

GLOBAL HOUSING FOUNDATION
FOR BEST PRACTICES SUBMISSION
PHILOSOPHICAL BACKGROUND

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Chapter 1

LINKS BETWEEN GLOBAL PUBLIC GOODS, GOVERNANCE AND DEMOCRACY

Poverty eradication is crucial to Peace and Democracy. Solutions to poverty and inequality issues require good governance. Governance is the sum of ways through which individuals and institutions (public and private) plan to manage their common affairs³. Good governance is inextricably linked to human settlements because a decent house and an acceptable living environment are basic needs for human health and dignity. There is no doubt that housing is a matter that interests Governments globally because the better socio-economic externalities in human settlements, the more the local market is positively affected and becomes more efficient, as well as the global economy, and as a result of that the world good governance. A Global Public Goods⁴ benefits are marked by no rivalry in consumption and no excludability and also are universal in terms of countries, people and generations.

¹ UN, The State of the World's Cities 2001. p.76 "Governance can be defined as the sum of the ways through which individuals and institutions (public and private) plan and manage their common affairs."

² Appendix: Law 309 July 1999.

³ UN, The State of the World's Cities 2001. p.76

⁴ Edited by Inge Kaul, Isabelle Grunberg, Marc A. Stern, *Global Public Goods, International Cooperation in the 21st Century*, 1999, Oxford University Press, UNDP.

UN/habitat Millennium Declaration's goal of improving the lives of at least 100 million slum dwellers by the year 2020⁵.

On January 2002, Mrs. Anna Tibaijuka, the Executive Director of UN/Habitat, said: *"The year 2002 begins with a new Habitat for a new Millennium; our challenge is now to use its enhanced institutional profile to better serve its core mission of prioritizing the brown agenda. Improving the state of human settlements, housing and urban infrastructure is critical if we are to help over one billion poor people who are deprived of the basic fundamental attributes of human dignity – a decent home and an acceptable living environment⁶."*

Istanbul Declaration, 1996, Section B Adequate shelter for all, 3 Shelter delivery systems.

"88. With rapid urbanization, population growth, and industrialization, the skills, materials, and financing for the planning, design, construction, maintenance, and rehabilitation of housing, infrastructure and other facilities are often not available or are of inferior quality. Public and private investment should, together facilitate an adequate supply of cost-effective building materials, construction technology and bridging finance to avoid the bottleneck and distortions that inhibit the development of local and national economies. By improving quality and reducing the cost of production, housing and other structures will last longer, be better protected against disasters, and be affordable to low-income populations (...), which will provide a better living environment. The potential for job creation and other positive external socio-economic impacts of the construction industry should be harnessed; its activity should be brought into harmony with the environment, and its contribution to overall economic growth should be exploited, all to the advantage of society at large. Institutional support should also be provided in accessibility, and consumer safety and protection."

Global Housing Foundation is unique because it is a symbol that the private sector recognizes houses as Global Public Good, GPG, and moves toward poverty eradication which is a key factor of peace and development. The real estate private sector is offering expertise, cost-effective materials and funds to avoid the bottleneck and distortions that inhibit the development of local and national economies. Also the private sector is aware that the positive external socio-economic impacts are more than ever global. Global Housing Foundation has indicated that the concept of provision of affordable housing as a Public Good in the Global context. GHF's mission extend beyond the principles of reciprocity and collective responsibility which go beyond the concept of Official Development Assistance (ODA) and target its activities within the framework of International Assistance concerned with Financial Stability, Equity, Culture, and Environment. These aspects are better explained in the market efficiency paragraph.

BUILDING GOOD GOVERNANCE IN A GLOBALIZED WORLD: Globalization creates new conditions for decision-making as many interdependent, loosely linked actors and institutions may have shared purposes but no shared authority. Central government continues to be important in the governance of cities, holding crucial fiscal and regulatory powers, as well as normative and political legitimacy. While externalities of Public Goods reach globally, States internationally behave like private actors motivated by national self-interest and the Nation State remains the main policy-making unit.

⁵ UN/Habitat Millennium Declaration, June 2001.

⁶ Global Assembly, Nairobi Kenya January 2002.

THE DEMOCRATIC CHALLENGE OF LATIN AMERICA: The vital importance of the links between good governance and democratic practices is well illustrated by developments in Latin America where effective political rights are more widespread today than at any time in its history⁷. 1929-34 Sandino; 1935-1979 Samoza; 1979-1990 civil war; on April 25, 1990, Violeta Chamorro took office as President. Violeta Chamorro, the Union National Opponent, UNO, presidential candidate (owner of the newspaper *La Prensa* since 1978 after the political assassination of her husband, Pedro Chamorro) was elected with 55% of votes while Daniel Ortega, leader of the Sandinista party, received 41%, (Ortega had been elected in 1984); since 1982 the Sandinista Government declared a state of emergency during which civil liberties, guaranteed in the Constitution adopted in 1986, had been suspended.

