

*Governing Council of the United Nations Human Settlements
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SPEECH

**Promoting affordable housing finance systems in an urbanizing world
in the face of the global financial crisis and climate change**

1 April 2009

Ladies and gentlemen,
Distinguished audience,

It gives me a great pleasure to be here, in Nairobi, and I am honoured to have the opportunity to address you at the Twenty-second session of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat).

I am convinced that today's meeting will contribute significantly to frame an extended debate on the impacts of the financial crisis on financing affordable housing and infrastructure in order to propose the appropriate actions and policy responses that can be taken to tackle these current challenges.

The economic environment has become acutely difficult not only in developed countries. The economic recession has and it will increasingly affect the developing countries and those that have already been hard-hit by fluctuating food and energy prices.

The global economic crisis will cause major costs in the near future. A report on adequate housing presented at the current tenth session of the United Nations Human Rights Council identified four trends that would

have a negative impact on most developing countries: the decline in exports from developing to developed countries, a possible decline in international development aid, a decreasing income remittances from migrants and a decline in foreign direct investment.

In a time of unprecedented, rapid and irreversible urbanization, the current crisis has worsened affordability problems for housing and land across the world. In the near future, it is expected to be less public money for housing and infrastructure and less capacity on the part of businesses and individuals to invest in affordable housing.

This situation highlights the importance of the partnership between the central and local government and the private housing association sector.

First of all, the State can support access to adequate housing by measures such as promoting alternatives to private mortgage and ownership-based housing systems, and develop new financial mechanisms that can ensure the improvement of the living and housing conditions for the majority of the world's population. For instance, in Romania, the Government strategy for housing construction is based on different programmes of building social housing in order to help those people with a low income.

On the other hand, the mobilization of private domestic resources in developing this sector leads to more opportunities for economic growth while enabling cities to plan for environmental efficiency.

Efforts to promote affordable housing and infrastructure must be situated in the context of wider efforts to develop sound policy framework. There is obviously a need for reviewing regulation of the banking sector and full transparency with regard to the risks involved in lending and investing. It also shows that it is necessary to establish functioning systems for providing consumer advice and education on financial service.

In spite of the negative impacts of the current crisis, the reality is that housing and related infrastructure investments will remain a key engine for economic growth and an important element for individuals to build household wealth. Given the backlog of affordable quality housing and basic infrastructure for large parts of society, investments in this sector will have high multiplier effects in developing countries.

Beyond operational activities in housing and infrastructure finance, global organizations, such as UN-Habitat as well as the Governments and the private sector should continue to work together to establish policy frameworks that are conducive to investment in affordable housing and to apply innovative mechanisms for housing finance for low-income citizens.

Improving the living conditions of the urban poor is therefore not just a human settlements issue, but a determinant key in attaining the health, nutrition and education - related Millennium Development Goals in urban areas.

In the end, I would like to express my sincere gratitude for **United Nations Human Settlements Programme** for hosting this meeting.

Thank you for your attention.