a Housing Bank) (HOU/WP/13)

7. Any other new business

8. Adoption of report and closing session.

PART II. ACCOUNT OF PROCEEDINGS

INVESTMENT IN HOUSING

- (i) Factors concerning current housing problems and government policies; introductory note by the secretariat.

20. A member of the secretariat explained that the paper entitled "Factors concerning current housing problems and government policies" (HOU/WP/14) was intended to give to the participants the broad scope of the housing situation existing in Africa at the present time. Although this document was not intended for general discussion, it was possible that participants would wish to make some comments on the factors involved.

Delegates expressed the view that the failure of governments to intervene actively in housing operations was a cause of the present unsatisfactory position in housing concerning both quality and quantity. Special emphasis was laid on the need for involvement in housing for the low-income groups. A limiting factor was the low basic wages paid annually to this group of people. Another factor which was apparent was the need for further study of the demographic situation having regard to the steadily increasing population and the rate of urbanization.

21. Delegates considered also that more emphasis should be placed on the application of results of research. They observed that in the building material sector it was found that local industrialized materials similar to imported materials in some cases were not cheaper than the imported materials.

22. Delegates agreed to recommend the need for increased government involvement in the provision of housing for the low-income groups. They agreed to recommend also that the United Nations should be requested to undertake studies on the cost of local industrialized building materials and suggest methods of cost reduction.

- (ii) Review of sources and methods of financing of housing

23. A member of the secretariat introduced the paper entitled "Review of Sources and Methods of Financing of Housing" (E/CN.14/HOU/64) and invited the attention of the Working Group to the fact that it was necessary to explore all possible sources to increase the inflow of capital to housing. Increased investment was necessary in two channels, first in the organization and development of the building materials industry and, secondly, in revolving credit facilities in housing finance institutions. There was also an urgent need for adequate funds to acquire sufficient land for comprehensive urban physical planning, so as to avoid the present ad hoc action on land acquisition and urban planning layouts in scattered form. If urbanization by migration from rural areas was inevitable, then this made the need for proper urban physical planning still more necessary.

24. Representatives decided to combine in this discussion, item 4(iii) concerning the statements by representative of non-African Governments and the African Development Bank. The representative of the African Development Bank stated that the Bank realized that in most African countries there is a general shortage of capital for investment in the housing sector. This problem is largely caused by the considerable volume of capital required, the long-term and low yield nature of invested funds and the limited means of mobilizing domestic savings for investment in the building industry. This problem could be solved by the injection of external seed capital from established international financial institutions and donor countries on concessional terms. In recognition of this, the Bank has under consideration the establishment of an African Development Fund which resources could be lent on concessional terms to its member countries not only for housing construction but for the provision of other basic infrastructure such as schools and hospital. To this end, the Bank has aimed at the establishment of a financial structure capable of channelling assistance from the developed capital-exporting countries to the developing capital-importing countries in Africa. It is hoped that with the realization of this scheme, the Bank's activities in the housing sector will improve considerably.

25. The Bank was prepared to utilize a portion of its existing resources for investment in national and multinational projects which would result in the production of building materials for housing construction, and its services was available for that purpose. The Bank, together with other international financial institutions, had under consideration the joint financing of a project in Togo which is geared towards the production of clinker to serve cement production in neighbouring West African countries. The bank was willing to consider similar or related projects elsewhere in its member countries.

26. The African Development Bank was willing to participate directly in the residential housing construction sector through the provision of technical assistance to those countries now in the process of establishing housing credit institutions. Under its technical assistance programme, the Bank offered assistance in the establishment of re-organization of national or regional development and financial institutions. Delegates would already be aware that the United Nations Centre for Housing, Building and Planning in co-operation with the regional economic commissions has proposed the establishment of an International Housing Finance Corporation whose functions would include the establishment of appropriate savings and credit systems and institutions in development countries. The Bank agrees with its objectives and believes that these measures will help alleviate the problems of housing construction in the developing countries.

27. The Representative of the United States Government expanded further on the address delivered to the Working Group by the Assistant Secretary, Department of Housing and Urban Development in the United States Government. Details were given of the working of the Housing Investment Guaranty Programme, which from 1969 has been operated on a world-wide basis. The United States Government through USAID was prepared to consider the establishment of long-term housing credit facilities through suitable arrangements with the governments of African countries. The representative referred to section 221 of the United States Foreign Assistant Act 1969 concerning housing guarantees in which it is stated that the US Government will facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programmes of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities. The representative was prepared to answer any questions from participants concerning the Housing Investment Guaranty Programme.