A serious legislative crisis arose in September 1992, when the conservative wing of UNO convened the legislature in absence of the deputies of the FSLN and the Central Group. The political crisis between the Government and the legislature has lasted from 1992 to 1995 and has addressed constitutional amendment proposals creating political instability⁸. In October 1996 presidential and legislative elections were held and Arnaldo Aleman Lacayo of the Constitutional Liberal Party won with 51% of the votes; Ortega with 37%; other candidates shared the rest. International observers declared the ballot had been fair and free, but the FSLN and other parties disputed the result as fraudulent. On November 1996, the Council of Supreme Electoral, CSE, acknowledged the existence of serious anomalies but insufficient to affect the overall outcome of the poll. In November 2000, the Democratic Liberal Party, PLD, won the municipal elections, securing the control of 97 of the 151 municipalities. The FSLN won control of 49 municipalities including Managua; the Nicaraguan Conservative Party won five. Presidential elections had been held in November 2001.

The unprecedented importance of democratic elections throughout the region offers the possibility that structural problems of socio-economic exclusion can be addressed⁹. To realize its democratic potential, Latin America needs to become more inclusive, allowing the electoral process to define fiscal responsibilities in social terms. Inclusion means for the individual being employed or having access to the labor market, social mobility, existence of meaningful ties, reduced vulnerability, fulfillment of human rights and non discrimination, access to services, harmony between and within communities, and enablement and well-being. For the Society at large inclusion means: respect for human rights and fundamental freedoms, respect for cultural and religious diversity, social justice, providing for the needs of the vulnerable, democratic participation and respect for the rule of law. Exclusion within the city means isolation or exclusion from the social development process, unemployment or exclusion from the economy, marginalization, discrimination and rootlessness or exclusion from the mainstream political and cultural processes, vulnerability or exclusion from security networks¹⁰. Informal settlements are cause and reason of exclusion, amelioration of housing conditions means inclusion at an individual, social and urban level, and this is an essential basis for governance, because human dignity enables individuals to participate in the decision-making process.

⁷ UN/Habitat, *Cities in a Globalizing World: Global Report on Human Settlement*, 2001. p. 64

⁸ Constitutional amendments concerning Government: under the terms of Constitutional amendments adopted in July 1995, executive power is vested in the President who is elected by popular vote for a five-year-term. The President is assisted by a Vice-President and appointed Cabinet. Legislative power is held by the National Assembly elected by universal adult suffrage, under a system of proportional representation. The legislature's mandate was similarly established at five years by the 1995 amendments.

⁹ UN/Habitat, *Cities in a Globalizing World: Global Report on Human Settlement*, 2001. p. 66

¹⁰ UN/Habitat, *Cities in a Globalizing World: Global Report on Human Settlement*, 2001. p. 66-68

Governance strategies are not value neutral, but are shaped by – and help sustain – social and cultural values in addressing issues of public health, safety, risk reduction, infrastructure provision and social inclusion¹¹. As a considered desirable externality or benefit is the result of a political process, GHF has worked since the beginning in partnership with the United Nations agency for human settlements, UN-Habitat.

The creation process of UN-Habitat:

The United Nations has given increasing attention to global issues in housing, building and environmental planning since 1946 when the General Assembly recommended that international arrangements be set up to promote and coordinate research and the international exchange of information on the subject, and that suitable housing standards be elaborated.

The Economic and Social Council, in 1962, created the Committee on Housing, Building and Planning, followed in 1965 by the establishment of the Centre for Housing, Building and Planning, to integrate special planning with industrial and economic planning and develop a comprehensive United Nations programme. Concern about the rapid deterioration of the environment through air and water pollution, erosion, waste, noise, biocides and other agents prompted the General assembly, in 1968, to call for a United Nations Conference on the Human Environment. In 1970, taking note of a report by the Secretary-General on problems confronting Member States in housing, building and planning, the General assembly recommended that States formulate definite and long-term policies and programmes in this area. It invited developed countries and concerned international organization to provide increased technical and financial assistance to developing countries to improve conditions in housing and human settlements. During the '70s the Centre for Housing, Building and Planning collected, evaluated and disseminated information on problems and trends in human settlements. It was involved in research and development, technical co-operation projects and expert meetings. Its projects were concerned with the financing of housing, rent-control practices, housing policy guidelines for developing countries, rural housing, design of low-cost housing, and the effects of development and population growth on human settlements. The United Nations *World Housing Survey*, published since 1974, addresses the urgency and scale of the world's housing problems, and assists Government in dealing with those problems. It provides statistics and wealth of background material, comparison and analyses that can be used in formulating national housing policies. It is updated every five years. The last published is the 2001.

The Conference on Environment took place in Stockholm in June 1972. The Stockholm Conference resulted in a Declaration on the Human Environment which was the first acknowledgement by the international community of new principles of behavior and responsibility that should govern decisions regarding the environment. Participants from 112 nations adopted a Plan of Action, calling on Government, United Nations agencies and other organizations to co-operate in taking specific steps to deal with a wide variety of environmental problems.