28. The representative of the Government of United Kingdom drew attention to assistance which had been given on a bilateral basis to the United Nations, including assistance to the Economic Commission for Africa on model buildings by-laws for small buildings in tropical areas and a further document containing model by laws for small buildings in earthquake and hurricane areas (E/CN.14/HOU/58 and E/CN.14/HOU/61). He drew further attention to the activities of the Commonwealth Development Corporation, through its subsidiary the Commonwealth Housing Corporation, whereby assistance through capital and expertise had been provided in the establishment of institutions concerned with housing credit facilities. He emphasized the importance of taking into account African conditions and needs in the establishment of such institutions.

29. Delegates noted that in Senegal 50 per cent deposit was required for social housing based on a cost of such housing. Attention was drawn to the fact that 60 per cent of the workers in Senegal were in the low-income group. This meant to say that between 35 per cent and 52 per cent of income was spent on housing by persons in the low-income group.

30. It was noted that discussions were taking place in Togo with the National Savings Bank whereby this institution could provide funds for financing housing. In this country also it was intended to use the social security fund for the same purpose. In the Ivory Coast the Office for Economic Housing (Office de Soutien à l'Habitat économique) had been established. This Office was supported by funds received through taxation at 1 per cent on salaries of individuals and by taxation of fuel and turnover in business. It was considered that the cost of infrastructure for housing purposes should be paid by individuals taking part in such schemes in view of the fact that 90 per cent of the population were in the rural areas. It would thus be an injustice for persons taking advantage of urban housing schemes to be allowed a subsidy through free developed plots.

31. The Representative of the Government of Liberia drew attention to the fact that it was not possible for persons in the low-income groups to obtain credit from commercial banks. To overcome this obstacle, it would be better for such organizations as co-operative housing societies to be established whereby self-help housing would take its place in operations. The experience in Liberia had shown that a two-bedroom house built on a co-operative and self-help arrangement would cost US\$900. The same house built under arrangements through contractors would cost US\$1,700.

32. Housing loans in Nigeria were available at 8 to 10 per cent per annum over 10 to 20 years repayment period. Attention was drawn also to the high rents prevailing in this country. There was in existence in Nigeria a National Provident Fund from which Nigerian £ 8 millions had been available in 1970 for investment. A limiting factor was the high cost of land which could range from Nigerian £1,000 to 3,000 per plot.

33. From statements made by representatives of West African Governments it was clear that the use of funds accumulated in social security schemes, and through taxation both on the wage and salary earner and on the employers, had contributed largely to the availability of funds for housing. Other funds had been obtained from European Development Fund of OECD and USAID on different terms. Representatives considered that it was necessary to integrate housing needs into other development projects of a wider scope. In the beginning, it was necessary for governments to take into account allocation of funds in framing their development plans.

(iv) Slums and uncontrolled settlements; investment and development policies in Africa

34. A representative of the secretariat introduced the paper entitled "Slums and Uncontrolled Settlements; Investment and Development Policies in Africa" (E/CN.14/HOU/62), and drew attention to the fact that investment and development policies in slums clearance and urban renewal in the continent of Africa have been given only indirect attention except in the highly urbanized countries of North Africa. The North African experience shows that it is almost impossible to provide solutions from normal monetary resources once the situation has been allowed to develop. A large number of heads of households have been prepared to construct their own houses. In view of this it is easier to set up institutions for popular participation and urban renewal. Experience in Africa has shown that the social factors which lie behind rural-urban migration have not been clearly identified since the purely economic solutions provided (particularly in North Africa) have failed to prevent this rural exodus to any degree. Research is required to investigate the problem in all its social aspects so that lasting solutions may be found.

35. Those delegates concerned recounted the visit of a combined UN Headquarters/EOA/International Co-operative Housing Development Association mission which had visited Senegal, Upper Volta, Ghana and the African Development Bank in Abidjan during May and June this year. The objectives of the mission under ECOSOC resolution 1224 were to discuss with governments problems arising in this field primarily from the rapid rate of urbanization, and to suggest United Nations projects in collaboration with the national governments to alleviate the conditions of those people living in slums and uncontrolled settlements.