As a resulting of the Stockholm Conference, the General Assembly, in 1972, established the United Nations Environment Program¹² (UNEP). The Programme is based in Nairobi and comprises a Governing Council, a secretariat headed by an Executive Director, and a Fund which

¹¹ UN, cities in a Globalizing World, 2001, Earthscan Publication. p. 77

¹² Governments donated to the Environment Fund approximately \$150 million for the period 1978-1982; in 1983, 89 countries donate \$29 million to the Fund. The work programme developed by the Governing Council, based on the Stockholm, recommendations, attempts, through the formulation of priority areas for action, to make the best use of UNEP's resources while meeting the most pressing needs of the environment.

provides financing or environmental programmes. UNEP's 1985 programmed encompasses Human Settlements between the major areas. (Human and environmental health; ecosystem; oceans; environment and development; natural disasters; energy; earthwatch; environment management; support activities;).¹³ Because of its activity and increasing importance the human settlements issue gradually conquered independence from the environment issue. The Conference on Human Settlements convened in Vancouver, Canada, in 1976, and adopted the Vancouver Declaration on Human Settlements. The Declaration articulated a major commitment on the part of the international community to improve the quality of life for all peoples; to allow freedom of movement and settlement within countries; and to give people the right to participate in decision-making in matters affecting their own homes and communities. It also recommended action to be taken nationally to assure the basic requirements of human habitation—shelter, clean water, sanitation, and decent physical environment, plus the opportunity for cultural growth and the development of the individual.

As a result of the Conference the General Assembly instructed the Economic and Social Council in 1977 to replace the 27-member Committee with the Commission for Human Settlements and to establish the Centre for Human Settlements (Habitat). In 1977, the Committee for Housing, Building and Planning was officially renamed the Commission for Human Settlement and because of its close links with UNEP, Habitat's headquarters were also established in Nairobi. In February 2002, the General assembly upgraded the status of the Centre for Human Settlements which was renamed UN-Habitat. UN-Habitat has its own Governing Council that will meet for the first time in Barcelona in April 2003.

UN-Habitat mission

UN-Habitat's objective is to provide models and tools with which people can improve their physical environment. Its major concerns are the planning, financing, and management of Human Settlement, propose a dual focus: on the role of construction industry in human settlement and notional development; and the infrastructural needs in slums, squatter areas and rural settlements. In recent years, UN-Habitat has concluded that Governments that are unable to increase their infrastructure, should encourage self-help efforts for building, maintenance and upgrading of human settlements. It points to the need for a flexible approach, responding to the needs of a changing society, rather than rigid traditions of master planning, zoning and building codes regulations, which often perpetuate undesirable social patterns within cities. Similarly, UN-Habitat warns against an excessive reliance on legislation and institutions as end-products, rather than tools, recommending that they be replaced with more imaginative participatory arrangements. Also, noting that the building trades employ a high proportion of unskilled and semi-skilled workers, and are labour-intensive, it suggests that the building industry is probably the best single source of productive jobs for rural migrants to urban areas. The World Bank Group, which has been the primary factor in the international financing of human settlements since 1972, concurs with the assessment.

From the International Year of Shelter for the Homeless to the Millennium Declaration

The condition of human settlements, particularly in developing countries, has worsened since 1977, despite efforts by Governments and by the poor themselves. The number of people living in poverty and squalor is growing steadily and now total 1 billion—a quarter of the earth's population. Within the next 15 years, the urban population of developing countries will double, and roughly 1 billion new urban dwellers, most of them poor-, will be crowding into cities strained to the limit. In order to focus the attention of Governments, private industry, and the

¹³ UN, Everyone's United Nations, p. 240-44

United Nations system on the situation, the General assembly has designated 1987 as the International Year of Shelter for the Homeless. The strategy for the Year calls local and national action: there will be no major global United Nations conference although regional expert group and inter-agency meetings will be held. The Commission on Human Settlements coordinated the Year's activities and Habitat serves as its secretariat and lead agency. The United Nations has two goals for the Year: to achieve by 1987 a measurable improvement in actual living conditions of some of the world's poor and then, between 1987 and 2000, to refine, improve, and put into effect our approaches and techniques identified through demonstration projects implemented between 1983 and 1986. Innovative ways of improving shelter will be devised and tested. In 1987, results of the review and evaluation of all relevant knowledge experience, programmes and projects will be made widely available to all countries, and strategies and methods will be recommended as a basis for new national policies, and programmes. In the final phase, from 1988-2000 new methods, policies, and programmes will be implemented as an integral part of vantage point form which to assess the world's ability to give tangible reality in the broader vision of the Habitat Conference.

In 1996, the Istanbul Declaration was signed by 130 countries in agreement with the Habitat Agenda plan of action.

In 2000, after the Conference on Human Settlement held in New York, the Millennium Declaration was signed.

The World Summit on Sustainable Development, held in Johannesburg in August 2002, will be the next major Conference where the issue of the World Human Settlements conditions comes back to the original linkage to environmental issues.