36. Delegates gave details of experience in their own countries and considered that it was necessary for governments to have a well defined policy as to whether it was necessary to clear certain areas entirely or whether clearance could be made on a gradual basis thus allowing improvement in the dwellings which were left. In any event it was necessary for governments to decide to which places people could move before clearances were done. Some research locally was required to ascertain the financial capacity of people who were living in these conditions.

37. Delegates agreed that it would be preferable to have machinery within the government to carry out research and measures involved in planning and programming of schemes to improve conditions in slums and the uncontrolled settlements.

(v) The Housing Mortgage Market in African Countries

38. A representative of the secretariat introduced the document entitled "Some Aspects of the Mortgage Market in African Countries" (E/CN.14/HOU/89). After defining "Mortgage" and the purposes for which it is used, the representative went on to explain the characteristics and deficiencies affecting the mortgage market as it operated in African countries. The representative had had opportunity to visit several African countries under UN auspices and had included work on this topic as part of a broader study concerning housing policy guidelines which study would shortly be published as a United Nations document.

39. Because this was the subject which involved primarily land and land use policy the delegates decided to deal with this aspect in the next following document (E/CN.14/HOU/27). In discussing the other aspects delegates considered that investors in housing in the private sector were nearly always looking for quick returns and their operations were mainly concerned with providing housing for the middle and upper class groups. There was little consideration of the needs of the lower income groups in providing housing credit facilities for them. The minimum levels of loans were beyond their capacity as were the amounts required as down payments.

40. Delegates agreed that existing mortgage lending institutions should adapt their terms to the requirements of mass construction of low cost houses by reducing the levels of down payments or by lengthening the repayment period. Delegates referred again to the use of social security fund in Africa to provide capital for housing on a long term basis.

(vi) Mortgage Operations and Mortgage Securities in Housing

41. In introducing the paper entitled "Mortgage Operations and Mortgage Securities in Housing" (E/CN.14/HOU/27), the member of the secretariat drew attention to the lack of ability of individuals to obtain credit for mortgage purposes owing to the fact that they possess no clear title to ownership of land. He drew attention also to the existing practice of lending institutions of all types insisting on traditional forms of collateral securities.

42. Delegates recognized the necessity for some alternative methods to enable people to obtain credit for house building even though they did not possess legal documents establishing ownership for land. They drew attention to laws in different countries whereby large areas of land had been brought into public ownership, particularly in the urban areas. In some countries the problem of using land for credit purposes though communally owned had been overcome. Measures taken to solve this problem included guarantees, the use of authentication of dealings by a public notary, and authentication by district authorities. These two latter systems were of particular benefit to persons in the rural areas. This question raises the problem of land property on which a study is required.

43. Delegates agreed that there was a need for increased measures by governments to acquire land and thereby lease it to persons requiring plots for house building. These leases would need to be over a sufficient range of time to ensure future stability. Delegates agreed also that, in the provision of funds for housing, guarantee funds such as those used in industrialization programmes, should be extended to include the requirements for housing.

44. Delegates requested the Economic Commission for Africa to make a study on the question of multiple ownership as occurred in the case of large buildings such as blocks of flats. A suggestion for the use of "single mortgage co-operative" was made whereby each family living in this type of building would each be a mortgagor.

(vii) Pricing and Costing in the Programming and Construction of Infrastructural Works and House Building

45. A representative of the secretariat introduced the paper entitled "Pricing and Costing in the Programming and Construction of Infrastructural Works and House Building" (HOU/WP/15) and drew attention to the important points in the paper concerning infrastructural cost as a major factor affecting the increase in house production, the lack of planning and procedures properly co-ordinated to ensure successful infrastructural work at the best cost, and the lack of co-ordination in policies of government, together with political decisions which hinder proper planning, programming and implementation.

46. Delegates considered that in some cases acquisition of land, for example, was expensive to the State and this had its effect on the implementation of programmed development in new areas. In dealing with the question of costs of building materials and the cost of construction, delegates decided that it was not necessary to repeat the findings of the Working Group of Experts on House-Building Costs held in Kumasi, Ghana, during August-September 1970. This information had been well documented and was available in member States.

47. Delegates considered also some social questions rising from the pricing and costing of infrastructural work. It was important to know what repercussions the cost of infrastructural work would have on the rents which would have to be charged on the use of developed land and on the rent which would be charged on houses eventually built on the land. There was a consensus that government should be primarily responsible for providing the greatest part of capital required for the development of VRD, and for establishing a coherent policy concerning the development of new areas. There was also the problem of squatters on land scheduled for development. There were two alternatives available to governments, first, to remove squatters from the land with no compensation and, secondly, to allow those who had built substantial houses to remain on the property and include such houses in the general schemes of development.

48. The delegates considered also the question of investment, in the course of such schemes, in social infrastructure such as public buildings for essential services and community facilities. They emphasised the necessity for facilities which would improve the social environment.

49. Attention was invited to the fact that the document had been introduced to the Working Group as a means of opening up the subject, since it was intended by the Economic Commission for Africa to deal in depth with the problems affecting the programming of infrastructure and housing in the work programme of the Commission during 1972 and 1973. Delegates agreed that the pre-planning of these services was important and that this should be brought to the attention of governments.

MEASURES TO INCREASE INFLOW OF CAPITAL

(i) Proposals for action on Finance for Housing, Building and Planning - Report of the Secretary-General

50. A member of the secretariat brought the document entitled "Proposals for Action on Finance for Housing, Building and Planning" (E/C.6/106) to the attention of participants and explained that this document had been prepared by the Centre for Housing, Building and Planning, UN Headquarters, in collaboration with the regional economic commissions in Africa, Asia, Latin America and Europe. It would be submitted to the Economic and Social Council of the United Nations at its next session during this year and then to the General Assembly. He thought that participants might wish to endorse the proposals it contained. The document had already been sent to governments of member States for detailed comments.

51. In agreeing to endorse the proposals, the delegates drew attention to the need for more action in introducing capital into housing from international sources. This was important because of the lack of resources generally. They considered that national and international institutions should be encouraged, and requested that, in addition, a representation should be made to the International Bank for Reconstruction and Development. Delegates agreed also to request the ECA to do everything possible to secure sources of finance and funds for use in housing. In conclusion, it was requested that opportunity be taken to encourage the movement in co-operative housing about which there was not much emphasis in the document.

(ii) Organization and Development of Savings and Loans Associations

52. A member of the secretariat in presenting two documents entitled "Draft Model Law for Savings and Loan Associations Providing Housing Credit" (E/CN.14/HOU/53), and "Draft Model Rules for Savings and Loan Associations Providing Housing Credit" (E/CN.14/HOU/54) invited attention to the fact that these documents had been prepared for use in member States, but that they would need modification to suit the conditions and needs in different countries. Delegates took note of the documents and agreed that they should be brought to the attention of governments.

(iii) Organization and Development of Housing Finance Companies

53. In introducing the paper entitled "Housing Finance Institutions Model Memorandum and Articles of Association for a Housing Finance Company Incorporated under the Law Relating to Companies" (E/CN.14/HOU/50), a member of the secretariat stated that this document comprised a Draft Memorandum and Articles of Association for a company carrying out the same type of operations as a savings and loan association. In this type of institution the persons contributing the equity capital were by that fact the proprietors, whereas in savings and loan associations the control and management rested with the membership.

54. Delegates took note of this document and agreed that it would be useful to bring it to the attention of governments of member States. Attention was drawn to the fact that advice and assistance could be given by UNECA and other UN bodies in designing the legal framework for this and other types of housing credit institutions.

(iv) Mobilization of Domestic Savings in West Africa

55. A representative of the secretariat introduced the document entitled "Mobilization of Domestic Savings in West Africa" (E/CN.14/HOU/84) and invited attention to the fact that the information contained in this document was the result of visits to West African countries in 1969. Participants would no doubt be aware of more up to date information under the different headings. Nevertheless the objective of the Group was to consider the principles involved in establishing savings and credit banks or converting existing

institutions to this purpose. He drew attention to the fact that mobilization of domestic savings is increasingly being recognized as a vital source for stimulating and financing economic progress in developing countries. The United Nations Committee for Development Planning, under the chairmanship of Professor Jan Tinbergen drew attention to this by recommending:

"Developing countries should do their utmost to mobilize their financial resources for development during the Second United Nations Development Decade, gross domestic savings in developing countries should be increased from about 15 per cent to about 20 per cent of gross domestic product."