UN-Habitat in Nicaragua, Central America

In this contest UN-Habitat has coordinated partnerships for different projects of which some examples are:

Infrastructure plan at a government level:

Nicaragua's National plan for housing and human settlement 1996-2000¹⁴

The Fund for Social Investment (FISE) gives technical support to the 30 of the poorest municipalities of Nicaragua. The goal of this Programme is to significantly improve the level of investment in municipalities facing extreme poverty by the end of the year 2000.

Capacity building at a Government level

The Social Integration Secretariat of Central America (SISCA) and the building capacities for the reduction of vulnerability in the housing and human settlements sector of Central America, 2000¹⁵. SAS reports a slum upgrading in terms of macroeconomic conditions, how the urban land market functions (titles, access to the financial system) and land use¹⁶.

Implementing slum housing condition and poverty eradication, private/public sector venture Global Housing Foundation, poverty eradication and inner cities slum amelioration programme is unique in the universe of actions of UN-Habitat in housing because it is a public-private sector partnership. It is also unique in Nicaragua because the micro-credit programme requires payment

¹⁴ UN Economic Commission for Latin America and the Caribbean (ECLAC), National Reports: Synthesis of National Reports on the Implementation of the Habitat Agenda in Latin America and the Caribbean Region, 2000 not formally edited.

¹⁵ SISCA-UN/Habitat, proposal prepared by Fernando Patino UN/Habitat presented to the Ministry of Transportation and Infrastructure - Republic of Nicaragua, 2000.

¹⁶

of the construction cost without any interest, spread over 20 years. Most Nicaraguan micro-credit programmes for housing ask an interest of 8%-18%.

The expertise of successful real estate professionals is offered as consulting tasks together with the flexibility, pragmatic and efficient approach of the private sector.

This introduction presented the reason why it is important to understand the mix of components on which the governance process is based to evaluate the results of Global Housing Foundation project in all its complexity and importance. The following paragraphs will go deeper in the analysis of the components of Governance in the reality.

COMPONENTS OF GOVERNANCE¹⁷

1. Market-based strategies for the private sector
2. Hierarchical strategies articulated by public sector¹⁸
3. Networking arrangements emerging from civil society

1. Market efficiency:

An introduction: The State of the Housing Issue In Nicaragua

Although the urbanization process of Central America began by mid twentieth century, along with most Latin American countries, the proportion was much smaller and its rate was less accelerated than the cases of South America and Mexico. Until mid 1990s the urban population accounted for half the population, the proportion that the "large" countries of Latin America passed since the 1960s.

The phenomenon of urban agglomerations is quite recent; the six capital cities averaged one million inhabitants just around 1995. The percentage of population currently living in the metropolitan areas of the capital cities accounts 44% in Nicaragua.

It was at the beginning of 1980s when the effects of the world economic crisis, which particularly affected Latin America, were combined with outbreak of acute internal conflicts in Guatemala, Nicaragua, and El Salvador, and motivated large amounts of new internal and external migration with deep impact on the population structure and socioeconomic partner of the entire region¹⁹.

In Latin American countries only 60 out of every 100 households have adequate housing while 22 require improvements and 18 need a new home or to rebuild the one they are now occupying. Taking all the aspects of inadequate shelter²⁰ into account the current deficit is at least 38 million units. This figure is increasing by more than 2 million each year as new households are formed²¹.

¹⁷ UN, The State of the World's cities 2001. p. 76 "Governance can be defined as the sum of the ways through which individuals and institutions (public and private) plan and manage their common affairs."

¹⁸ Appendix: Law 309 July 1999.

¹⁹ Central American Council of Housing and Human Settlements CCVAH, Social Integration Secretariat of Central America SISCA and UN/Habitat, Building Capabilities for reduction of structural vulnerability in the Housing and Human settlements Sector of Central America, August 2000. p.7

²⁰ UN, Cities in a Globalizing World, 2001, Earthscan Publication. p 196 The different categories of homelessness: Homelessness (Sleeping rough; Sleeping in shelter), Inadequate shelter (Concealed homelessness, Risk of homelessness for eviction without alternative housing perspectives). The definition of Substandard housing is a housing unit without roof and/or walls that does not allow privacy; without adequate space, adequate security (legal and physical), adequate lighting, heating and ventilation and adequate basic infrastructure such as water supply, sanitation and waste- management facilities, without environment quality and safeguard against health threats, and with housing costs that are not reasonable.

²¹ ECLAC, Human Settlement: The Shelter of Development. Quoted in UN, Cities in a Globalizing World, 2001, Earthscan Publication. p 198

Update data on households in Nicaragua Total Households in Managua in 1995 were 157,202; house units 146,652 (of which 741 temporary and 5,880 marginal); from this can be drawn the lack of 10,550 houses and **6,621 units needing improvements**²².

Slums are the bottom line of Nicaragua's situation: more than 30% of human settlements are informal settlements (Homelessness, sleeping rough or sleeping in shelter; inadequate shelter, concealed homelessness, risk of homelessness for eviction without alternative housing perspectives); 10% is the average of developed countries.

Ameliorating the bottom line conditions of inner city slum, the aim is to improve the housing situation from 40% informal settlements to 10% because the market for affordable housing should improve in efficiency.

The low middle class, earning 4,000 Nicaragua Cordobas monthly has no access to the lowest level of the house market, because the supply of housing is not matching the demand in terms of costs. In other words there are expensive and luxurious houses, but there aren't houses affordable for the low middle class, which is constrained to live in very poor slum areas of the city where misery and lack of good roads, good schools, and safe water undermines the dignity and possibility of inclusion of this people.

MANAGUA

Managua's Redevelopment Agency (INETER, Nicaraguan Institute of Territorial Studies, in partnership with the Municipal Authority of the city of Managua)

The Program of urban development and implementation of Managua is focused on three areas in three different administrative districts of the city. The districts involved in the renovation plan are:

- District No. 3: South of the lake of Managua
- District: No. 4: East water front of the lake of Managua
- District No. 5: South-East of the lake of Managua

Global Housing Foundation takes part in this urban development plan of Managua

Global Housing Foundation focuses its action in three barrios within the three districts indicated from the INTER and Local Municipal Authority.

- Pantanal District in District No. 3
- Barricada District in District No. 4
- 18 of May District in District No. 5

The three of these districts are closed to main road, to markets, and to the city center:

- Looking at the map of Managua, Pantanal is located on the right side of Pista el Recreo in between the University area at south-east (National University of Engineering; American College; Autonomous University of Nicaragua;) the new Cathedral of Managua and the Central Bank of Nicaragua on the left; 1.5 km away from the Civic Centre, the Hospital Bertha Calderon, the Israel Lewites Market and the Mall Zumen.
- Barricada is located on the Lake of Managua north of the Carretera Norte in the area of Luis Norte. This area is on the way which from the city centre leads to most of the Villas (Villa Miguel Gutierrez; Villa Fraternidad; Villa Venezuela; Villa Revolucion; Villa Jose Benito Escobar;) concentrated on the hilly right end side of the city. Barricada is only 2.5 km north of the biggest city market, Mercado Oriental, and 20 minutes walk from the Plaza de la Republica.

²² U.N., Cities in a Globalizing World, 2001. p 318

- District 18 of May is a place on the right side of Carretera Masaya-Granada, the South-Eastern main access to Managua. It's on the hilly area with panoramic view on the lake. 1.5 km southeast from markets (Mercado R. Huembes; Centro Comercial Managua; Plaza de Compras; Centro Comercial San. Francisco)

A late urbanization boom

The map I am using and which is distributed from the Touristic Institute of Nicaragua to the public was printed when the urban population was 903,100 (82.6% of Managua region population; 20.7% of the total national population). At this time, the city of Managua has

- Pantanal: As you can see from the map provided, Pantanal is still considered at the edge between the rural area and the green urban area. Pantanal is not already considered between the informal settlements areas.
- Barricada: on the same map the area where the Barricada district lays is indicated as the biggest informal settlement in the city.
- 18 of May is designated as an area on the edge between rural area and urban green area, but in the neighborhood some informal settlements are indicated.

GHF PROJECT: Micro-finance; land property entitlement; housing.

Global Housing Foundation has a pragmatic and incisive approach as you can see from its clear programme, exposed in two documents:

- 7 criteria to obtain a house and
- 18 steps to obtain a house (which are both herewith enclosed).

These two documents were translated and delivered to interested participants living in the districts of Pantanal, Barricada, or 18 of May.

Since June 2000, Global Housing Foundation has kept a regular correspondence between its headquarters in New York and its representative in Managua. From this professional correspondence it is possible to understand the step-by-step implementation process of the project. The main issues, resulting from the available source, are related to the three areas of action of Global Housing Foundation to improve slum dwellers' conditions with the aim of eradicating poverty.

Construction:

The loan agreement states: "The lot of land in which improvements took place that culminated with a house with an area of fifty square meters of construction –with the following specifications: three dormitories, bath, room, dining room, and kitchen, whose construction consisted of bordered masonry, ceilings of zinc, and iron railings."

"... The cost of the construction is a sum of \$4,800, an amount that the Global Housing Foundation paid to the construction company COLMENA."

- Global Housing Foundation requirements to choose housing:

"6. That the state of possession of the property be completely clear legally."

Logistic organization of Global Housing Foundation; coordination of actions between

- The Global Housing Foundation representative in Managua, lawyer Bladimir Varela, who has been involved in the analytical evaluation and the planning and the management of Social Development Plans since 1984 from both academically and professional sides. He coordinated the application process; liaison between public authorities and dwellers for the documentation; control that construction is proceeding as per contract; accountability of monthly payments.
- Colmena construction agency (septic tank, glass installation for windows)
- PEMA implementation of basic services (plumbing, building, electric tasks)

Micro-credit: delay and problems with monthly payments of the loan.