The United Nations General Assembly endorsed these principles, in October 1970, when determining the UN Strategy for Economic Development. It was interesting to note that savings and credit banks had been established in Ethiopia, Somalia, Swaziland and Algeria. In addition a proposal to establish a savings and credit bank had been accepted by the Government of Zambia. All these institutions would include in their activities, credit facilities for house-building.

56. During the discussion, delegates raised several questions concerning the difficulties which were apparent in measures designed to collect local savings. The main point hinged on independent activities of savings and credit banks. Delegates did not think that their operations could be linked to those of central banks. They agreed that there was a definite potential for individual savings and agreed that sustained efforts should be made to channel these savings into housing. There was real difficulty in the sense that the majority of the people in the different African countries were not accustomed to banking procedures, particularly in the rural areas. On the general question of mobilizing savings, there were two alternatives, first, the encouragement of savings on a voluntary basis, and, secondly, the institution of measures for compulsory savings. This latter method had been taken in some countries through social security schemes and resources were already being used in housing. In the matter of encouraging voluntary savings it was clear that measure would need to be taken on an educational basis so that people might become aware of the advantages. Delegates drew attention to example which had been given whereby the savings habit was being encouraged in schools, and even through sports programmes on National Savings Day. Measures such as these could follow the general lines advocated by the consultant in his presentation in the meeting. Delegates agreed these methods should be brought to the attention of governments of member States.

57. Delegates took note that a meeting organized by the International Savings Bank Institute will take place in Milan (Italy) 20-23 September 1971. The majority of African countries had been sent an invitation for this meeting, the objective of which will be to determine the type of savings institutions most urgently needed and what measures should be considered for action.

(v) Credit Schemes to promote small-scale Industries for Local Building Materials

58. A member of the secretariat introduced the document entitled "Credit Schemes in Promoting Small-Scale Industry for Development of Local Building Materials in Africa" (E/CN.14/HOU/52). He drew attention to the practical measures outlined in the document whereby it would be possible for African entrepreneurs to obtain credit for use in producing, fabricating and marketing local building materials, and in obtaining credit for the import element of such materials. Delegates drew attention to existing arrangements through development corporation, finance corporations, etc., whereby this type of credit was already available in some countries. There was a necessity to improve the quality of products produced by small-scale entrepreneurs, and there was a need also to encourage standardization of building components marketed under these arrangements. Concerning the minimization of costs, the delegates deemed it useful to undertake more detailed studies.

(vi) The Roof Loans Scheme in Ghana

59. A representative of the secretariat introduced the paper entitled "The Ghana Roof Loans Scheme" (E/CN.14/HOU/68). The intention of the scheme was initially to improve housing conditions for rural areas, but with a possible extension into urban areas. (This relates to the recommendation 3 in paragraph 109 of the document entitled "Review of Sources and Methods of Financing for Housing and Urban Development in Africa" (E/CN.14/HOU/64) which gave preference to urban site-and-service residential schemes).

60. The scheme covered items which involve considerable cost outlay such as the roof in particular, doors and windows, and lime-wash. This was expected to amount to approximately 25 to 35 per cent of the total cost of the dwelling. The scheme was designed to complement savings in kind in the form of other materials for the formation of walls and foundations, etc. A particularly important aspect of the scheme was its attempt to spread the benefit of housing finance as widely as possible through the formation of village societies which acted as guarantors for repayments for materials received, such guarantees avoiding the use of land as collateral. In the first years of its operation the scheme had an exceptionally low level of bad debts on what was effectively a five-year credit period.

61. Delegates agreed that there should be a wide-spread extension of credit schemes particularly in rural areas and to site and service schemes in urban areas. They noted that in the case of this scheme cash advances were not made, but that roofing materials was supplied for which the recipient had to repay the cost over the four year period. This enabled the recipient to gage his repayments according to produce seasons. Delegates decided to recommend the adoption in other African countries of the roof loans scheme.

(vii) Non-Profit Housing Enterprises in the Federal Republic of Germany

62. A representative of the secretariat introduced the document entitled "Non-Profit Housing Enterprises in the Federal Republic of Germany" (E/CN.14/HOU/69) and stated that the activities offered by non-profit housing enterprises are not limited to housing alone but have wider influence on economic and social conditions. Government policy measures provided a legal framework and measures of supervision. In the Federal Republic of Germany these had been provided since the movement came under its own statute in 1930.

63. Delegates noted that non-profit housing enterprises exist as both co-operatives and firms. These types of enterprises include as shareholders, trade unions, central and local Government authorities, groups of persons, churches, and employers. They noted also that construction undertaken was primarily in flats in high level buildings. Shareholders in the organizations receive only 4 per cent per annum on their investment. It was noted that these organizations received loans from mortgage banks and other financial institutions on a repayment period of 33 years is the system of financing housing in the Federal Republic of Germany.

64. Delegates emphasized that housing co-operatives can serve as institutions for gathering small savings accounts in order to mobilize the funds needed for financing of housing. In addition delegates expressed the view that housing co-operatives can mobilize self-help work on building sites. They took note of the proposals to form a working group of responsible persons or by inviting correspondents engaged in the work in different African countries.

65. Attention was invited to a Memorandum of Understanding which had been completed between the Economic Commission for Africa, United Nations Headquarters, United Nations Development Programme and the International Co-operative Housing Development Association which would permit of work being carried out in African countries in the establishment and development of co-operatives housing societies, in collaboration with the Governments of the member States.

(viii) The German Savings for Building System; A Pattern to encourage Private Financing of Housing

66. A representative of the German Foundation for Developing Countries accredited to the secretariat introduced the paper entitled "The German Savings for Building System; A Pattern to encourage private Financing of Housing" (E/CN.14/HOU/67). He explained that this system which is operated not only in the Federal Republic of Germany, but also in Austria, France, Greece and Turkey, could be adapted to African conditions and needs and so be helpful to mobilize domestic savings for housing.

67. In response to requests from delegates the information was given that this system is essentially a self-help scheme which creates an autonomous market of capital exchange between the savers themselves. This is particularly the case regarding interest rates which are independent of what happens in other financial spheres. The German institutions established under this system asks $4\frac{1}{2}$ to 5 per cent per annum on mortgage loans. Within the framework of the saving-for-building contract the saver obtains, against his monthly contributions, a legal claim to a mortgage loan. The system as operated in Germany has about 8 million savers of whom two-thirds are workers. Certain tax relief measures and cash subsidies are accorded to this system by the Government. The stability of this system was emphasized by the fact that it had not been necessary to adjust interest rates over the past fifty years.

68. Delegates considered it important that this scheme provided to the saver a legal claim for a housing loan provided that the conditions attached to the scheme were fulfilled. They noted the favourable remarks in the report of the Secretary-General (document E/C.6/106) concerning the contractual saving for building system and requested that research should be made by the Economic Commission for Africa and other interested parties, to find out in which countries the conditions and needs might be conducive to the introduction of this system following suitable adaptation.

ESTABLISHMENT AND DEVELOPMENT OF HOUSING BANKS

- (i) Establishment and Development of Housing Banks and their Role in Africa
- (ii) Housing Finance in Liberia (towards establishing a housing Bank)

69. A member of the secretariat introduced the document entitled "Establishment and Development of Housing Banks and Their Role in African Countries" (E/CN.14/HOU/85), and "Housing Finance in Liberia (towards establishing a housing bank)" (HOU/WP/13). The establishment and development of housing banks or house mortgage banks was not applicable in those countries where conditions in general, and sources and availability of capital did not justify such measures being taken at this time. There was, however, in certain countries a need to establish machinery to provide a focal point for investment of money in housing from all possible sources, and for such an institution to implement approved government measures such as mortgage insurance and guarantee schemes which at present were being implemented directly from the government to house mortgage institutions which were not owned by government or where government had only a partial interest.

70. It was suggested in the document that it was unlikely that the varying sources available to increase the inflow of capital would respond by way of investment unless there was a central body to receive such investment and thereby channel it to the different institutions in this field of operations.

71. Delegates agreed that there was a need for co-ordinated arrangements covering the whole field of house mortgage operations including modification where necessary and support of existing institutions. There was a need also for much more publicity to encourage the mobilization of local savings. The matter of manpower training in this field was of great importance and needed the advice and assistance of the United Nations and other interested parties.

72. The advantages of such institutions were particularly important in dealing with investments. In addition to mobilizing local savings, delegates had emphasized the need for inflow of capital from international sources. It was therefore necessary on a national basis to have machinery which could negotiate with investors and satisfy such investors that the machinery provided was capable of handling investments on an agreed basis in a satisfactory manner. Certain specialization in banking was already in existence in some countries and this might eventually lead to the establishment of national housing banks. In addition there was the important aspect of security of investments which might be better achieved through such an institution.