The loan contract for use: "...the amount financed to the beneficiary must be paid in 240 \$20 quotas, each one without any interest to be paid monthly beginning with October, 2001. These quotas previously mentioned will be paid the first Saturday of each month, for which the authorized person to receive these payments will turn in an envelop signed and authorized by the Global Housing Foundation. "

At the beginning of the project Global Housing Foundation representative in Nicaragua was in charge of receiving the monthly payments; after July 2001, this procedure was changed and a responsible person in each district is now appointed to collect monthly payments.

- Pantanal: Mrs. Nohemi Meza or Mrs. Margerita Sonelo Rojas
- Barricada: Mr. Anoldo Munez Cruz.
- 18 of May: Mrs. Erika Salmeron

"In case the payment is delayed thirty days, the beneficiary must pay a fine of three dollars for each month overdue."

In some case applicants were constantly late with their monthly payment of \$20.

"It is advised that the failure to pay 6 consecutive quotas of the monthly installment plan established to pay back the loan, will give the Global Housing Foundation the right to declare the payment term expired and will request the complete cancellation of the loan. In the case of this execution, the debtor will renounce the deposit of the property and will pledge to give, to his address under which the Global Housing Foundation, his representative or chosen agent and to those – processes of the current executive judgment."

This situation has never occurred because of the sustainability of the project. In fact, the prior resources on the social and living environment of the applicants has been realistic. This has been possible because of the professional expertise of the Chairman and the awareness of the Real Estate professional affiliated with the International Real Estate Federation. Furthermore the flexibility and strength of the project managers has premised this result.

Land property entitlement:

In August 2001 Global Housing Foundation Headquarter invited the representative office in Managua to collect all the necessary documents in order to entitle the land to the participants at the programme.

In January 2002, the contracts of the entitlement had been signed by the Chairman of Global Housing Foundation, the women household heads of 16 houses (4 are still collecting all the documents) and a public lawyer/notary.

In the contract "of loan of use" it is written: "Global Housing Foundation, granted a loan for the construction of a housing development located in a lot of land from the district xyz, from this city of Managua, which identifies as with a superficial extension of this lot of land is the property of Mrs. Xyz," and "... in addition to the construction of the house I assign it as the property of land to Mrs. xyz."

"... that the above mentioned construction was carried out according to the contractual pact, which was beforehand accepted by the Global Housing Foundation and xyz -- third."

Sustainability

QUINTA pg. 2, Global Housing Foundation's Loan Contract to household heads in Managua, Nicaragua, **January 2002:** "The debtor is committed [...] e) to not use wood or firewood to cook in the house instead of using butane gas (Note: this is for the good of the environment)."

COMPONENTS OF GOVERNANCE²³

1. Market-based strategies for the private sector
2. **Hierarchical strategies articulated by public sector²⁴**
3. Networking arrangements emerging from civil society

2-The role of Government of Nicaragua in the Land Property issue, 1989-2001²⁵. How has Nicaragua addressed the land property issue (Land had been nationalized and redistributed under the Sandinista regime from 1927 to 1934²⁶):

In August 1989 the Tela Agreement, (between Costa Rica, El Salvador, Guatemala, and Honduras with support of the UN and the Organization of American States acting through the International Commission of Support and Verification, CIAV) facilitate the free and fair procedure of the election in February 1990.

Since 1982 the Sandinista Government declared a state of emergency during which civil liberties, guaranteed in the Constitution adopted in 1986, had been suspended.

During the interim period before the transfer of power February to April 1990, Ortega had introduced the “piñata laws” which guaranteed the property rights of the thousands of people who had benefited from the land expropriation that had been conducted by the Sandinistas.

In July 1990 100,000 workers took part in a strike in protest of the implementation of legislation allowing the restoration to private ownership of land: the UNO Government suspended the programme to privatize land.

In October 1990, a National Agrarian Commission was formed to study problems of land distribution and illegal land seizures (The Commission was to include members of the trade unions and former Contras).

In June 1991, the “piñata laws” had been revoked and then abrogated on August, but parts of the draft bill proposed by some conservative deputies was vetoed by Violeta Chamorro because she deemed it to be unconstitutional. The president’s policy was of national reconciliation, seeking “fundamental agreements” with the Sandinista National Liberation Front, FSLN.

In April 1992, groups of former combatants began joining forces to form the "Revueltos," or revolts, demanding land and credit. In May the Government attempted to appease the Revueltos, allocating them 800 plots of land outside of Managua as a gesture of its intention to address the groups' grievances.

In May 1992 the US Congress suspended the release of US \$116 million in aid to Nicaragua, on the grounds that the Nicaraguan Government had failed to compensate US citizens for land expropriated under the Sandinista regime. In April 1994 the US Congress approved the Helms-Gonzalez Amendment which tented to suspend bilateral aides to Nicaragua²⁷ on the grounds of the reason mentioned below.

In September 1992, Chamorro signed decrees establishing a property ombudsman’s office and other provisions to expedite the processing of property claims. Also, the President signed an agreement specifying that all unjustly confiscated property would be returned (or the rightful owners compensated).

In June 1995, the National Front of Workers, occupied the National Assembly building to support demands for the granting of land titles allocated under the agrarian reforms of the former FSLN Government. The protest, which lasted three weeks, concluded after a government undertaking to

²³ UN, The State of the World’s Cities 2001. p. 76 “Governance can be defined as the sum of ways through which individuals and institutions (public and private) plan and manage their common affairs.”

²⁴ Appendix: Law 309 July 1999.

²⁵ In green I will summarize some essential political evolution of Nicaragua through Democracy. Source: UN, Nicaragua Introductory survey, 2001.

²⁶ 1935-1979, Somoza dictatorship; 1979-1990 civil war, officially ended on June 27, 1990; as the demobilization of the Contra rebel was officially concluded.

²⁷ Nicaraguan efforts to resolve US property claims prior to the deadline stipulated proved sufficient to avoid the suspension of aid. In May 2001 Nicaragua and USA reestablished full military relations suspended since 1980.

expedite the process of issuing land titles. In November legislation was introduced to legalize the land titles of more than 200,000 families that were granted land under Sandinista agrarian reform.

In April 1997, the FSLN organized national protests in opposition to the Government's policy concerning the return of property expropriated under the Sandinista regime. The President Aleman suspended for three months the eviction of families occupying disputed land. Multiparty commissions were established to seek a solution to the property disputes. In June a "national dialogue," a commission, was committed to produce agreements involving more than 50 political parties and civic organizations, emphasis was posed on the resolution of issues including poverty, unemployment, and property rights.

In **November 1997**, the National Assembly approved the new legislation, the Reformed Property Law, Urban and Agrarian, under the terms that occupants of small expropriated properties would be granted legal ownership of the land, while those of larger such properties would be required to return them or fully compensate the original owners over a 15-year period.

LAW 290

La Gaceta, D.O. No. 205, October 30, 1998. Law 290 is in chapter 8 of the Nicaragua State "restructuring"; Art. 164-197 describes the Ministry of Transportation and Infrastructure, its role and responsibility. **This law also comprises rules in the sector of constructions.**

In November 1999, the Elman Government was accused of corruption. Representatives of donor nations (Sweden and Germany) and multilateral organizations expressed concern over the case and suspended funding for various projects²⁸.

LAW 309

On July 28, 1999, the Law of Regulation, Order and Qualifications of Human Slums was enacted. This law intended to address the land property, and not the complexity of the Nicaraguan housing issue, but it is possible to recognize guidelines indicated by Habitat Agenda, Istanbul +5.

COMPONENTS OF GOVERNANCE²⁹:

1. Market-based strategies for the private sector
2. Hierarchical strategies articulated by public sector³⁰
- 3. Networking arrangements emerging from civil society**

3. Partnerships between public and private sectors are a vital part of governance. In partnerships it is possible to achieve more efficiently common aims, sharing competences, expertise, human capital, and funds.

In 2000, both private and public sectors had shown interest in the housing/land property issue of Nicaragua. In this fertile context Global Housing Foundation had innovated the way of doing partnerships, but at the same time completely following the guidelines of the United Nations and its agency in charge of housing UN-Habitat and also the Economic and Social Council (ECOSOC).

Global Housing Foundation, formed in 2000, implemented the guidelines that came at that time from United Nations and from UN-Habitat on Housing and Land Property in Nicaragua.

- General Assembly of ECOSOC, **July 2000**: International assistance for the rehabilitation and reconstruction of Nicaragua: aftermath of the war and natural disaster.
 - Under chapter 3, B issue is "Solution of property conflicts," para. 14-15 p. 4

"14. Between 1979 and 1990, a great number of properties were confiscated or simply occupied by the Sandinista Government. In order to try to return those properties to their former owners or at least

²⁸ 1998 Hurricane Mitch on Nicaragua.

²⁹ UN, The State of the World's Cities 2001. p. 76 "Governance can be defined as the sum of the ways through which individuals and institutions (public and private) plan and manage their common affairs."

³⁰ Appendix: Law 309 July 1999.

Art. 28 The City Authority is in charge of allocating the land on which the slum is located even in the case that the owner doesn't accept.

Art. 32...the municipalities, with the support of the Central Government, will impose a Human Development Plan.

“67. To integrate shelter policies with macroeconomic, social, demographic, environmental and cultural policies, Gov. should:

(a) establish and implement consultative mechanisms among the governmental authorities...and the organization of civil society and the private sector...”

Art. 34 The Alcadias will promote the participation and representation of the Common Organizations and the Organization of Woman with the legal connections to common labor, in all the decision levels for the implementation design and evaluation of the plans, programs, and projects in benefit of the townspeople of the slums.

67. (c) Strengthen the linkages between shelter policies, employment generation, environmental protection, preservation of cultural heritage, resource mobilization, and the maximization of resource efficiency...”