73. The delegates agreed that the advantages of housing banks, which might in some cases incorporate an existing institution, were clear.

Adoption of report and closing session

74. The draft report contained herein was adopted.

75. The closing session was addressed by Mr. Freitas Gilles, Chairman, Mr. Opeku, delegate from Ghana and Mr. N'Diaye, delegate from Senegal.

76. Mr. Freitas again drew attention to the particular problem of evolving financial machinery for housing and the need for increased inflow of capital. He emphasized the need to use all sources of capital particularly those which had been discussed during the Group's deliberations. The establishment of housing banks was necessary to provide a focal point for the use of funds to be invested in housing. He thanked the delegates for coming to Togo for the Meeting and felt sure that recommendations arising would give governments a good guide and indicate lines of action which could be taken.

77. Mr. Opeku proposed thanks to the Government of Togo for all the assistance and facilities which had been provided towards the successful outcome of the meeting. He thanked distinguished visitors for taking time and opportunity to participate in the deliberations.

78. Mr. N'Diaye proposed thanks to ECA, the organizers of the Meeting, the Chairman, the Vice-Chairman and his counterpart Rapporteur, who had given valuable service in ensuring that the Working Group was conducted on purposeful lines.

PART III. SUMMARY OF MAIN RECOMMENDATIONS

79. Delegates recommended:

- (1) The need for increased government involvement in the provision of housing for the low-income groups, and requested the United Nations to undertake studies on the cost of local industrialized building materials to suggest methods of cost reduction (paragraph 22).
- (2) The use of funds accumulated in social security schemes, and through taxation both on the wage and salary earner and on the employers (paragraph 33).
- (3) That it was necessary to integrate housing needs into other development projects to a wider scope; it was necessary for governments to take into account allocation of funds for housing when framing development plans (paragraph 33).
- (4) That it was preferable to have machinery within the government to carry out research and measures involved in planning and programming of schemes to improve conditions in slums and the uncontrolled settlements (paragraph 37).
- (5) That existing mortgage lending institutions should adapt their terms to the requirements of mass construction of low-cost houses by reducing the levels of down payments or by lengthening the repayment period; the use of social security schemes to provide capital on long-term basis was emphasized (paragraph 40).
- (6) Increased measures by government to acquire land and lease it to persons requiring plots for house-building; the leases would need to be over a sufficient range of time to ensure future stability. Emphasis was placed on the use of guarantee funds for housing (paragraph 43).
- (7) That the Economic Commission for Africa should prepare a study on the question of multiple ownership as occurred in the case of large buildings such as blocks of flats (paragraph 44).

- (8) In dealing with the question of pricing and costing in programming of infrastructure of housing, governments should go very carefully into the question of investment for housing and facilities which would improve the social environment. (paragraph 48).
- (9) The endorsement of the measures contained in the report of the Secretary General on proposals for action on finance for housing, building and planning. In endorsing the proposals delegates emphasized the need for more action to introduce capital from international sources and further emphasized the opportunity to encourage the movement in co-operative housing societies (paragraph 51).
- (10) The use of alternative methods of mobilizing savings on a voluntary basis or by the institutions of measures for compulsory savings, e.g. social security schemes and personal taxation distinctly to be used for investment in housing (paragraph 56).
- (11) Measures to improve the quality of products produced by small-scale entrepreneurs and the standardization of building components marketed under these arrangements (paragraph 58).
- (12) There should be wide-spread extension of credit schemes particularly in rural areas and to site and service schemes in urban areas. The concept of the Ghana Roof Loans Scheme was especially favourable in activities of this kind and should be recommended to governments (paragraph 61).
- (13) The extension of the movement in housing co-operative societies, and the proposal to form a working group within Africa for this purpose (paragraph 64).
- (14) That the favourable remarks made by the Secretary General (document E/C.6/106) concerning the contractual saving for building system be brought to the attention of governments, and the UNECA should find out in which countries the conditions and needs might be conducive to the introduction of this system (paragraph 68).
- (15) The establishment of housing banks to provide a focal point for investment of money in housing from all possible sources, and for such banks to implement approved measures such as mortgage insurance and guarantee schemes. Delegates emphasized that the advantages of housing banks, which might in some cases incorporate existing institutions, were clear (paragraphs 69 and 73).

ANNEX I

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