Art. 32 After the conclusion of the formalization of human slums (el Plan Especial de Ordenamiento) the City Authority should start, in partnership with the Governmental Authority, the Slum Development Program including: 1) improvement of housing and decent shelter through self-building and micro-credit programs.

2) improvement of the socio-economic and recreational condition of people living in slums through programs and projects in those areas: Encourage enterprises, jobs; health; education, providing pre/and primary schools; culture, focusing on needs of the young.

HABITAT AGENDA – ISTANBUL DECLARATION 1996-

SECTION IV B Adequate Shelter for all -3 Shelter delivery systems.

“73. In many countries, particularly developing countries, more than half the existing housing has been built by the owner-occupiers themselves, serving mainly the lower-income population. Self-built housing will continue to play a major role in the provision of housing into the future. Many countries are supporting self-built housing by regularizing and upgrading programs.”

“Actions, 74. ...to produce shelter, Governments...should...(b) Integrate and regularize self-built housing, especially through appropriate land regulation programs, as a holistic part of the overall housing and infrastructure system in urban and rural areas, subject to a comprehensive land-use policy. (g) Mitigate the problems related to spontaneous human settlements through programs and policies that anticipate unplanned settlements.”

“76. To assure supply of serviceable land, Governments...should

(g) Make full use of existing infrastructure in urban areas, encouraging optimal density of the occupation of available serviced land in accordance with its carrying capacity...

Art. 17 In the human slums the land units must be within 251.4 squared meters...

“96. (f) Promote systems of public transportation that are affordable and accessible in order to make a wider range of housing and jobs available to vulnerable groups.”

Art. 19 The emoresas of public services would include in its investment plans in human slums in order to regularize and organize the supply of public services

Art. 20 If the human slums settlements are in unstable land they should be moved onto safe land. It is the responsibility of the Municipal Government to provide land with respect to the city center that facilitates access to the city, to the road system, to the number of lots.

It is also the responsibility of the Municipal Government to supply building materials. The basic facilities of the land where the slum would be moved are: potable water each 100 m and electricity for each house. It should be served by electricity, portable water, *caltarillado* sanitary and rain. A public plan and a map of the services should be produced.”

“76. (g) ...at the same time ensuring the adequate provision of parks, play areas, common places, and facilities...”

“86. To ensure more equitable provision of basic infrastructure and service delivery systems, Governments...should: (a) work with all interested parties in providing serviced land and in allocating adequate space for basic services as well as for recreational open spaces in the development of new schemes and the upgrading of existing ones.”

Art. 18 ...An area should be designated for human development and recreation in the ...Settlements...GHF playground)

“76. (j) Develop appropriate cadastral (Nicaraguan Institute of Territorial Studies, **Istituto Nicaguareense de Estudios Territoriales**) systems and streamline land registration procedures in order to facilitate the regulation of informal settlements and simplify land transactions;

(k) Develop land codes and legal frameworks that define the nature of land and real property and the rights that are formally recognized.”

“79. To facilitate access to land and security of tenure for all socio-economic groups, Governments...should (a) adopt an enabling legal and regulatory framework based on an enhanced knowledge, specifying recognized types of land tenure and prescribing procedures for the regularization of tenure...”

Art. 22 After obtaining the Resolution of the Revision Commission, the representative for each family should present his/her application (with the Resolution enclosed) for the title to the delegation or assigned municipality, following a schedule of appointments. The application can be submitted personally, by a lawyer or by a communal organization.

“79. (b) Provide institutional support, accountability, and transparency of land management, and accurate information on land ownership, land transactions, and current and planned land use.”

“90. (m) Strengthen and make more transparent government regulatory and inspection systems.

Art. 21 If after the human slums were moved the question arose that public servants had had some private interest in declaring the previous site under risk they would have had to pay a fee twice the value of the land. The money would have been received by the Municipal Treasury and would have gone to a Fund for Slums Improvement.

“77. To promote efficient land markets and the environmentally sustainable use of land, Governments...should:

(a) re-evaluate and if necessary periodically adjust planning and building regulatory frameworks, taking into consideration their human settlements and economic, social and environmental policies;”

Art. 33 It reformed the Second paragraph of Article 72 of the Laws No. 40 and 261 of Reforms and Incorporations to the Law No. 40 "Law of Municipality," published in the Newspaper, La Gaceta, Official Newspaper No. 162 of August 26, 1997, the one which reads: "The high cost municipal works will be excluded from the previous prohibition... In addition the loans will be excluded for the acquisition of the buildings that will allow the application of the Law of Ordering Regulation and Qualifications of Slums."

“97. To provide for the shelter needs of those belonging to vulnerable groups...’

(d) Provide an environment that enables people belonging to vulnerable groups to participate in the social, economic, and political life of their community and country.”

Art. 34 Las Alcadias will stimulate the participation and representation of Communal Organizations and of Women Organizations with consultative status on all decision-making meetings about planning, improvement and evaluation of plans, and programs and will project all things which benefit people living in human settlements.